Helpful information about contractual risk transfer for senior living and human services-based organizations

You should establish proper risk transfer for your operations, as dollars lost to risk cannot be applied to your mission.

Frequently asked questions

What is risk transfer? It's a strategy that involves the transfer of risk from one party to another. Risk is typically transferred down to the party in the best position to control or eliminate the loss or accident. Example: a service provider contracts with a maintenance outfit to perform service and repairs at their facilities.

Why is risk transfer important? Without proper risk transfer, you as the service provider could be held liable for losses whether you created the unsafe condition or not. Risk transfer seeks to place the responsibility of the loss or accident with the third party that is responsible for the hazard.

Is risk transfer difficult? Without the proper resources and tools, it can be. However, our *Risk Transfer Setup Guide for Senior Living and Human Services* will walk you through the process. You can obtain the *Setup Guide* from your insurance agent or Nationwide® representative, and also on the Risk Transfer for Senior Living and Human Services Program page on MyLossControlServices.com.

How can risk be transferred? Risk is transferred through a series of actions you take under the guidance of a qualified attorney. On our Risk Transfer for Business Owners Program page, you'll learn about the "3 steps to creating an effective risk transfer program." These are: 1) understanding the importance of risk transfer, 2) knowing the 8 essential minimum contract requirements, and 3) using our *Setup Guide* to help implement your program. It's important to designate one person to lead the risk transfer process who has the authority to enter into contracts/agreements on your behalf and manage relevant records (e.g., contract, certificate of insurance, additional insured status).

Why does Nationwide recommend we consult with an attorney? We recommend consultation with an attorney because the laws and regulations around contracts are different in each location and industry.

Why is additional insured status important? As an additional insured, you as the service provider have some reassurance that you'll receive notice when a third party's policy is non-renewed or canceled. Whereas, a certificate of insurance (COI) is a simply a snapshot of coverage in place on a specific date.

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Glossary of risk transfer terms:

Additional insured — A person or organization that enjoys the benefits of being insured under an insurance policy, in addition to the named insured on the policy

Contractor — A person or company that undertakes a contract to provide materials or labor to perform a service or do a job

Certificate of insurance (COI) — A document used to provide a snapshot of information on specific insurance coverage

Lessor — The party that owns a property and rents it out to another; the landlord

Lessee — The party who rents the property from the lessor; the tenant

Indemnification agreement — An agreement in a contract where the indemnitor agrees to indemnify the indemnitee, with the indemnitor assuming liability; may include indemnifying an indemnitee or others for loss and / or payment of defense costs on behalf of the indemnitee

Indemnitor — Gives indemnity; an individual or company that agrees to assume responsibility or obligation to pay claims or damages of another party; bound by the indemnity contract; a party contractually agreeing to assume the indemnitee's liability

Indemnitee — Receives indemnity; a party that is protected by another party in an indemnity contract; a person or organization held harmless in a contract

Hold harmless — An indemnitor's promise not to seek reimbursement from the indemnitee regarding liability to a third party

Contract — A written or spoken agreement intended to be enforceable by law; a promise or set of promises that are legally enforceable

Immunity — Protection or exemption from something

Waiver — An act or instance of waiving a right or claim; an exculpatory agreement or clause; a contractual provision that enables a party to avoid liability by having the other party sign an agreement that relinquishes a known right or relieves them of liability

Primary and non-contributory — A requirement that the third party's policy must pay before your policy and without seeking contribution from other policies that claim to be primary; a provision that states it will respond before any other available coverage in the event of a loss

A closer look at certificates of insurance

See our brochure for a convenient overview of certificates of insurance. You'll learn what to look for on the third party's certificate and find a brief description of each section of the form with a sample to review. Ask your insurance agent or Nationwide representative for document number CMO-0359AO.

Providing solutions to help our members manage risk®

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

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