



## NEWS OF VALUE

### TIPS FOR CHOOSING THE RIGHT LANDSCAPE CONTRACTOR

Landscaping is often a community association's greatest asset—and it can be one of its greatest expenses. Keeping the grounds mowed and shrubs trimmed seems so simple that hiring an expert can seem unnecessary. Yet hiring a professional may make sense for many community associations.

Why should we use a landscape contractor?

*To save money.* Using a contractor may save associations money by lowering labor and equipment costs and by mitigating liability exposures.

*To increase flexibility.* Most community associations cannot carry a crew big enough to effectively handle every landscaping chore. Since many landscaping jobs are seasonal (removing leaves in the fall, for instance), a contractor will have the flexibility to hire employees for special work, reducing community associations' employment burden.

*To increase quality.* The quality gained from using a professional landscaper translates to curb appeal, happy residents, and higher property value.

*To reduce liability.* Professional landscapers know and adhere to laws regarding chemical application and storage, and they must follow strict Occupational Safety and Health Association (OSHA) requirements. A well-trained contractor is less likely to make a hazardous mistake, but if an accident does occur, the association's liability is reduced—usually the contractor will face the lawsuit. Claims against the contractor generally do not affect the association's liability policy rating.

How do we choose the best landscape contractor?

*Check its reputation.* First and foremost, you should check the company's reputation. The Better Business Bureau ([www.bbb.org](http://www.bbb.org)) has records of complaints of local companies.

*Ask for references.* Ask the contractor for a list of references and visit the properties. Pay attention to details—how well is the lawn groomed? Are the hedges trimmed? Do you see any weeds in the mulch areas? Also, speak with the managers or maintenance personnel there. You may also wish to speak with employees of the company you are considering hiring.

*Use a Request for Proposals.* When you are soliciting bids from contractors, develop a Request for Proposals that is detailed and accurate. Examples of RFPs are easily found online. Make sure that all potential contractors complete the RFP so you can compare apples to apples. Ask four or five companies to provide a proposal so that you have a good scope of information.

*Be prepared to invest.* Your community association must be prepared to invest enough money in grounds maintenance—many community associations underestimate this budget item. The RFPs you receive should give you an accurate cost estimate for planning purposes.

Is there such a thing as insurance for landscaping?

Yes. Insurable exposures include theft, vehicle damage, lightning, and storms. Since many community associations invest substantial sums for landscaping, insurance to cover this investment makes sense. Cleaning up and replacing a single mature tree destroyed by wind or ice could easily exceed \$10,000, \$25,000, or even \$50,000. Without landscaping insurance, this would be an out of pocket expense for most community associations.



**What do we need to know about insurance and contractors?**

If an independent contractor provides an association with services, it is essential that the association have a current Certificate of Insurance on file confirming that the contractor has appropriate insurance, including general liability, workers compensation, and automobile liability coverage. We recommend that community associations request the certificate to be sent to the association directly from the contractor's insurance representative.

The contract should include an indemnity clause with a "hold harmless agreement" in the association's favor including both indemnification and defense provisions, which requires the contractor to protect the association's interests against claims, suits, or other causes of action caused by or arising out of the contractor's work.

The contractor's insurance policies should include a waiver by the insurer of all rights of subrogation against the owner, its directors, officers, members, employees, or agents. In addition, the contractor's insurance should name the community association as an additional insured.

Although recommendations differ depending upon the type of contractor and the nature of work to be performed, we generally suggest a minimum \$5,000,000 combined single general liability insurance limit for bodily injury and property damage with a \$5,000,000 annual aggregate limit. A single general liability policy or combination of a primary underlying and umbrella policies to achieve the suggested limits is acceptable.

Policy limits should be provided to the full extent for the benefit of the association, or the contractor's insurance representative should be asked for a loss run for the current policy term to confirm that aggregate limits are not in jeopardy of being exhausted.

Workers Compensation insurance should always be confirmed with coverage and amounts as required by law, including employer's liability coverage with a policy limit of at least \$500,000 and a provision for extending the policy in accordance with the law of other jurisdictions.

Automobile insurance should include owned, non-owned, and hired car liability coverage with bodily injury and property damage limits of at least \$1,000,000 each occurrence and annual aggregate.



**Questions or concerns?**

If you have any questions or need further information, please contact Steve Dickerson (703-205-8788 or [Steve.Dickerson@usi.biz](mailto:Steve.Dickerson@usi.biz)) or Theresa Melson (703-205-8753 or [Theresa.Melson@usi.biz](mailto:Theresa.Melson@usi.biz)).