



## TEMPORARY EMPLOYEES – RISK AND REWARD

Use of Temporary Services firms continues to grow at a steady pace, exceeding general US economic growth over the past several years. Annual billings are expected to exceed \$75 billion dollars in 2007. Whether filling a seasonal resource need, supplying a bridge to permanent employment or as a dynamic and flexible source of a trained workforce, temporary services are an important part of the US economy and critical to 21<sup>st</sup> century business.

Businesses need to recognize the unique risks associated with the typical temporary services contractual arrangement and take appropriate risk management steps to control exposures inherent in the relationship. For instance:

1. Most temporary help agencies contracts do not provide any coverage for you. Many of these contracts include “hold harmless” clauses which limit their liability for their actions instead of the other way around.
2. Temporary Services firms commonly have General Liability coverage to protect themselves, but the contracts do not add you on their coverage. Temporary employees could injure a third party or cause property damage. The agency’s policy covers them for their employee’s actions but may not cover you.
3. Workers Compensation coverage is required for Temporary Services firms but this coverage may not inure to your benefit.

Three simple steps can be taken to help you avoid problems:

1. Always get a Certificate of Insurance from the temporary services firm,
2. Be sure you are named as an additional insured on their General Liability insurance policy. Confirm that the additional insured wording is included in your contract language. Just because it is shown on the certificate of insurance does not mean the insurance company actually processed the coverage.
3. Always verify the Agency’s Workers Compensation policy includes the Alternate Employer Endorsement WC 00 0301. This endorsement is required and creates a co-employment relationship which protects you from assuming liability which is not yours.

Part of a comprehensive Risk Management program includes review of temporary services contacts. Call your Diversified Insurance Account Executive if you have any questions.

