

How to Hire a Contractor

When you have a big construction or renovation project, you want it done well. So how do you hire a qualified contractor and protect your church's rights and interests?

Raymond LaBarca, Vice President, Underwriting, for The Church Insurance Company of Vermont (CICVT), and Satish Jain, Property Underwriting Manager for CICVT, provide their recommendations for hiring a contractor:

Do your research

Get multiple estimates, and ask potential contractors questions. Find out how many projects the contractor has successfully completed, check Better Business Bureau ratings, and ask for references. Ask about permit and building requirements — a knowledgeable contractor will know what building codes are applicable to your project.

Recommendations may come from parishioners the contractor did work for on a residential building. Remember that it is a good idea to select a contractor who has completed similar projects on similar buildings.

Ray and Satish recommend that you check potential contractors' financial information as well: "It might be difficult if you are dealing with a smaller contractor, but you do not want to hire someone on the verge of bankruptcy who disappears halfway through the job."

Get proof of insurance

Ask the contractor to provide a certificate of insurance. Certificates of insurance show policies in force, limits, and carriers.

Verify that contractors have sufficient limits on their policies. "Generally, they should have at least \$1 million for General Liability per occurrence and Umbrella coverage of at least another \$1 million," Ray says.

Satish adds that you should check that the policy is current — and not recently purchased. "You do not want someone to show you proof of insurance and then turn around and cancel it the next day," he says. Reputable contractors will be able to provide proof of insurance immediately because they are accustomed to customers' questions.

Contractors will sometimes ask customers to purchase additional insurance that covers the contractor. You should not do that. Ray says, "Your insurance company wants to protect the church and its interests — not the interests of the contractor or subcontractors." There is one exception: If contractors perform work as volunteers, CICVT will often include them under the church's policies.

Church leaders should also verify that their churches are covered on their own policies before hiring a contractor. Some Property or General Liability policies do not provide coverage for renovations or new construction. The applicable CICVT policies do not exclude such coverage.

Put it in writing

Ray and Satish say a contract is of the utmost importance because it can eliminate headaches down the road. “Spell out what you want them to do, and get everything in writing,” Ray says. For example, a clause in your contract can specify that the contractor needs to pay back the money he has received if he does not complete the work.

Satish says the contract should also state expected beginning and completion dates for the job. He stresses that you should attach a schedule to the contract. Ray adds, “If you do not spell that out in the contract, you have no legal recourse if expectations are not met.”

Don't waive your right to subrogation

You may think you have all your ducks in a row. You have seen proof of insurance, and you have drawn up an ironclad contract. But one more thing could go wrong: Waiving the right to subrogation relieves the contractor's insurance company from paying claims, shifting the burden to the church's insurance. Have any materials you sign carefully reviewed so you do not waive away this right.

The right contractor can make a renovation or new construction project go smoothly, resulting in a beautiful upgrade for your church buildings. Make sure to take the time to select the right contractor who will do the job well.