Before You Begin Any Project

Make sure you are covered
By Broderick Perkins

If something is damaged or someone is injured while working around your home, you can't always bank on your existing homeowner's insurance to cover the damage or protect you from liability.

First things first
Before you begin any construction project, contact your insurer to determine if you need to increase your homeowners insurance on the structure. You want to make sure your policy will cover the cost of rebuilding the structure, should your property be damaged, including the cost of the new construction. You also want to make sure you have sufficient liability coverage.

Most policies come with a basic $100,000 in liability, $25,000 in property damage coverage, according to the New York-based Insurance Information Institute.

You may need to see your agent or insurer about special umbrella liability policies designed to stretch your coverage. For a small additional premium, it kicks in when you reach limits on your basic homeowners policy.

"People forget to ask the questions they should ask before they have people working in their house," says Candysse Miller, executive director of the Los Angeles-based Western Insurance Information Service (WIIS) and spokeswoman for the New York-based III.

If the worker says he or she already has accident, disability or other coverage, check with his or her insurance agent or otherwise obtain proof. Then check with your agent to find out what additional coverage you should obtain based on the type of worker you employ.

Professional workers
Professionals who come into your home should be licensed and have their own accident and disability coverage, as well as liability insurance (often called errors and omission coverage) to protect you and your property from financial responsibility.

"Professional Labor" includes work performed under a written contract that is signed by both the worker and the homeowner. Remodeling contractors, carpenters, roofers or landscapers usually fit into this category.

If you hire a contractor who hires others to work with them, they generally must provide their workers with Workers Compensation coverage. However, injured workers may sue you if the contractor does not have proper coverage. So, ask to see proof of insurance before signing any contract.

Casual workers
Casual laborers are usually part-time or occasional workers who handle minor repairs, painting, or odd jobs including: lawn mowing, leaf raking, clean-up duties and the like.

The liability portion of your homeowner's policy will cover a casual worker's damage or injury in an accident, but only up to the insured amount. If someone suffers a permanent injury, say from a fall, legal fees could begin to swallow up the basics.

"You've got to watch the liability issues. A small accident in your home can become a big liability issue involving hundreds of thousands of dollars," says Miller.

So, before you hire a contractor or even just a kid to mow your lawn, if you have any questions give your insurance agent a call. It doesn't cost anything to be cautious.

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