

# 5 Marine Construction Contract Tips

1



## Have a *written* contract in place.

If you're contracted for more than one marine construction job with the same client, consider a Master Service Agreement. An MSA will act as a framework for current and future projects in terms of who is responsible for losses to people, property, and pollution that could occur during the course of work.

2



## Mind the project details.

Before signing, make sure anything you agree to verbally is reflected in the written contract—like start and end dates, project scope, materials, cost, payment schedule, and any other specifics regarding who is responsible for delays or budget overages. If any details change while the project progresses, remember to update the contract with the new information.

3



## Know where you fall in the risk hierarchy.

Are you acting as the General Contractor on the job, or have you been subcontracted to do one specific portion? Depending on the answer, your ability to tender a claim could change. That's why GCs should make sure they have the proper Certificates of Insurance (COIs) for all their subs and try to be listed as an additional insured on sub policies. Conversely, if you're a smaller marine contractor in a sub role, your ability to transfer risk up the chain is limited so it's important to know what potential insurance liability you could have.

4



## Understand the insurance terms in your policy and contract.

Do you know what exclusions you're agreeing to? Look for them under the EXCLUSIONS heading in your policy. And check to see if **completed operations coverage** is part of your GL. Do you understand all the insurance terms used in your contract, like hold **harmless, waivers of subrogation, and knock-for-knock indemnity**? To better protect yourself, make sure to learn what these terms mean and how they could affect you.

5



## Make an advance site visit.

We know it isn't feasible to make a quick run to a dredging platform. But if the job is somewhere accessible, do a pre-check to see if there are any potential hazards on site—particularly if you're doing structural work. Taking "before" photos is also a good idea to prove conditions prior to your start date.

## Glossary of Important Insurance Terms

**Hold Harmless Agreement:** An agreement often found in the construction industry that releases one party from consequences or liabilities due to the act of another. Subcontractors typically provide hold harmless agreements to contractors, builders, or other related professionals, insuring against all work being done by the subcontractor.

**Waivers of Subrogation:** A contractual provision where an insured waives the right of their insurance carrier to seek compensation for losses from a negligent third party. Meant to prevent one party's insurance carrier from pursuing a claim against the other contractual party in an attempt to recover money paid by the insurance company to the insured or a third party to resolve a covered claim.

**Knock-for-Knock Indemnity:** A reciprocal protection where each party agrees to defend and compensate the other party for injuries sustained to their own employees, regardless of fault. In some instances, this language extends to injuries sustained by a party's own subcontractors at a particular site.

**Completed Operations Coverage:** Insurance that covers a contractor's liability for property damage or injuries to a third party once contracted operations cease, included under a general liability policy.

The suggestions provided are for informational purposes and should not be considered legal advice. ProSight strongly recommends that insureds consult with their own legal counsel before entering into any vendor contract.

Sources for insurance terms

[www.upcounsel.com/independent-contractor-hold-harmless-agreement](http://www.upcounsel.com/independent-contractor-hold-harmless-agreement)

[www.investopedia.com/terms/w/waiver-of-subrogation.asp](http://www.investopedia.com/terms/w/waiver-of-subrogation.asp)

[www.c-wlaw.com/journal/understanding-contractors%E2%80%99-real-exposure-potential-under-contractual-knock-knock-indemnity](http://www.c-wlaw.com/journal/understanding-contractors%E2%80%99-real-exposure-potential-under-contractual-knock-knock-indemnity)

[www.irmi.com/term/insurance-definitions/completed-operations](http://www.irmi.com/term/insurance-definitions/completed-operations)