

INSURANCE

In planning the construction of your home you will need insurance. As with labor, high costs apply to insurance too. Not so many years ago, insurance on a new house used to cover glass breakage with no deductible clauses. Today, few insurance companies will cover glass and most policies have deductible clauses in them. To glaze every window in an eleven window house used to cost \$37. Today that amount won't even pay the travel time to the job and back for the glazer and truck.

To begin with, a policy is needed called a builder's risk. Some companies write a regular home owners policy with a builder's risk clause to cover the house while it is under construction. Builder's risk is a special type of policy to cover the house while it is under construction in case of fire, windstorm, and extended coverage damage. Vandalism is included in this coverage. The whole policy should have a deductible clause, to make the policy less expensive. It specifies nonoccupancy; that is, no one lives in the house, and it is not furnished. Upon completion, and the issuance of a certificate of occupancy, the normal home owner's policy is in order if a home owner lives in the house. If the home is rented, the proper policy is a fire and extended coverage policy. These lines of difference are exact, and are applied to the very word in case of a claim. All the insurance contracts must be perfect, and complied with exactly.

As to theft, this type of insurance is so expensive that no one can afford it. Theft is a big problem in building and it is increasing as costs increase on material. Law and order convictions are almost impossible to obtain. Prosecution is so difficult and time consuming that it is not worth while. One loses more in working time than the stolen article is worth, and you still may not get a conviction. A standard excuse for a caught thief is that another builder sent him over to move the lumber from your job to another and he made a mistake by taking the material from the wrong house. One of the best ways to handle theft is to get the job done in a hurry. This means large crews of carpenters – 10 or 12 men can do a small house in one day if well organized and accustomed to working together.

Fencing around a construction site, with a light, may pay off for security. Even a partial fence, a temporary snow fence, or 50 ft. of chain link stretched across the front lot line, makes a statement: "Keep Out". It shows the owner is aware that stealing is a problem, do not take anything.

“Dog” and “Call Police” signs will help cut down vandalism and theft. So will friendly neighbors who will help watch the construction.

CALL POLICE
REWARD FOR THE CONVICTION OF PERSON
OR PERSONS DAMAGING OR REMOVING
MATERIAL FROM THESE PREMISES
PARENTS WILL BE HELD RESPONSIBLE
FOR THE ACTS OF CHILDREN
DO NOT TAKE ANYTHING FROM THIS PROPERTY
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Workmen's compensation insurance is the most troublesome type of coverage for the do-it-yourselfer. The successful builder who gets by without the insurance is just lucky, and is taking, or has taken, a tremendous risk that he doesn't understand. The risk is that if the workman is hurt on the job he can hold the owner of the property liable for his injury, or his estate can collect if he dies. Huge amounts of money can be involved.

Such claims can be far in excess of the value of the house and lot, or the average person's ability to pay in case of a serious accident. Regular builders handle this by requiring all subcontractor's groups to have their own workmen's compensation insurance. Then the builder takes out a blanket policy to cover anyone who does not have insurance for one reason or another. This policy also takes care of the day laborer that the builder uses only for a day, pays him a flat rate, and probably will never see again.

The mechanics of the procedure are quite simple. The builder posts a premium ahead of time, then at the end of the year, all the subcontractors furnish insurance certificates sent directly from the insurance company to the builder. The builder's books are audited to check if any labor payments were made to subs not covered by certificates. If no certificates are available to cover a sub's wages, the builder is charged so much for each dollar paid, and this is taken out of the original deposit. Then the builder deducts this premium from the subs pay if the sub says he had insurance, and does not. At this time the rate for carpenters is \$3.00 per \$100.

Many sub-contractors furnish certificates for Workmen's Compensation Insurance that are not correct, will not apply, and in the case of an accident the builder-owner would be liable. Quite a few subs, in my years of experience, have answered the question "Do you have Compensation Insurance?" by stating "Yes, with such-and-such a company." What they mean is that they have hospitalization, life, car liability, insurance on their home, but they do not have Workman Compensation Insurance. Even insurance certificates from insurance companies sent directly to you must cover the men working on the job. Sometimes a mistake is made and the papers are for other trades than those working. Possibly, the certificate is outdated, not paid for, or any other number of sins make it worthless.

The answer to all this for a one-house subcontractor is to get the workman's compensation certificate for each subcontractor sent to you from his insurance company before he starts work. Then anyone who hasn't compensation insurance will have to be covered by a special policy, issued for just such a situation. A home owner had this done, at a cost of \$4, for coverage on a friend. He was a retired carpenter who spent an afternoon cutting off the bottoms of his inside doors so that they would clear newly laid carpeting. If this carpenter had injured himself, no matter what the circumstances or whose fault, the owner would be liable for the man's injury, without the insurance. This is why one needs to have workman's compensation insurance when building for oneself.

However, workmen's compensation will not cover the builder-owner or children or friends on an "inspection tour" or while they are doing work on the home, so a third policy, a liability policy, to cover outsiders (non-workmen) and himself is needed by the home builder.

Further, let me point out, one insurance agent should handle the total program. The reason for this is that if two insurance companies get involved, one for the builder's risk policy and one for the home owner's policy, it is difficult to decide which company to bill in event of a claim and sometimes neither company will accept liability.

An example of this is a young couple who lived in a house for six months and noticed the large bathroom mirror was chipped. The home owner's policy man said it must have been the builder's fault because how could a mirror be chipped in normal living? He contended it was faulty installation that chipped it. The builder said it was not chipped when the people moved in. So everyone denied liability, a situation which could have been avoided if only one insurance company had been involved, with both policies. We solve this problem when building for people by encouraging them to use the same company that wrote our builder's risk insurance, for their home owner's policy.