

CONTRACTOR INSURANCE GUIDE

The coverages, documents, and questions
to review before the next job.



Quick Biz Quote Insurance Services

Commercial insurance for California contractors.

408-689-9005

BEFORE YOU START

Use this guide to understand which policies protect your business and what information helps you get a quote. Each chapter explains a coverage or a decision you may face when taking a job, hiring employees or renewing insurance.

Inside the guide

Coverage basics

General liability, completed operations, certificates and endorsements

Your people and equipment

Workers' compensation, owner-only policies, audits, auto and tools

The rest of the plan

Builders risk, umbrella, professional liability and business owners policies

California and your work

Bonds, contractor LLCs, subcontractors, handyman work and trade questions

Prepare and maintain

New businesses, quote costs, renewal, claims and requesting a quote

Use the linked CSLB sources to check current requirements for your California contractor license. For coverage questions, send us the policy or contract wording you want explained.

Questions about your work or a contract? Call QuickBizQuote at 408-689-9005 or start a quote request.

[READ MORE ONLINE](#)

GENERAL LIABILITY

Coverage for claims against your business.

A claim from someone outside your business

Liability means being legally responsible for harm to someone else. If a visitor trips over your extension cord or a ladder damages a customer's car, general liability can address covered injury or property damage claims and their defense. Employee injuries, vehicle accidents and your own stolen tools need different coverage.

What the policy leaves in or out

An exclusion removes a type of loss or work from coverage. An endorsement changes the policy, sometimes adding protection and sometimes restricting it. A painting policy that excludes roofing does not become suitable for roof jobs because it has a large limit. Describe all the work your crew and subcontractors perform.

One event compared with the total available

The per-occurrence limit is the cap for one covered event. The aggregate is the shared total for claims counting against it during the applicable period. A \$1 million occurrence limit and \$2 million aggregate do not provide \$2 million for each accident. If covered payments use \$1.5 million of that aggregate, \$500,000 remains. Different parts of the policy can have separate aggregates. Compare the limits and exclusions together.

[Read more about general liability online](#)

COMPLETED OPERATIONS

A claim can arrive after you leave the job.

During the job and after it is finished

Ongoing operations means work still in progress. A visitor tripping over your equipment during an installation is an example. Completed operations concerns injury or property damage arising from work after it is finished, as the policy defines completion. A connection that later leaks after the customer starts using it raises a completed-operations question.

The repair and the resulting damage

Replacing a faulty connection and repairing water-damaged flooring are different costs. General liability generally excludes correcting your own defective work, while resulting damage to other property can be covered. The insurer reviews the cause, timing and wording to decide how the claim is treated.

Why your customer asks for both

A general contractor or property owner could be named in a claim connected to your work during or after construction. Additional insured protection for ongoing and completed operations addresses those different situations and may require different endorsements. Your own completed-operations coverage does not automatically give the customer that status. Send the full contract requirement, keep the endorsements and discuss coverage for prior work when changing insurers or closing the business.

[Read more about completed operations online](#)

CERTIFICATES & ENDORSEMENTS

Provide the certificate and endorsements your customer requires.

A summary and a change are different documents

A certificate reports policy information such as insurer, dates and limits. An endorsement changes the policy. Typing a customer's request on a certificate does not create the requested coverage. A certificate holder receives evidence of insurance; that status alone does not make the holder an insured.

What the customer is asking for

Additional insured status gives another person or business specified protection under your policy for claims connected to your work. Primary and noncontributory wording generally asks your coverage to respond first without seeking contribution from that customer's insurance, when its conditions apply. A waiver of subrogation restricts specified rights of your insurer to recover a claim payment from the protected party. These are different requests, each requiring a policy review.

How to get the documents right

Send the customer's legal name, address, project description and complete insurance requirements before the job starts. We can explain each request, check ongoing and completed operations protection, and identify changes needing insurer approval or additional cost. Keep the actual endorsements with the contract. For a longer project, review the documents again when the policy renews.

[Read more about certificates & endorsements online](#)

WORKERS' COMPENSATION

Employee injuries need their own policy.

Benefits after a work injury

Workers' compensation provides medical care and other required benefits, such as partial wage replacement when eligible, for employee work injuries and illnesses. The employee generally does not need to prove employer negligence. California employers generally need coverage even with one employee. CSLB also requires certain no-employee licensees to carry a policy or valid self-insurance.

