

Make sure you're properly insured during home renovations

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Insurance is rarely a priority during a home repair or remodeling. But accidents happen, and lawsuits can follow if a project results in injuries or property damage.

Anytime someone gets hurt on your property because of your negligence or carelessness, you can be held legally responsible. You can also be responsible if someone working on your property injures someone else or causes damage to someone else's property.

A typical homeowner's policy includes \$100,000 of liability insurance; for a slight increase in premium, you can raise that to \$300,000 or \$500,000, and some companies offer \$1million or more. However, certain losses may not be covered.

You can jeopardize your coverage if you knowingly hire unlicensed and uninsured workers or start work without necessary local building permits. In addition, even a covered loss is likely to result in higher annual property insurance premiums and may be enough to keep the carrier from renewing the policy.

To protect yourself, make sure the contractor is properly insured.

At a minimum, contractors should have workers' compensation, which protects you from liability if a worker is injured on your property; commercial general liability, which protects you against third-party bodily injury and accidental property damage, and automobile insurance, to protect you against claims for damage or injuries caused by the contractor's company vehicles.

Don't assume a contractor has insurance or even take his word for it. Instead, ask the contractor to have his insurance agency mail you the certificate of insurance.

It's better to get the certificate from the insurance company rather than the contractor because it prevents potential tampering. If the contractor gives you the certificate himself, then call the insurance agency listed on it to confirm the effective dates of the policies, as well as coverage and liability limits.

In addition, make sure the contractor's insurance covers the type of work he will be doing for you. A person insured as a carpenter, for example, may not have coverage if he starts a fire putting a roof on your house.

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