



TONRY TOPICS

CONTRACTORS E&O COVERAGE

Mistakes happen.

Contractor Errors & Omissions coverage will help to protect your bottom line.

If you are a trade contractor, you are likely an expert in your field. Despite your expertise, some customers are quick to allege negligence after a job has been completed. Considering the rising costs of materials, labor costs, and slim profit margins contractors face today, having coverage for errors and omissions has never been more important.

The typical commercial general liability (CGL) policy covers bodily injury, property damage, and personal and advertising injury. Under most circumstances, CGL policies don't cover expenses to redo faulty work or replace materials if you made a mistake. Contractor errors and omissions (E&O) policies vary from insurance company to insurance company, but most are intended to protect trade contractors for costs associated with faulty workmanship, defective materials or products and errors or omissions in the design of your work. In some cases, coverage can be added as an "enhancement" to a CGL policy and in others, a separate policy might be required. There is not a "standard" contractor E&O policy so it's important to read the coverage terms carefully and to review your options with your agent.

Let's say you are a plumbing contractor. You complete a plumbing job for a newly constructed apartment building. Several months after the building is completed and occupied by tenants, a plumbing mistake causes water damage to a large section of the building. The damage to the building would be addressed by your CGL policy, but the

CGL policy would not cover the labor and materials to correct the plumbing error. An E&O Policy would respond to the cost of repairs.

Several years ago, I hired a contractor to enlarge my bathroom. It was not until the square tile was installed that we realized the room itself was no longer square. Unfortunately, the room had to be ripped apart, reframed, and rebuilt. Our contractor's commercial general liability policy would not have covered the cost to rip out and redo our bathroom. I didn't think about it at the time, but I hope our contractor had E&O coverage!

In short, your commercial general liability policies protect you for damage to *others*, while contractor E&O coverage protects you for *your own* work and materials. **Mistakes happen.** Contractor E&O coverage will help to protect your bottom line. For more information on Contractor E&O coverage or to request a quote, please contact us.

CONTACT US

Tonry Insurance Group, Inc. has two convenient locations in Massachusetts, Braintree Office Park and Bedford Street in Lexington. Tonry has served New England insurance clients since 1926, providing personalized, professional service and competitive product pricing from a wide range of local, regional, and national insurance companies. Our courteous, knowledgeable staff has the experience to assist you with all of your insurance needs.