

Best practices for selecting a contractor and setting up a job site.



Contractor pre-qualification, contractual risk transfer and job site 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 job site, and will help to 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.

Pre-qualification of contractors is important to controlling safe operations on the job and limiting liability risks to your business. A pre-job evaluation should identify safety requirements from start to finish, and safety responsibility should be part of the project bidding process. The task of pre-qualifying a contractor is required of any one party contracting to have work done by another party, including one contractor subbing work to another contractor.

From a liability standpoint, you should hire subcontractors who:

- Possess skill, experience and licenses for the job
- Maintain adequate insurance (general liability and workers' compensation, at minimum)
- Have an adequate number of employees to complete the work on time
- Have a quality control process in place and perform their work to a high standard
- Demonstrate a commitment to safety
- Are financially stable (no past bankruptcies) and can complete the job within bid specifications
- Have worked for you before with favorable contractual terms in place

Safety responsibility should be made clear in the written contractual agreement. In pre-qualifying contractors, you should:

- Review worker injury history by requesting OSHA logs and the workers' compensation experience modification rate (EMR) for the last three years; contractors with an EMR rate higher than 1.0 (the industry average) should be further investigated
- Verify management's commitment to safety by reviewing the company's safety policy, achievement of safety goals and maintenance condition of facilities and equipment

A pre-job evaluation should identify safety requirements from start to finish.

- Identify the individual responsible for safety and verify expertise and authority
- Determine if the contractor has a history of regulatory violations via OSHA's Integrated Management Information System e-link: 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. Without proper contractual risk transfer agreements and insurance verification, the owner may be assuming liability and responsibility for a contractor's actions and even for providing workers' compensation coverage for the contractor's employees.

The following best practices are recommended for any business owner entering into an agreement with a contractor:

- Contractors should assume their own job liability.
- Contractors should have legal contractual agreements signed with each subcontractor for each job site.
- Contractual hold harmless agreements, indemnity agreements and waivers of subrogation can be used by the businessowner or contractor to limit liability with contractors and subcontractors.
- Owners should request to be listed as a "named additional insured" on the contractor's ongoing and completed operations liability policy and receive liability and workers' compensation certificates of insurance or policy endorsements with appropriate limits of liability.



Job site setup and control.

Prior to starting any type of construction work, a documented pre-job inspection should be conducted jointly with the owner and each contractor to review the job itself and safety program expectations, including the use of personal safety protection equipment, hazards and safety controls. In addition:

- At the start of the job, all contractor employees should receive a pre-job orientation that includes a review of all hazards and controls that will be encountered on the jobsite.
- Due to constant changes in jobsite work activity, hazard assessments should be conducted that focus on work to be completed by the work crew. These assessments can be conducted as frequently as the work activity changes, and should include input from the entire crew.
- At the end of each shift, the contractor and owner (or contractor and subcontractor) should meet to discuss any concerns to be resolved prior to the start of the next work shift.

Providing solutions to help our members manage risk.SM



For your risk management and safety needs, contact Nationwide Loss Control Services: 1-866-808-2101 or LCS@nationwide.com.