Errors and omissions coverage for contractors: What to consider.



For contractors, every job comes with a certain level of risk. Even the most conscientious contractor can make mistakes. And rectifying those mistakes can be costly — unless you have contractors errors and omissions coverage.

What is errors and omissions insurance?

General liability insurance provides coverage for property damage or injuries to others due to a contractor's negligence, errors or omissions, including legal defense costs if necessary, but it does NOT cover damages to a contractor's work after completion. Errors and omissions coverage helps take over where your general liability coverage ends, and it is ideal for trade contractors such as carpenters, electricians, plumbers, drywall and flooring installers, and many others.

What does errors and omissions insurance cover?

In general, errors and omissions coverage for contractors provides protection for damages to a contractor's completed work that occurs due to faulty workmanship, negligence, errors, or omissions. Here are two examples of how this coverage can save a contractor money:

- A cement contractor pours a cement floor on a new construction project. A week later, the weather

takes an unexpected turn, and the new floor is covered with snow and ice. To remove it, workers apply salt, which leaves marks on the concrete because it hasn't had time to fully cure. Contractors errors and omissions coverage would pay for labor and material costs involved in removing the damaged floor and pouring a new one.
- An HVAC contractor installs a fully functioning air conditioning unit in a commercial building. Shortly afterward, the compressor burns out and the unit must be replaced. Contractors errors and omissions coverage would pay for the new unit and the labor costs to install it.

What is not covered by contractors errors and omissions insurance?

Errors and omissions coverage does NOT cover:

- Damages to work still in progress
- Damages already covered by general liability, such as personal injury and property damage
- Damages resulting from intentional acts, such as knowingly substituting substandard materials
- Damages to work performed by subcontractors

Why should I invest in errors and omissions insurance?

It's becoming more common for clients to require a contractor to have errors and omissions insurance as a condition of their contract, which means if you don't have it, you may miss out on potential projects. And in situations where it's not mandatory, having errors and omissions insurance could set you apart from other contractors, as clients may feel more confident in hiring you knowing you have a safety net in place, just in case.

Additionally, contractors errors and omissions insurance can provide peace of mind for you, too. Knowing you have coverage in place can help reduce stress and anxiety if something does go wrong, so you can focus on what you do best: providing quality work to your clients.

How can I get errors and omissions insurance?

Everybody makes mistakes. But the biggest mistake of all could be not protecting your business. At Patriot Insurance Company, we have errors and omissions coverage for contractors included in our Contractors Liability Premier coverage when you purchase a general liability policy. Simply talk to your local, independent agent about our offerings, or find one near you. But first, read our blog post: 6 key insurance coverages for contractors.