

# TIPS FOR HIRING CONTRACTORS

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HIRING CONTRACTORS can be a stressful process, especially after a loss to someone's home or business. Contractors come in all shapes and sizes, from the one man chimney cleaning operation to the national firms who remodel/rebuild a home or business. Helping insureds understand and avoid the pitfalls when hiring contractors is a sign of a true insurance professional.

Natural disasters such as hurricanes and tornadoes create a special challenge. At such times, the pool of local talent is used up quickly. The news is full of horror stories of contractors who absconded with money, performed work that they were not licensed to do, or whose workmanship was shoddy. Unscrupulous people prey on others in times of need.

Precautions should not only be taken with rebuilding/repair contractors but also regular services. For example, there have been many cases in the news of fraudulent fire extinguisher servicing firms. Extinguishers that have been "serviced" are mislabeled or empty. Contractor fraud is not limited to the small operations. Recently the federal government sued its largest background security check contractor for allegedly filing 660,000 fraudulent reports, costing the government millions of dollars. (foxnews.com)

Price is not always the best reason to choose a contractor. There may be a

reason their quote is cheaper. Go with your gut – if something does not seem right, chances are it isn't. Do not fall for pressure tactics or "deals" – such as an offer to use your job as a "model" to entice others to hire the contractor, or a "today only" offer. Other red flags include unsolicited calls or door to door salesmen.

Ask for references from prior customers. Check with the Better Business Bureau (BBB). They maintain a list of accredited businesses, as well as records of complaints. They also monitor accredited businesses.

The contractor must be able to provide a copy of their license for the state where the job is to be done. Unlicensed contractors may not be familiar with local building codes and may be unable to obtain the necessary permits. The

license should also be for the type of work being performed. For example, someone licensed to service fire extinguishers may not be qualified to service fire suppression systems. Another cause for concern - if an unlicensed contractor gets hurt on the insured's property, the contractor could sue the insured.

Require a certificate of insurance. Contact the insurance company to be



sure the policy is still in effect. A common tactic is to pay the deposit in order to get the certificate of insurance and then let the policy lapse. Using an insured contractor makes it more likely that restitution can be made in the event of something going wrong.

Be sure to get access to the permits the contractor obtained for the job. If a job is done without the proper permits, it may have to be removed or repaired. The home or business owner may be responsible for paying fines.

Never pay in full up front. It is better to avoid paying anything until work is actually started. Be wary of anyone asking you to pay them directly for supplies and materials. It is safer to pay the company supplying the materials directly. If there are subcontractors, check with them to be sure they have been paid before signing off on the work and making final payment.

Nobody wants to deal with the added costs and stresses of work that has been done incorrectly, or not at all. Helping insureds protect themselves when hiring a contractor is another value-added service of the true insurance professional.

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