Why actual duties determine the classification

An insurance class code groups work for rating. Roofing and qualifying office-only work have different risks. This is separate from a CSLB license classification, which identifies licensed work. Describe what people do before trying to select a code. Rules govern when one person's payroll can be divided between classes, and separate time records may be required.

From estimate to final premium

The policy commonly starts with estimated payroll. A premium audit later compares the estimate with actual records and can change the final charge. If the crew grows from two employees to five, update the estimate during the year. Loss runs are insurers' claim-history reports. An experience modification is a rating factor for eligible businesses based on loss experience. These help compare renewals on consistent information.

[Read more about workers' compensation online](#)

Official source: CSLB requirements

OWNER-ONLY WORKERS' COMP

No employees does not always mean an exemption.

Must the business carry a policy?

CSLB lists active C-8, C-20, C-22, C-39 and C-61/D-49 licensees as requiring workers' compensation or valid self-insurance even without employees. Other eligible no-employee contractors may qualify for an exemption. A responsible managing employee affects that eligibility. Use the exact license record to check the current rule.

Will the policy cover the owner?

That is a separate question. "Ghost policy" is an informal term often used when a business has no employees and its owner is excluded. An owner exclusion generally removes that owner from benefits. A certificate proving the business has a policy does not mean the excluded owner's injuries are insured. Ask about available owner inclusion if protecting your own work injuries is a goal.

What changes when someone helps you

Include temporary helpers, part-time workers and family members working in the business. Paying on a 1099 does not by itself settle employment status. If you hire employees, arrange required coverage and update payroll before work begins. Keep ownership elections, payroll and subcontractor records. An owner-only arrangement can still require an audit, which compares the original estimates with actual activity.

[Read more about owner-only workers' comp online](#)

Official source: CSLB requirements

PAYROLL & PREMIUM AUDITS

Use accurate payroll records to prepare for the audit.

Why the final cost can change

An insurer may price the policy initially using estimated payroll, sales or subcontractor costs. An audit compares those estimates with actual business records for the policy period. More activity can produce an additional premium; less may produce a credit, subject to minimum charges and other terms. The audit is a pricing reconciliation, not automatically a claim investigation.

Keep the information that explains the work

Save payroll reports, tax records, job descriptions, subcontractor payments and insurance documents covering their work dates. An insurance class code identifies the category of work used for rating. If payroll can be divided between codes only with separate time records, record the duties as work happens. Reconstructing them at year-end may not satisfy the rules.

How to respond to the result

Read the audit request, submit the required records by its deadline and compare the result with your records. If a figure or classification appears wrong, identify the specific difference and provide supporting documents promptly. Do not assume a dispute suspends a payment deadline. Tell your broker about hiring or operational changes during the year so estimates can be reviewed before renewal.

[Read more about payroll & premium audits online](#)

COMMERCIAL AUTO

Review the vehicles and the way they are used.

Liability and your own vehicle

Auto liability addresses covered injury or property damage claims from others. Collision concerns covered damage to your vehicle from a collision or overturn. Comprehensive generally concerns other specified causes, such as theft or hail. A deductible is the part of a covered physical damage loss you pay. Liability alone does not provide collision protection for your truck.

Describe how vehicles are used

List ownership, drivers, vehicle identification numbers, normal travel area and where each vehicle is parked overnight. Explain towing, hauling and employee transport. A personal auto policy can restrict business use or certain vehicle types, so check the actual arrangement rather than relying on the vehicle's appearance.

Rentals, employee cars and contents

Hired auto liability concerns certain vehicles rented or hired by the business. Non-owned auto liability concerns certain other vehicles used for business, such as an employee's car on an errand. Neither automatically pays for damage to that vehicle. Trailers may need listing, and tools inside a truck need a separate property review. Tell your broker before adding vehicles or changing their use.

[Read more about commercial auto online](#)

TOOLS & EQUIPMENT

Protect what you take to the job.

Property that travels with your work

Inland marine is a category often used for movable property, despite its name. It can address covered tools and equipment at jobs, in transit or in storage. A schedule lists specific machines and values. A blanket limit can cover a group of smaller tools, subject to item limits and conditions.

How much could be lost together?

