



Hiring an Outside Contractor: Protecting Church Property

Are you renovating or rebuilding a church property?

Here are some considerations that may be helpful before hiring a contractor.

Selecting a Contractor

- **Do your research and due diligence.**
 - Interview each prospective contractor about how they'll approach the project, including any machinery and chemicals that will be used.
 - Ask about any required trade licensing information and be sure they have a minimum of five years of experience.
 - Check their references and customer reviews.
- **Hire the contractor who appears most dependable and reputable; don't always hire based on low bids.**
- **Once you've settled on a contractor:**
 - Request written details on the project's duration and scope.
 - Seek a performance bond that guarantees completion of work.
 - Seek a written contract for even the smallest job.
 - Confirm the contract has a clear scope and cost structure.
 - Have your legal professional review the contract prior to signing.

Contractors' Insurance Considerations

- **Enlist legal help to go over the contract.**
 - Waiving subrogation could relieve the contractor's insurance company from its responsibility to pay certain claims. Your insurance policy may also include a limitation on waiving subrogation. Review your policy carefully and consult your legal advisor when considering whether to waive subrogation in your contract.
 - Discuss with your legal advisor the implications for your organization of including a hold harmless provision in your contract.
 - Ask your contractor for proof of the insurance.
 - If your contractor isn't insured (or is insufficiently covered), you could suffer a loss that may not be fully covered by your own Property or Liability insurance.

- Request the contractor you are hiring add the church as an additional insured onto their policy.

- **Subcontractors**

- If the contractor must hire subcontractors, request that they also provide certificates of insurance.

Insurance Considerations: What You Need

- **Builder's Risk coverage**

- Your basic property policy provides limited coverage for building materials.
- For big projects you may need excess coverage. Call us at (800) 293-3525 to review your situation and help choose the coverage that's best for you.

- **Owner's Protective Liability coverage**

- Designed to protect churches as they take on the unique risk around a building project.
- This coverage is intended to protect the church against liability claims of a third party due to negligence caused by a contractor.

Other Important Considerations

- **Inspect the contractor's work periodically.**

- Only enter a job site in coordination with the contractor.
- Alert the project leader about any concerns.
- Keep your congregation informed about site safety, job progress, and unexpected problems along the way.
- Managing parishioner expectations can be as important as supervising the contractor's performance.

- **Once the work is complete**

- Conduct a walk-through with the contractor.
- The premises should be completely usable and free of rubbish, materials, and any potential hazards.