

CONNER STRONG & BUCKELEW

UTILITY & TRANSPORTATION CONTRACTORS ASSOCIATION
UTCA
Constructing a Better New Jersey
EST. 1966

RISKINSIGHTS

SAFETY SOLUTIONS FOR YOUR BUSINESS

BUILDING YOUR EQUIPMENT RENTAL POLICY

If you are in the business of renting out equipment to construction companies, contractors or other businesses, an equipment rental policy is an important line of defense against damage, theft or lawsuits resulting from an equipment malfunction. It can be tricky to draft a rental agreement that covers every potential situation, so keep these tips in mind as you create your policy.

TYPES OF RENTALS

Nearly everything used in the construction industry can be rented, including:

- Scaffolding
- Cranes
- Power tools
- Ladders
- Dump trucks
- Bulldozers

Different types of equipment produce different hazards, so it is important to outline the risks of the equipment being rented. Renters should be advised to read and follow the manufacturer's specifications for safe use. Your company is not liable for negligence.

Certain equipment may require a trained operator, such as a crane. Some rental companies will supply an operator (wet rental) while others will leave it up to the renter to find a trained operator (dry rental). Let the renter know up front if the type of equipment they are renting requires a trained operator and whether you will be providing an operator for the specified job.

RISKTIP

MINIMIZE FRAUD BY COLLECTING A SECURITY DEPOSIT, REFUSING PHONE ORDERS AND COLLECTING ALL PERTINENT CUSTOMER INFORMATION BEFORE RENTING THE EQUIPMENT

TERMS OF USE

YOUR OBLIGATIONS

- Price and duration of the rental should be noted, along with the invoice due date. Any late fees or interest charges should be specified as well.
- Define rental durations. Is one day considered eight working hours or a full 24 hours? Is a weekly rental five working days or seven?
- If you deliver the equipment to the customer, have them inspect the equipment right away. Any existing problems or defects can be noted so the renter isn't charged extra for misuse when the equipment is returned.
- Specify exactly when the rental period begins and ends. If the equipment is rented on an hourly basis, give the renter a phone number to contact you if they finish the project early, thereby stopping the rental rate clock.
- Minimize fraud by collecting a security deposit. You can also minimize fraud by refusing phone orders and collecting all pertinent customer information before renting the equipment.

RENTER'S OBLIGATIONS

- Renters should be responsible for cleaning the equipment after use, if necessary.
- Renters are responsible for returning the equipment in the same condition it was in when rented. Normal wear and tear is acceptable.
- Renters are responsible for replacing the equipment if it is stolen or damaged, and these situations should be reported immediately. Insurance is available through a third party, if desired.
- Extra charges for the renter may include transportation fees if the equipment is delivered, fuel charges for motorized equipment, and labor charges if a trained operator for the equipment is supplied.
- Customers are responsible for their own insurance and should be asked to provide certificates of insurance where necessary.
- Customers should not operate equipment in poor weather or in any way that circumvents the manufacturer's specifications.

POLICY MAINTENANCE

It is important to audit your rental policy on an annual basis and modify it as needed to stay current with changing industry trends. You should have a lawyer review the policy to ensure continued compliance with any new federal, state or local laws.

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This Risk Insights is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice.