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Market Insights

Keys to protecting an artisan contractor business and managing risk

It's paramount for artisan contractors to protect their livelihoods, because specialized skillsets come with unique insurance needs.

By **John McGowan** | January 25, 2023 at 05:00 AM



Artisan contractors include skilled workers like electricians or carpenters with specialized knowledge who can handle specific aspects of a construction project, and perform many duties such as balancing changing priorities, meeting demanding deadlines and safely completing projects. (Photo: gmccgill/Adobe Stock)

With the well-documented [home renovation boom](#) over the past couple years and the projected increase in construction projects as



[reported by the Associated General Contractors of America](#), artisan contractors' expertise continues to be in demand.

According to the U.S. Bureau of Labor Statistics, overall employment of construction laborers is projected to [grow 7%](#) from 2020 to 2030. This includes artisan contractors.

Artisan contractors — a broad classification of skilled workers, like electricians or carpenters, with specialized knowledge who can handle specific aspects of a construction project, enabling general contractors to focus on the project at large — perform many duties, such as balancing changing priorities, meeting demanding deadlines and safely completing projects.

For artisan contractors, an unexpected incident, such as a ladder toppling at a customer's premises or stolen equipment, can be a disruptive and costly setback with the potential to impact their business's ability to thrive.

The following are some key considerations for artisan contractors to help them protect their business, employees and property:

Obtaining appropriate insurance coverage

One of the most crucial elements to helping protect your hard-earned business is personalized insurance for your business' s unique needs, e.g., operations, specialized tools and equipment, liability exposure and commercial vehicles. Talking with a local, experienced insurance agent can help you understand your coverage options, so you can choose coverages to protect your business.

Preventing employee workplace accidents



While workplace accidents can happen even with preventative measures in place, ensure you have a workers' compensation policy that can help with the financial costs associated with certain employee injuries and illnesses that can occur in the course of employment. Employer's liability coverage — sometimes included in a workers' compensation policy and sometimes sold separately, depending on the state — is designed to help employers cover some additional costs arising from employee work-related injuries or illnesses for which a business owner may be held liable. To help prevent employee work-related accidents and injuries from occurring in the first place, consider:

- Implementing an accident-prevention and loss-control program.
- Requiring that employees attend training about work safety and document their attendance.
- Conducting regular safety inspections that include inspections of tools, equipment, machinery and vehicles to ensure they are in good condition.
- Providing personal protective equipment (PPE) to your employees.

Protecting tools and equipment

Often, business personal property coverage is limited to specifically designated locations, meaning your business equipment may not be covered in the event of an unexpected loss or theft if it occurs away from the locations stated in the policy. Because tools and equipment are frequently taken to and from different job sites, contractors should consider coverage options that are not limited to designated locations.

Some insurance coverages you may want to consider include contractor's tools and equipment coverage that will not limit coverage to the scheduled location, and contractor's installation



coverage for materials you will be installing that are at a job site or storage location.

To help prevent equipment theft or misplacement from occurring, consider:

- Maintaining an inventory of equipment needed for each job site and reviewing the checklist before leaving a premise. There are digital tracking systems that may simplify the process.
- Locking or securing high-value equipment when not in use.
- Painting or engraving your tools to help prevent mix-ups.

Safeguarding business vehicles

Your business vehicle is another vital piece of your company and can have an impact on your ability to complete job duties. In an effort to protect your investment in your vehicle, consider contacting your local, experienced insurance agent to revisit your commercial auto policy coverages to help ensure you have the coverages you want.

To help prepare for the unexpected, you may want to ask yourself—when your vehicle is in the shop for a period of time—if you have another vehicle that you can use to keep your business running or will you need a rental car. When determining appropriate coverage limits for your commercial auto policy, you may also need to think about the value of any special equipment you have — did you wrap your truck with your company logo, do you have a toolbox attached to your pickup or special racks to haul ladders? These all increase the value of your business's vehicle.

To help keep your business vehicle out of the repair shop, consider:

- Conducting regular car maintenance.



- Hiring experienced drivers with clean driving records to operate your vehicle.
- Implementing a safe driving program.

Inform your agent of any new employees authorized to operate your vehicle so your agent can update the list of drivers on your commercial auto policy. A claim in which an unlisted driver is operating your commercial auto may impact your insurance premium.

Bearing in mind liability coverage

A customer may claim that your work resulted in damage to their property, even if you're hired through a general contractor. A customer could allege that you are responsible for water damage that occurred because a plumbing fitting was installed incorrectly, a condensate line from the central air system breaks or a sprinkler system was installed too close to a building. These claims can be costly, which is why you may want liability coverage for your business.

Investing in your protection — for the good of your business and your customers

As an artisan contractor, you've invested a great deal of your time and resources in becoming an expert in your craft and building your business. Protecting your business with a sound and comprehensive insurance plan can often help you rebuild your business should the unexpected happen. In addition, you may be able to boost your professional credibility with your customers — whether they're general contractors or individuals — by letting them know you care enough about your business to invest in insurance policies that help protect them, your employees, and your business.



So, whether you're an electrician, plumber or painter, it's paramount for artisan contractors across the country to seek ways to protect their livelihood. Specialized skill sets often come with specialized insurance needs.

John McGowan is the head of business insurance underwriting for Farmers Insurance.

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