

INSURANCE FOR ARTISAN CONTRACTORS

The category of artisan contractors, also known as casual contractors, includes many occupations that involve skilled work with tools at the customer's premises. Carpenters, plumbers, electricians, roofers and tree surgeons are some of them. Also included are diverse other skilled service providers, such as interior decorators, piano tuners and exterminators.

Special insurance needs of this group include coverage for equipment and tools that are often moved around and for the value of work done for a customer until it is finished.

For many artisan contractors, the most cost effective and efficient way to obtain property and liability coverage is with a [businessowners policy](#) (BOP) especially tailored to their needs. Although marketed under a variety of names, these policies will typically have provisions similar to the property insurance and liability insurance sections of the BOP.

PROPERTY INSURANCE

The BOP covers real estate and other property your business owns that is located at the described business premises. If your business rents or leases its premises, the BOP provides coverage for tenant's improvements and betterments. These are fixtures, alterations, installations or additions that you have put into the space that cannot legally be removed from the landlord's premises.

Your biggest personal property loss exposures, however, may involve valuable machinery and equipment that moves around from job to job and is not covered by the standard property insurance. Such movable property is insured by contracts that insurers call floaters.

An installer's floater covers all kinds of machinery and equipment during transit, installation and testing at a customer's premises. Even building materials may be covered, but the more usual coverage is for equipment or machinery that only contractors install, such as heating or air conditioning. The policy can be written to cover a single job or on a reporting form, meaning that you provide the insurer with information about each new contract you undertake.

A tools and equipment floater covers the insured property wherever it is used and may include such items as hand tools, power drills, hoisting machines and power pumps.

LIABILITY INSURANCE

Given the possibility of a lawsuit should someone claim to have been harmed by your work, you will almost certainly need liability insurance. If working as a subcontractor, your customer may require you to have Owners and Contractors Protective Liability (OCP) coverage. This protects either a property/businessowner or a general contractor from possible liability arising from the negligent acts of an independent contractor or subcontractor hired to perform work on behalf of the insured. The actual purchaser of the policy is the independent contractor or subcontractor, but the protection is for the benefit of the property/business owner or general contractor for whom the work is being done.

BUSINESS AUTO INSURANCE

Your personal auto policy probably provides coverage for some business use of your truck, van or other vehicle. A personal auto policy is unlikely to provide coverage, however, if the vehicle in question is used *primarily* in business. It will not provide coverage for any vehicle owned by a business. For those vehicles you must have a business auto policy.

If you're driving a truck you own personally for a business purpose and get into an accident for which you are liable, an injured person could sue you personally. Will your personal auto policy have enough coverage to pay all the damages? If not, a lawsuit may be filed against your business. If you

use personal vehicles for business, you want to be sure you have high enough limits to protect your business. You should discuss this with your insurance agent.

WORKERS COMPENSATION INSURANCE

States have varying rules about when an employer must provide workers compensation insurance. If you have three or more employees, you should check with your state department of workers compensation to see if you are required to provide workers comp insurance.

Source: Insurance Information Institute

<http://www.iii.org/smallbusiness/specific/artisancontractors/>