

May 5, 2021

Difference Between an Additional Insured and an Additional Named Insured

RMA Insurance is frequently asked to review the insurance requirements in contracts that members are about to enter into. These contracts range from large construction contracts to simple rental agreements, but most contain requirements that ask for one party to be added to the other party's liability policy, either as an additional insured or as an additional named insured. In many instances, we find that a member is being asked to add a vendor (such as a contractor, sub-contractor, lessee etc.) as an additional insured. This bulletin will review the differences between an additional insured (AI) and additional named insured (ANI), and the importance of being added as an additional insured to a vendor's liability policy.

What is an additional insured?

When one party is added to another party's liability policy, the intention is that the main policy will defend both parties if a claim be brought for an incident that happened during the time the agreement or project was ongoing. For instance, if a member is entering into a contract with a contractor to perform work for the member for compensation, then the contract should contain a clause that requires the contractor add the member to their liability policy as an additional insured. That way, should an action be brought against the member for negligence on the part of the contractor while performing work on behalf of the member as set out in the contract, it would be the intent that the contractor's policy would defend both the contractor and the member.

Joint and several liability exists in Alberta to make certain that innocent victims get their full compensation. If a third party suffers a loss, be it property damage or personal injury, they could sue both the contractor and the member as the owner of the project or property. If the member is found even 1% liable, they could under certain circumstances be on the hook for 100% of the loss, at which point the member would then have to go after the contractor for their proportionate share. The mention of the member as an additional insured under the contractor's policy should avoid this costly and complicated process.

What is an additional named insured?

An additional named insured is a person or organization, other than the first named insured, identified as an insured in the policy declarations or an addendum to the policy declarations. It can also be a person or organization added to a policy after the policy is written with the status of named insured. This entity would have the same rights and responsibilities as an entity named as an insured

2510 Sparrow Drive
Nisku, Alberta T9E 8N5

OFFICE: 780.955.3639

FAX: 780.955.3615

RMAAlberta.com



BULLETIN

in the policy declarations, other than those rights and responsibilities reserved to the first named insured.

An example could be when a municipality allows a not-for-profit to insure the not-for-profit's liability under the municipality's policy for same limits that the municipality has purchased. This allows the municipality to ensure the not-for-profit has proper liability insurance for their operations, and proper property and contents insurance should the not-for-profit require it.

To be an additional insured or additional named insured under the Genesis Reciprocal Insurance Exchange, a community group or organization must satisfy all of the criteria set forth below:

- It is a non-profit organization;
- It brings a benefit to the greater good of the community; and
- It has a relationship with the Subscriber.

If you have any questions, please contact any of the RMA Insurance staff below.

John Hackwell

Risk Advisor

780.955.4078

johnh@RMAinsurance.com

Helene Klassen

Risk Advisor

587.689.4672

helene@RMAinsurance.com

Dayna Johnson

Client Relations Manager

780.937.9435

dayna@RMAinsurance.com

Debora Depeel

Member Service Representative

780.955.4086

debora@RMAinsurance.com

Kerry Dutton

Member Service Representative

780.955.4088

kerry@RMAinsurance.com

Brandy Broz

Member Service Representative

2510 Sparrow Drive
Nisku, Alberta T9E 8N5

OFFICE: 780.955.3639


FAX: 780.955.3615

RMAAlberta.com



BULLETIN

780.955.3615
brandy@RMAinsurance.com

A decorative graphic in the bottom right corner of the page. It features a black and white photograph of a large steel truss bridge spanning a river. The image is partially obscured by a large, semi-transparent yellow triangle that points towards the top right corner of the page.

2510 Sparrow Drive
Nisku, Alberta T9E 8N5

OFFICE: 780.955.3639
FAX: 780.955.3615
RMAAlberta.com