



When undertaking a remodeling project, people often forget to review their insurance needs, too. 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:

- **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.
- **Workers' compensation:** Verify that he or she has workers' compensation coverage in the event that an employee or subcontractor gets hurt on the job.

If they don't carry the proper coverage, they are not the right contractor for the job!



## ADVICE FOR DO-IT-YOURSELFERS

If you decide to do it alone and manage a renovation yourself, 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.

If a friend or relative helps out as a favor—no money changes hands—and gets injured, your homeowners insurance typically covers the cost of their injuries, up to your policy limits. It's important to note that a homeowners policy is not designed to provide primary liability protection for these injuries. If a helper is seriously injured, the domino effect can be financially and emotionally difficult for all who are involved. 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.



# REMODELING? REVIEW YOUR HOMEOWNER'S POLICY!

PERSONAL INSURANCE

## AFTER THE REMODEL

As a homeowner, you need to protect your investment, especially after a remodel. The following tips will help you ensure you have the coverage you need—eliminating worry and additional hassles.

### Review Your Policy Limits

Make sure that your home has sufficient coverage if you've remodeled, made an addition, or purchased an expensive item for your home.

### Understand Your Policy

Read your policy to determine what exactly it covers. Most cover replacement costs, or payment for the cost to repair or replace damaged property using similar materials.



### Insure Home Improvements

When making a major change to your home, it is important to talk to us about insuring those changes. Be sure to let us know the specifics to ensure you have adequate coverage. If you remodeled a bathroom, we want to know whether you installed a standard bathtub or a whirlpool tub or if your countertops are now made of marble—it all adds to the value of your home.

### Understand Rebuilding Costs

As a general rule, rebuilding a home costs more than an identical home would cost as a new construction. That's because rebuilding includes a number of additional factors—like demolition, debris removal, worksite access and updated building codes—that can drive up the price of a rebuild. Don't assume that the new construction cost of your home provides enough coverage.

## HOW KAPNICK CAN HELP

Adding to your home is exciting, but poses financial risks. Contact us at 888.263.4656 or [info@kapnick.com](mailto:info@kapnick.com) to learn more about our home, auto and life personal risk management solutions.

