



# VENDOR RISK MANAGEMENT



## THE PROBLEM

Our client is a manufacturer with over 500 employees and multiple facilities. Our client did not have a contract or any insurance requirements for the many types of service providers that came and performed services onsite (think janitorial, repairs, construction, etc.). This put our client at great risk should such people become injured or cause property damage during the performance of their work.



## THE SOLUTION

With our assistance and guidance, the client implemented a written agreement with a quality insurance section and indemnity section for all service providers to sign. We then developed a simple review and tracking process of all the certificates of insurance for the service contractors to ensure compliance. We assisted our client in developing a pre-approved list of contractors that were in compliance so that various managers throughout the locations could move quickly when they needed to hire them.



## THE RESULT

Two years later, a roofing contractor fell 25 feet through a skylight while repairing the roof. While it was tragic, the injured worker recovered over a period of a year but at great cost. Because our client implemented the risk management program described, the contractor had the appropriate workers' compensation and was held harmless to 1) Pay for the medical bills of the injured employee (which was very important to our client that they were taken care of); and 2) Avoid recourse from the injured person and insurance company due to the indemnity and insurance section of the contract. Estimated savings was \$700,000.