

# Insurance Tip #5

## Understanding Products and Completed Operations Liability Coverage

**What you, as a contractor, must know to protect  
yourself from the potential of financial disaster**



By standard definition, Products and Completed Operations coverage gives a contractor coverage for bodily injury or property damage that is a direct result from their product or their completed work.

A contractor providing power washing, roof or window cleaning services should specifically have a good understanding of Completed Operations and how it can impact their business. To further define Completed Operations coverage, it is an insurance product that covers the liability incurred by a contractor for property damage or injuries that may happen to a third party once contracted operations have ceased or been abandoned. Even though the operations are deemed to be "completed" by the contractor, the loss or injury is deemed to be as a result of those operations. Raises the question....is a contractor's work ever really done?

Let's put this coverage in perspective with a few claim examples.

- A month after a roof wash is completed the shingles start to fade. The customer alleges that the contractor's work was incorrectly performed. The ensuing claim would be filed under the Completed Operations liability coverage.
- A sidewalk is recently power washed. After leaving the worksite, someone comes along and slips on the wet sidewalk. Since the contractor has already left the site the claim would also be filed under the Completed Operations liability coverage.
- A wooden deck was cleaned by a power washer. Two weeks after that job, the contractor decides to cancel his insurance policy because he is approaching the "off season". Ironically, three months after the deck was cleaned the customer has a party and the deck collapses injuring the people on the deck. Determination was made that something the contractor did when he washed the deck caused there to be a problem with the structural integrity of the deck. There has to be coverage in force under an active policy when the bodily injury or property damage occurs (deck collapsed three months later). This claim does NOT go back onto the policy that was in effect when the work was done. Even if the work completed was unlikely to cause the accident, the injured people will sue everyone involved and the contractor would, at the very least, have to defend against the suit.

The biggest assumption a contractor makes is thinking once a job is completed they are "off the hook". In the real world, a claim can be made at any time and could be tied to a job completed 6 days, 4 months or 2 years ago. For this specific reason, it is critical to maintain uninterrupted coverage despite the seasonal swings contractors experience nationwide. It's also important to know that when a contractor lets a policy cancel, some carriers require the full year premium be paid in full in order to rewrite the coverage.

At Joseph D. Walters, education is critical in helping contractors understand the coverage they are buying and even more important...the coverage that is needed.

Talk with any of our experienced agents and become smarter about your insurance.



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