

REMODELING YOUR HOME

You've hired a reputable builder, collected paint swatches and selected the siding and now you're finally ready to start that long-awaited remodeling project.

What Protection Does it Offer?

Whether your addition budget is large or small, you are adding both the value of your home and your exposure to risk. To ensure that your project goes smoothly and that you have the coverage you need, here's what you need to know.

Working with General Contractors

The best way to minimize your renovation risk is to hire a reputable general contractor for the job. As part of the bidding process, ask the general contractor to provide a Certificate of Insurance and/or copies of the policies. Specifically, check for coverage for the following:

- **Workers' compensation:** Verify that he or she has workers' compensation coverage in the event that an employee or subcontractor gets hurt on the job.
- **General liability:** Ask if the contractor has liability insurance, which covers losses due to negligence and errors or omission, which results in property damage. Also ask that you are added as an "additional insured."
- **Builders risk:** This policy is designed to cover damage to your home and materials, including those not installed yet. We can help you verify whether you should require this from your contractor, based on your renovation project.

Advice for Do-It-Yourselfers

If you decide to do it alone and manage a renovation yourself, you assume all the risks. A review of your homeowners coverage for liability and property is prudent, as you are assuming more risks and exposures than contemplated by homeowners insurance.

Hiring subcontractors who can provide you with a "Certificate of Insurance" or copies of their policies showing their general liability and workers' compensation coverage is mandatory for your legal protection. Otherwise, you could be subject to workers' compensation laws, should they become injured while working on your home. If a friend or relative helps out as a favor and gets injured, your homeowners insurance typically covers the cost of their injuries, up to your policy limits. For an extra layer of protection, it's a good idea to also carry umbrella liability coverage, which kicks in to provide liability coverage above your homeowners limits.

Insuring the Real Value of Your Home

Experts estimate that 1 out of 4 remodeling projects adds at least 25 percent to the value of a home, yet often most homeowners forget to increase their coverage to protect their investment. Most homeowners insurance policies require 100 percent of the home's replacement cost, so it's important to raise your home's policy limit before your project begins.

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