

**PUBLIC SAFETY AND SECURITY COMMITTEE**

**February 28, 2012**

**SENATE BILL NO. 199 - AN ACT CONCERNING INDEMNIFICATION OF MUNICIPALITIES FOR DEMOLITION CLAIMS.**

**Submitted on behalf of  
MANAFORT BROTHERS INCORPORATED**

**by**

**Ellen S. Bridgman, ARM, Contracts & Risk Manager**

As a demolition contractor licensed and domiciled in the State of Connecticut, Manafort Brothers Incorporated (“Manafort”) is engaged on a frequent basis to perform demolition work on behalf of private and public property owners. After decades of experience in this field, Manafort recently was awarded demolition projects in a municipality in the State of Connecticut which, as usual, required us to obtain demolition permits from the local officials in that municipality. In securing the demolition permits for the work, the municipality’s building department requested that Manafort submit a certificate of insurance which evidenced the required insurance coverages, and, in addition, the municipality imposed a requirement that the certificate include a hold harmless and indemnification agreement typed directly on the certificate.

As Contracts & Risk Manager for Manafort, it was my responsibility to secure the appropriate insurance; however, based upon my experience, it was unlikely that a certificate would be issued that would contain legal agreements (i.e., the hold harmless agreement) between Manafort and the Certificate Holder, in this case, the municipality. The first submitted insurance certificate, which did not contain the hold harmless and indemnification wording, was quickly rejected. After speaking with personnel in the municipality’s building department and explaining that it was improper to put a hold harmless/indemnification agreement on a Certificate of Insurance, I was informed that this was required by State statute, specifically C.G.S. §29-406, entitled “Permit for demolition of particular structure. Exemption. Waiting period.” This statute provides, in part, as follows:

*“each such certificate [of insurance] shall provide that the town or city and its agents shall be saved harmless from any claim or claims arising out of the negligence of the applicant or his agents or employees in the course of the demolition operations...”*

I relayed this statutory provision to our insurance agent and insurance carrier and both confirmed they would not issue a Certificate of Insurance with such wording, stating that a hold harmless and indemnification agreement is between the demolition contractor and

the municipality, rather than between the insurance carrier and the municipality. While Manafort carries contractual liability coverage, the Certificate of Insurance simply shows evidence of coverages that are in effect and also may include evidence of certain endorsements from the policy if so required. However, the certificate is not a binding legal agreement between the insured, their insurance agent or the insurance carrier and the Certificate Holder. I am pleased to report that the matter was favorably resolved with the assistance of our trade association and the Connecticut Department of Insurance, which has clarified that the certificate of insurance is not the proper instrument for hold harmless provisions. Given this position, I submit that C.G.S. §29-406 should be amended in order to correct this apparent error and clarify that the hold harmless provisions should be contained in a document other than the certificate of insurance.

Despite many years in the insurance and construction business, this experience was the exception and not the norm. Fortunately, as a result of my experience, many contacts and resources were available to me to assist in addressing the problem; nevertheless, three days passed until the situation was resolved. In the construction industry, unforeseen delays can become very expensive for both the contractor and the owner of the project, and these delays must be avoided if possible.

Given the language currently contained in the statute, I submit that this problem may arise again in the future and it is quite possible that the resolution will not be as timely or as favorable as it was in this instance. Although our recent incident was not the norm, our concern is that it may become more of a normal experience for our company as well as other companies in this industry. In the event that this happens, the situation will warrant greater attention and, at some point, possible corrective action on the part of the policymakers in the General Assembly.

Thank you for your time and your attention to this important issue.