



Media Watch

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Ask an Agent....

GLB Insurance answers your construction insurance questions

Q: What are the advantages and disadvantages of bonding a construction project?

A: The typical bonds for a construction project are performance and payment bonds. Basically, these bonds guarantee that the contractors will complete the project per the plans and pay all the related bills. The intent is to give the owner a completed lien free building. Another advantage, contractors able to provide these bonds have been scrutinized by a bond company and tend to be stable experienced contractors. Some disadvantages are the increased cost for the bond premium, and bonding would eliminate good contractors that are just not set up to provide bonds.

Q: What is the difference between a surety bond and general liability insurance? Aren't they the same?

A: They are not the same at all. A surety bond is primarily a financial guarantee. As related to construction, it guarantees the conditions or performance of a contract. If a contractor or subcontractor fails to complete their contract, the bonding company would hire someone else to complete it. Insurance, on the other hand, covers bodily injury and property damage that may occur as a result of your operations.

Q: What questions should consumers ask about insurance and bond before hiring a contractor?

A: Consumers should hire contractors that are properly licensed, bonded, and insured. Check with the Contractors' License Board, the Better Business Bureau and ask for references. When you hire a contractor, require they provide you with a certificate of insurance naming you as an additional insured. Be sure the certificate shows both general liability and workers compensation coverage. □

GLB Insurance is a locally owned and operated insurance agency that specializes in construction insurance. If you have a question about insurance, please submit it to russ@glbins.

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