

THE

# ASSOCIATION ADVISOR™

EXCEPTIONAL CARE FOR CONDOMINIUM ASSOCIATIONS™

## Take Steps to Hire Responsible Vendors Simple Measures Keep *You* from Paying for Vendor Mistakes

Like other complex corporations, a condominium association faces risk of financial loss from many sources, and Florida Statutes require that directors take reasonable measures to protect their associations and residents from loss.

Insurance is obviously an essential tool that protects associations from catastrophic loss, and IRMS takes great pains to provide the most comprehensive and competitive insurance programs available. As our name implies, however, we also provide other resources to help our clients improve protection, control expenses and operate as efficiently as possible.

*IRMS improves the cost and/or coverage for nearly every association insurance program that we review. Then, we do much more.*

**Proof of Insurance** One measure to enhance an association's protection is to require that the vendors, suppliers and subcontractors with whom they do business be adequately covered by insurance. This step makes the association less likely to become financially responsible for bodily injury or property damage that results from the vendors' activities or products. The association should also be named as "Additional Insured" on the vendor's General Liability insurance policy. Proof of insurance is typically accomplished by obtaining a *certificate of insurance*, which is a document verifying that coverage exists.

**Proof of Licensure** Another measure that can protect associations is to verify that vendors are properly licensed to perform the duties for which they are hired. Many industries in Florida require licensure, and the process for checking vendor licensure is fast and simple.

**Vendor Code of Conduct** Even with these measures in place, a document called a "Vendor Code of Required Conduct" should be used to establish the rules, guidelines and requirements that vendors must satisfy, and to ensure that the association is held harmless if the vendor incurs costs or liabilities related to work performed for the association.

**Performance and Payment Bonds** Finally, when planning to lay out significant sums for association projects, your board may wish to add the protection and peace of mind that results from requiring a Performance and Payment Bond. This process underwrites the financial stability, work history and management strength of the vendor being considered.