

Best practices for selecting a contractor and setting up a jobsite



Contractor pre-qualification, contractual risk transfer and jobsite setup are all critical to the safe completion of — and accountability for — any contracted job. The following are recommended best practices to assist you in selecting a contractor and setting up a jobsite. This will help ensure that contracted work is done within the scope of planned activities in a safe and controlled manner. These evaluations should be incorporated into any pre-job bidding process.

A process for pre-qualifying contractors

Subcontractor screening and review is a critical first step in selecting contractors who possess the necessary skills, experience, financial stability, licenses and safety qualifications to fulfill specific project needs.

Screening and pre-qualification can include determining whether or not the potential contractor:

- Possesses skill, experience and licenses for the job
- Maintains adequate insurance. See [Contractor's Checklist for Minimum Insurance Requirements and Limits](#).
- Has an adequate number of employees and competent persons to complete the work on time
- Has a quality control process in place and performs their work to a high standard
- Demonstrates a commitment to safety
- Is financially stable and can complete the job within bid specifications
- Has a proven track record with the type of work being proposed and can provide references to support

Safety responsibility should be made clear in the written contractual agreement. Additional pre-qualifiers could include:

- Reviewing worker injury history by requesting OSHA logs and the workers' compensation experience modification rate (EMR) for the last three to five years; contractors with an EMR rate higher than 1.0 (the industry average) should be further investigated
- Verifying management's commitment to safety by reviewing the company's safety policy, safety awards and employee safety certifications.

A [Pre-Qualification Template](#) can assist you in selecting contractors who possess the necessary skills and qualifications for the job.

- Identifying the individual responsible for safety and verify expertise and authority
- Determining if the contractor has a history of regulatory violations via OSHA's Integrated Management Information System e-link: [osha.gov/pls/imis/establishment.html](https://www.osha.gov/pls/imis/establishment.html)

Using contractual agreements to accomplish risk transfer

Ensuring that proper contractual agreements are in place is a proactive and positive form of controlling construction exposures and loss potential. Failure to implement proper risk transfer agreements and insurance verification procedures can leave owners or contractors responsible for a subcontractor's work and or actions. This can even include being responsible to cover workers' compensation claims for subcontracted workers.

The following best practices are recommended for subcontracted work:

- Utilize a [Contractor's Checklist](#) to help provide guidance regarding minimum insurance and contractual requirements for subcontracted work
- Contractors should implement written subcontract agreements for all work regardless of size; Contracts should be reviewed and/or drafted by legal counsel. Legal counsel should ensure the contract(s) includes an indemnification provision and is aligned with the statutes of all states where work is conducted
- Contractors should perform verification activities to ensure the fulfillment of contractual obligations outlined in the subcontractor agreement are met. These could include obtaining:
 - Certificates of insurance
 - Copies of additional insured endorsements showing ongoing and completed operations coverage
 - Waiver of subrogation endorsements
 - Primary non-contributory endorsements
 - Per project aggregate, etc.



Jobsite setup

Prior to starting any construction work, a documented pre-job inspection should be conducted with key stakeholders. The inspection should include:

- An evaluation of jobsite conditions
- Potential hazards on the site and in surrounding areas
- Equipment and labor needs
- Public protection measures
- Theft prevention controls
- A discussion and agreement on general safety program expectations.

In addition:

- Site specific safety plans should be required from all contractors on the job
- All contractors should receive a pre-job orientation that includes a review of all hazards, controls, rules and safety that will be implemented on the jobsite
- Constant changes in jobsite work activity may necessitate regular assessments be conducted to identify new potential hazards and appropriate controls. These assessments can be conducted as frequently as the work activity changes, and should include input from contractors at all levels on the job

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