A trailer holding \$30,000 of tools needs more consideration than a \$10,000 blanket limit. Replacement cost generally concerns comparable new replacement, while actual cash value generally reflects depreciation. The limit and deductible still matter. Keep photographs, receipts and serial numbers so ownership and value can be established.

Storage and rental conditions

An exclusion identifies something the policy does not cover. Theft terms may require locks, evidence of forced entry or other security measures, especially for unattended vehicles and overnight job sites. Describe your routine storage before buying coverage. Rented machines may need a separate limit; send the rental agreement because it can make you responsible for damage. Materials awaiting installation can need builders risk or installation coverage.

[Read more about tools & equipment online](#)

BUILDERS RISK

Coverage for the project under construction.

The project is the property being insured

Builders risk addresses covered damage to specified property during construction or renovation. It is different from liability insurance for claims from others. The completed value is the expected value of the finished project, including labor and materials, not just what is on site today. Use the contract to identify who arranges coverage and whose interests must be included.

Existing property and materials away from the site

Separate the existing building's value from the new work. A fire during an addition could damage both, and the proposed policy may not insure both automatically. Materials stored elsewhere or in transit can have separate limits. A sublimit is a smaller maximum within the overall policy. Contractor tools usually need their own equipment coverage.

What can end coverage

A peril is a cause of loss, such as fire or theft. Flood, earthquake and other causes may be excluded or require specific coverage. Completion, occupancy or another stated event may end coverage before the printed expiration date. Report delays and partial occupancy before assuming protection continues. Send the location, scope, values, schedule and lender requirements for review.

[Read more about builders risk online](#)

UMBRELLA & EXCESS

Add liability limits above your existing policies.

The policies work in layers

The primary policy is the first layer. An underlying policy is one listed beneath the umbrella or excess coverage. The attachment point is where the higher layer can begin paying under its terms. General liability, auto liability and employers liability may be scheduled underneath.

A simplified example

Suppose a covered claim is \$1.5 million, the applicable primary limit is \$1 million and compatible excess coverage provides \$2 million above it. If both policies cover the loss and their conditions are met, the primary could pay \$1 million and the excess \$500,000. This example leaves out deductibles, defense costs and other claims that could affect available limits.

More money is not automatically broader coverage

An exclusion removes a type of work or claim from coverage. More limit does not by itself fix a roofing exclusion, and the excess policy can contain restrictions of its own. Send both policies and the customer's contract requirement so limits, dates and conditions can be reviewed together. Tell your broker before replacing a policy underneath the higher layer.

[Read more about umbrella & excess online](#)

PROFESSIONAL LIABILITY

Design and advice can create a separate exposure.

Design and advice create different claims

Professional liability, also called errors and omissions or E&O, addresses covered claims about professional services. Design, specifications, advice and construction management can create losses such as added costs or delays. A general liability policy may exclude those services. Describe what you provide and what the contract makes your responsibility.

Claims-made timing in plain language

Many professional policies focus on when a claim is first made and also impose reporting requirements. A retroactive date sets how far back eligible work can reach. Moving that date forward when changing insurers can leave earlier services outside the intended protection. Keep your previous policy and compare the dates before switching.

When coverage ends

An extended reporting period, sometimes called a tail, can provide time to report qualifying claims after a policy ends. It generally does not cover new work performed after the policy ends. Its availability, length and cost need review before cancellation. Send your service descriptions, contracts, revenue, prior coverage and known demands so the policy can be compared with your actual duties.

[Read more about professional liability online](#)

BUSINESS OWNERS POLICIES

Combine property and liability coverage for an eligible business.

What a BOP combines

A business owners policy, or BOP, combines selected property and general liability coverage for eligible businesses. Property can include an insured building, shop equipment, computers and inventory. Liability can address covered claims from others. Trade, revenue, field work and premises affect eligibility, even if your business has a small office.

When business income coverage helps

Business income coverage addresses qualifying lost income and continuing expenses after a covered trigger, subject to waiting periods and time limits. If a covered fire closes your shop, property coverage concerns damaged property while business income coverage concerns eligible income loss during the interruption. A slow month without a covered trigger is not automatically insured.

What else the business may need

Read the lease to see which improvements or fixtures you must insure. Tools traveling to jobs can need separate inland marine coverage. Workers' compensation, commercial auto and professional liability commonly require separate policies. Send the lease, property values and work description so the package can be reviewed alongside what it leaves out.

