

## What Consumers Should Know About Their Contractor's Insurance Coverage

Uninsured contractors can expose unwary homeowners and business enterprises into financial hardship. All responsible contractors should carry appropriate insurance to protect their clients, their employees and themselves. Many contractors now label their work force as "Sub Contractors". More on what exactly a subcontractor is can be found here--- [http://www.maine.gov/labor/labor\\_laws/publications/indcontrbro.pdf](http://www.maine.gov/labor/labor_laws/publications/indcontrbro.pdf)

Please be very cautious in hiring any person to perform work on your property without Workman Compensation Insurance. Without Workers Compensation, if an employee has an accident and gets hurt on your property, you as the property owner or homeowner may be liable for medical costs. Your homeowner's or liability insurance policy usually will not pick up this claim.

Always ask for a completed "Insurance Binder" prior to any work being performed on your property. Many contractors advertise they are "fully insured" when they carry a simple \$250 liability insurance binder. This only protects the home owner if an item is broken or damaged during the construction period.

What insurance should your contractor carry to protect you, the homeowner?

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### Automobile Liability

**All vehicles operated on your property should be insured**

### Liability Insurance

Get a copy of your contractor's and any subcontractors' Liability Insurance. Make sure the policy's effective dates are current and that the policy dollar coverage is sufficient to cover any potential claims for injuries or damages. Be sure the insurance certificate covers the period the workers will be on the job.

It is reasonable to expect that professional contractors who carry all the appropriate insurances will have greater business overhead expenses and that their bids will be a bit higher than those from workers who take business shortcuts. However, it's a small price to pay to hire the right person for the job and forego the risk of exposing yourself, your financial future and your home to someone who is improperly insured or uninsured.

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### Workers Compensation

Workers Compensation pays medical bills and lost wages to any or all employees of a company who are injured while working on your house. Workers Compensation Insurance covers only corporations, or employees of companies. If your contractor's business is incorporated then Workers Compensation Insurance must insure everyone in that corporation. If a contractor should, but does not have Workers Compensation Insurance for his or her employees, the law exposes you, the property owner, to litigation by the injured party. In addition, it's a Maine state law that requires businesses to carry Workers Compensation insurance to protect both you and the employees that are working on your property.