

Remodeling your home

If you plan to remodel your home, make sure that the house, the contractor and the subcontractors have adequate insurance coverage.

Don't make the mistake of waiting until an addition or extra room is completed to increase the insurance coverage on the structure of your home. If the new addition is destroyed or damaged before insurance coverage has been increased, you may be responsible for the cost of repairing or rebuilding the addition.

Contact your insurance agent or representative before—or shortly after—construction begins in order to increase the insurance coverage on your house to an amount that reflects the higher value of the rebuilt structure.

When hiring a general contractor, find out if the contractor has workers compensation and ask to see a copy of the policy. Workers compensation pays for medical and rehabilitation expenses and covers lost wages if the workers sustain injuries on the job. Injured workers may sue you if the contractor does not have proper insurance.

In most home improvement projects, the contractor subcontracts the builders, electricians and plumbers. The workers hired may not be full-time employees of the contractor and therefore not covered under the contractor's workers compensation policy. While some independent builders, electricians and plumbers may carry their own workers compensation coverage, others may not.

You should verify the insurance coverage of the contractor and the subcontractors. If the coverage is insufficient, you may need to fill in the gaps by extending the limits of the liability portion of your homeowners policy.

If you purchase additional items, such as furniture, exercise equipment or electronics, you may need to increase the amount of insurance you have on your personal possessions. Keep receipts and add them to your home inventory.

Source: Insurance Information Institute; www.iii.org