[Read more about business owners policies online](#)

CONTRACTOR BONDS

A bond is different from an insurance policy.

What the bond promises

A surety bond backs a specified obligation. The contractor buying it is the principal, the party requiring it is the obligee and the surety company backs the promise. The California contractor license bond is \$25,000. That is the stated bond amount, not the price you pay and not a general liability limit.

Premium and repayment are different obligations

The premium is the quoted price of the bond. Under a surety agreement, the contractor or other signers may also have to reimburse the surety after it pays a valid claim. A license bond protects specified beneficiaries under licensing rules. It does not replace insurance for covered injury or property damage claims against the business.

The type of bond matters

A performance bond backs contract performance. A payment bond addresses specified payment obligations to subcontractors or suppliers. A bid bond backs specified obligations associated with bidding. LLC and qualifying-individual bonds address separate licensing requirements. Send the exact requested form, amount and deadline with the business name and license details; a license bond does not satisfy every project request.

[Read more about contractor bonds online](#)

Official source: CSLB requirements

CALIFORNIA CONTRACTOR LLCs

Entity-specific requirements need a separate review.

Liability insurance

CSLB states a cumulative liability limit of at least \$1 million for LLC licensees with five or fewer persons on the personnel of record. Each additional person adds \$100,000, up to \$5 million. Confirm the current requirement and filing details.

Employee/worker bond

The LLC employee/worker bond has a \$100,000 amount and is separate from the \$25,000 contractor license bond. Requirements and inactive-license treatment should be confirmed directly with CSLB.

Check names and personnel

Review the Secretary of State entity, CSLB license, personnel of record, and insurance documents together. A business name change or conversion to an LLC is worth discussing before the next renewal.

[Read more about california contractor llcs online](#)

Official source: CSLB requirements

WORKING WITH SUBCONTRACTORS

Your policy may set conditions on their insurance.

You can still face a claim

A customer may bring a claim against you over work performed by a subcontractor. Your liability policy may require written agreements and particular insurance documents from those businesses. An exclusion can remove certain subcontracted work from coverage; an endorsement can change the conditions. Describe what you subcontract before accepting a proposal.

Know which document does what

A certificate summarizes insurance but does not change the subcontractor's policy. An additional insured endorsement can give your business specified protection for claims connected to their work. Ongoing operations concerns work in progress; completed operations concerns injury or damage arising from finished work. Your contract may ask for both, requiring different wording.

Keep the records through the project

Match the business name, work description and dates to the signed subcontract. If a policy expires halfway through the job, request updated documents. Keep contracts, payments, certificates and endorsements for audits and later claims. Calling someone a subcontractor or paying on a 1099 does not by itself settle employment status. Explain the actual arrangement when asking about workers' compensation.

[Read more about working with subcontractors online](#)

HANDYMAN BUSINESSES

Match your insurance to the repair and maintenance work you perform.

Your work may span several trades

Minor repairs, painting, cabinetry, plumbing, and electrical tasks can mean different things to an insurer. Explain the actual jobs, the largest project, and anything you subcontract.

Licensing and insurance are separate

An insurance policy does not authorize work that requires a contractor license. Check current CSLB rules for the tasks and projects you accept.

Check the boundaries

Ask which operations are covered, which are excluded, and when a new task needs insurer approval. Review tools, vehicles, and any helpers along with liability.

[Read more about handyman businesses online](#)

DIFFERENT TRADES, DIFFERENT QUESTIONS

Explain the work your crew performs and the jobs you subcontract.

Roofing, tree work, and excavation

Work at height, hot work, subsurface operations, and heavy equipment deserve specific disclosure. Ask about trade exclusions, safety conditions, and coverage for the projects you accept.

Plumbing, HVAC, and electrical

Water damage, testing, heat, electrical work, and completed operations can matter. Describe installation, service, repair, and any design responsibilities.

Remodeling and general contracting

Discuss structural changes, occupied homes, new construction, subcontracted trades, and who controls the project. A small residential remodel and a large ground-up job are different exposures.

[Read more about different trades, different questions online](#)

STARTING A CONTRACTING BUSINESS

Put the documents together before the first job.

