

## READ THIS BEFORE YOU RENEW YOUR LIABILITY

1. When you sit down with your contractors insurance agent, make sure you have an accurate description of the work you do. You may be licensed as a general contractor with the CCB, but you perform mostly framing, or dry wall work. If this is the case make sure you tell your agent. This little know fact can save you thousands of dollars in insurance premiums a year.
  2. Give accurate payroll and subcontractor cost to your insurance agent. The cost of your contractors general liability insurance is based on your payroll. Do not under report this figure. Under reporting your payroll can result in an audit premium at the end of the year. Basically you will have to pay the difference.
  3. Make sure you get up to date certificate of insurance from each of your subcontractor. Many insurance companies are doing an audit on the cash you payout to your subcontractors. If you do not have current certificates for them, the cost of your subcontractors will be added to your contractors general liability policy as payroll. The cost of your insurance will increase significantly. \*
  4. All certificates of insurance from your subcontractors need to have you named as an additional insured. Also regardless what liability limits the CCB states that subs need make sure the subs you hire carry the same limits of liability as you do. If your subcontractor hands you a certificate without these two criteria hand it back and tell him he does not have the job until he brings his insurance up to your standards.
  5. Advise your contractors insurance agent of any potential claims you may know about. It will cost you a great deal less money if you take care of any problems up front.
  6. Advise your contractors insurance agent ahead of time if there are any special insurance requirement or contract language required by your customer. Most additional contract language must be approved by the insurance company before it become part of your policy.
- NOTE:** More customers are hiring lawyers to review construction contracts. However many lawyers are adding contract clauses that requires the contractor to become responsible for things outside of your control. Some lawyers are asking you to waive your right to counter sue your customer if a problem was caused by your customer such as incorrect maintenance of an appliance or heating unit that may have caused damage to the property. Do not sign the contract with changes put in by your customer's attorney without taking it to your own attorney. If your attorney signs off on the contract change do not assume that your insurance company will honor the amended contract. The insurance company will not, without their prior approval.
7. Ask your contractors insurance agent about the exclusions or limitations in your insurance policy. Every policy has language that tells you they will not cover you if you intentionally damage the property insured. Many contractors' policies have added an absolute roofing exclusion. Therefore, if you put a roof on a customer's home you would not be covered if something went wrong.
  8. Does your current contractors insurance agent return your calls within 24 hours? If not look for a new agent.
  9. Does your current contractors insurance agent get copies of your certificates of insurance out to your customers, vendors, or other contractors who request them within 24 hours. If not

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Make sure your work truck is insured on a business auto policy. Do Not Insure Your Work Truck on Your Personal Auto Policy.

If you have employees make sure you carry workers compensation insurance policy. If your subcontractors have employees ask them for a certificate of insurance for their workers compensation policy. If your subs do not have a workers compensation policy you will be responsible for that employee if he is hurt while working on your site.

10. Make sure you pay your insurance premium on time. Do not let your current contractors insurance policy cancel for non-payment of premium. Currently in the contractors insurance market place many companies are refusing to renew customers who have had a history of slow payment or several cancellation due to non-payment of their premium. You may end up paying an increase premium 50 to 150 percent higher than your old premium. The company may require you pay the entire premium up front.