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# DESANCTIS INSURANCE AGENCY, INC.

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## ***IS YOUR SUB STILL INSURED?***

A number of our contractor clients have recently been surprised to find out that one of their subcontractors has had their Massachusetts Workers' Compensation coverage cancelled midterm, probably due to nonpayment of premium. This has resulted in our client's Workers' Compensation policy being forced to deal with the uninsured sub's injured employee's claim and/or being assessed additional premiums on their own audit for the period of time that the subcontractor had no coverage.

In most cases, no one ever informed our client that the sub's coverage was cancelled, despite the fact that they were named as the certificate holder on the sub's certificate of insurance. Surprisingly enough, there is no obligation on the part of the insurance carrier to make sure that the certificate holder actually gets a notification of the cancellation. They just have to "make an effort" to notify them. Obviously, this puts the certificate holder in a very vulnerable position.

What can you do to protect yourself? It might be advisable to periodically check the Massachusetts Department of Industrial Accidents (DIA) website where anyone can now see if a business operating in the Commonwealth of Massachusetts has Workers' Compensation coverage.

Such a service can assist homeowners in ensuring hired contractors have Workers' Compensation insurance. It also allows contractors to verify whether subcontractors are properly insured.

Naturally, you should still always secure a current Certificate of Insurance from the insurance agent of any contractor you hire, prior to the start of any work. However, this DIA site can act as a secondary verification source, and it's available 24/7.

The site can be found at [www.mass.gov/lwd/workers-compensation/investigations/](http://www.mass.gov/lwd/workers-compensation/investigations/).

This site cautions not to assume that an employer is operating without coverage if your search results do not return policy information. An employer may still have a valid Workers' Compensation policy under a different business name or may be licensed as a self insurer or a member in a self insured group. Links to licensed Self Insured Employers (generally only very large corporations) and approved Self Insured Groups are provided as well.

It is worthwhile to take the time and make the extra effort to crosscheck the validity of your contractor's or subcontractor's Workers' Compensation coverage to avoid incurring significant additional costs as a result of an uninsured subcontractor.

Very truly yours,

DeSanctis Insurance Agency, Inc.