**IFCA**

**Think four times before you are ask by a General Contractor to provide Scaffolding or a Stair tower at a construction site for use by other subcontractors.**

**General contractors will typically provide scaffolding and stair tower equipment at the jobsite for all subcontractors to use in the course of a construction project. This practice saves thousands of dollars in project costs. It would be impractical to have each subcontractor to provide their own scaffolding or stair tower equipment to access the construction project. The general contractor is in the best position to provide supervision at the construction project and to transfer the risk of liability in the use of the Scaffolding or stair tower to each subcontractor thru indemnification agreements and/ or additional insured insurance requirements.**

 **Unfortunately, General contractors sometimes ask a subcontractor to provide this equipment at the jobsite for all subcontractors to use. They will usually ask the contractor with the broadest insurance coverage and highest umbrella limits. GC’s will use their insurance program as excess coverage, protecting them from most claim situations regarding injury to subcontractors and architectures employees. IT saves them thousands of dollars in insurance and other related cost. This is a tremendous amount of liability for the subcontractor to assume without the ability to transfer risk to others and control the jobsite supervision.**

**A scaffolding and Stair tower Service contractor usually provide this equipment at a construction jobsite utilizing equipment rental lease agreements. They will furnish, install and dismantle the equipment at the jobsite. The General contractor or subcontractor (lessee) will assume much of the responsibility in these agreement. A few key points in the lease agreements are as follows;**

* **Lessee agrees to release, defend, protect, indemnify and hold harmless the service contractor from every kind of loss, liabilities, expense, demands or claims.**
* **Lessee agrees to carry at least a $5,000,000 in Commercial general Liability insurance and to add Service contractor as additional insured.**
* **Lessee is responsible at all times for the Stair tower while on the Jobsite. Lessee acknowledges that the installed Scaffolding was in good order for and adequate for the purpose.**

**As you can see from this equipment lease contract the general contractor and or subcontractor takes on a tremendous amount of liability for the use of this equipment by others. It is important to have someone on the job supervising the use and inspecting the condition of the equipment at all times. It is very likely that the GC or subcontractor will be found partial negligent at the time of an injury or claim based on this responsibilities alone. As a result of you signing an indemnification agreement with the GC or Scaffolding service contractor, you are assuming 100% of the damages even if you are only partial responsible.**

**Scaffolding and stair towers present a significant risk of serious injury or death to a single employee or multiple employees on the job. The potential risk for multi-million dollar claims is significant and happens frequently that you think. The assumption of this risk requires the purchase of much higher umbrella limits to properly protect the lessee of the equipment from large claim settlements.**

**If you are ask to provide the scaffolding and or stair tower equipment in a bid my recommendation would be the following;**

1. **Decline to accept it. Ask your GC to consider another subcontractor, because your insurance carrier has declined to accept this risk. It is likely that if you advice your insurance company of this situation they will decline to insure.**
2. **Decline to accept it. It would not be practical for you to enter into separate construction contract agreements with all the subcontractors at the jobsite. Your only true protection from claims is to transfer the liability to the subcontractors on the job that are in the best position to control the actions of their employees. You are not in a position to do this, but the GC it is.**

**If your GC does not provide you with significant advance notice of this arrangement it is unlikely that you will be able to get all the certificates of insurance and indemnity contracts back for the subcontractors that would potentially use the equipment. It is also likely that one or two of the contractors might not have sufficient insurance coverage and/ or limits of coverage. Will you be able to disqualify the subcontractor from the job because of this situation?**

1. **Decline to accept it. You are not in a positon to supervise the other subcontractors who may use the scaffolding or stair tower equipment at the jobsite.**
2. **Decline to accept it. Advice the GC that you consider this to be a significant severity loss potential and you cannot increase your umbrella limits for just one job. Insurance carriers will typically require you to increase you umbrella limits for your entire insurance program and not for this one job.**
3. This is not recommended **but if you choice to accept it, get significantly more compensation to cover your additional cost. I would require the GC to cover the additional premium required by your insurance company to cover this increased exposure, the cost of higher umbrella limits, the risk associated with excessively high claim settlements and the cost associated with implementing a risk transfer program with all the subcontractors on the jobsite. If you don’t already have an approved equipment use contract in place you will need to hire an attorney to do so and monitor the certificate of insurance process. Your project manager will be required to spend a significant amount of time procuring the proper paper work from all subcontractors.**

**I think that the GC is in the best position to manage this situation. Please do everything you can to avoid this situation.**

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