Describe the jobs you intend to accept

Start with the actual tasks, buildings, heights and project sizes rather than only a trade name. Include related work and anything you plan to subcontract. Explain your experience and whether you will hire employees. The insurer uses these details to decide which work it will accept and how to price it.

Connect each policy to a purpose

General liability addresses covered claims from others. Workers' compensation addresses employee work injuries. Commercial auto concerns business vehicle risks, while tools coverage addresses specified equipment. A license bond meets a separate licensing obligation. A customer's contract can require limits or endorsements, meaning policy changes, beyond basic licensing requirements.

From request to active coverage

Use realistic first-year sales and payroll estimates; you do not need to know insurance class codes before speaking with us. Send the first contract's insurance requirements early. A quote presents proposed price and terms. Starting coverage then requires the insurer's acceptance, any required application and payment steps, and confirmation of the effective date. Submitting an online request alone does not start coverage.

[Read more about starting a contracting business online](#)

WHAT AFFECTS THE COST

Understand the details that determine your insurance cost.

The premium is the price of the policy

Insurers consider work type, sales, payroll, subcontracting, claims and requested coverage. A roofing crew and an office-only business create different risks. Limits cap specified payments; deductibles are amounts you pay toward covered losses. Exclusions remove stated work or claims from coverage, so price cannot be compared fairly without the terms.

A small deposit is not the annual cost

Imagine one proposal with a \$2,000 initial payment and \$8,000 remaining, compared with another at \$3,000 initially and \$6,000 remaining. Before any additional fees, the totals are \$10,000 and \$9,000. These are illustrations, not quotes. Compare the entire payment schedule, fees and financing charges, along with coverage.

Estimated activity can change the final charge

An auditable policy can adjust premium after comparing estimates with actual payroll, sales or other records. A minimum premium is the lowest charge under specified terms.

Minimum-earned provisions can limit refunds after cancellation. Ask how these apply before buying. Use the same operations and estimates for each option, then ask which differences could matter on your jobs.

[Read more about what affects the cost online](#)

RENEWAL AND CHANGES

Use renewal to review what has changed.

Renewal is a new review period

The end of one policy period is an opportunity to check whether the next proposal still matches your business. New trades, larger jobs, employees, vehicles and states can change what is needed. Describe those changes before the renewal is finalized rather than assuming last year's application still fits.

Understand the documents being compared

The declarations summarize the business, dates, limits and premium. Endorsements change the policy, and exclusions identify what it leaves out. Loss runs are prior insurers' claim-history reports. Use these with current estimates and new contract requirements to compare the actual protection and annual price, not just the first payment.

Keep the transition continuous

Before replacing a policy, confirm acceptance and the effective date of the new coverage and coordinate the old policy's end date. Review any cancellation charges or audit balances. Claims-made policies need special attention to prior-work dates and reporting requirements. Keep the old documents for claims involving past work, and arrange updated certificates after the coverage is confirmed.

[Read more about renewal and changes online](#)

WHEN SOMETHING HAPPENS

Report promptly and preserve the facts.

Address immediate safety

Protect people and contact emergency services when needed. Take reasonable steps to prevent additional damage when it is safe to do so.

Keep a clear record

Document the time, location, people involved, photographs, contracts, and correspondence. Preserve relevant equipment and records. Avoid making coverage promises to another party.

Contact the insurer and your broker

Follow the policy's reporting instructions and deadlines. Tell your broker about a demand, suit, injury, or property damage incident. The insurer determines coverage under the actual policy.

[Read more about when something happens online](#)

LET'S REVIEW YOUR BUSINESS.

Tell Quick Biz Quote Insurance Services about your work, employees and coverage needs. We will use those details to request available insurance options.

1 Your contact details

Your name, phone number, and email address.

2 Your business

Business name and California city; trade; operations; CSLB license; employees, payroll, revenue, and subcontracted work.

3 Your insurance

Coverage you want to discuss, your desired start date, current insurer, and any contract requirements or renewal concerns.

GET MY QUOTE

Contact QuickBizQuote

Quick Biz Quote Insurance Services
408-689-9005

quick-biz-quote-2.drew-bishop-9540.chatgpt.site/quote/

Submitting a request does not bind, alter, or cancel coverage. Coverage begins only after acceptance by the insurer and confirmation of the effective date. Do not send Social Security numbers or sensitive personal records through the quote form.