

CONTRACTOR INSURANCE: WHAT TO ASK FOR

A Homeowner's Plain-English Guide to Certificates, Coverage Types and Verification

CMP'S CORE RULE: Do not stop at asking, '**Are you insured?**' Ask for current proof, make sure the insured business matches the contractor you are hiring, review dates and coverage types, and verify material questions with the insurance agent/carrier when appropriate.

1. START WITH A CURRENT CERTIFICATE OF INSURANCE (COI)

Texas Department of Insurance (TDI) describes certificates as evidence that a person or organization has insurance. A COI is a useful starting point, but it is a summary - not the policy itself. TDI also makes clear that a certificate cannot alter, amend or extend the coverage provided by the policy.

COI FIELD	WHAT TO CHECK
Named insured	Does it match the contractor/business you are hiring?
Producer / agent	Who issued the certificate and how can you contact them?
Insurer(s)	Which carrier provides each coverage?
Coverage type	General liability, workers' compensation, auto, umbrella/excess or other?
Policy number	Is an actual policy number shown?
Effective / expiration dates	Will the policy be active during the expected project?
Limits	What limits are shown for each coverage?
Operations / description	Is anything inconsistent with the work being performed?
Authorized representative	Does the certificate appear properly issued?

VERIFY: For a significant project, consider asking that proof come directly from the contractor's insurance agent/broker, or contact the agent/carrier to confirm current status. TDI has advised consumers hiring roofers/contractors to ask for a certificate and confirm policy validity.

2. COMMERCIAL GENERAL LIABILITY (CGL)

TDI describes general liability as protecting contractors/business owners from claims such as bodily injury and property damage. CGL is important, but it is not workers' compensation, a performance bond, or a guarantee that every defective-work or project claim will be covered.

- ☐ Is CGL shown on the COI?
- ☐ What are the per-occurrence and aggregate limits?
- ☐ Are policy dates current?
- ☐ Does the named insured match the contracting party?
- ☐ Are there exclusions or limitations relevant to this work?
- ☐ Does products/completed-operations coverage matter for this project?
- ☐ If the contract requires an additional-insured or other endorsement, has the actual endorsement been obtained?

3. WORKERS' COMPENSATION - TEXAS IS DIFFERENT

Texas does **not** require most private employers to carry workers' compensation. A contractor without it is therefore not automatically violating Texas law. But the absence of coverage can materially change risk. TDI explains that workers' compensation provides benefits such as medical care and lost income for covered employees injured because of their jobs.

ASK: 'Do you carry Texas workers' compensation for the people who will work on my project?' If yes, request proof and verify when appropriate. If no, ask who will perform the work and discuss the exposure with your own insurance professional.

WORKERS' COMP QUESTION	WHY IT MATTERS
Who will work on my property?	Employees, subcontractors, sole proprietors and temporary labor can create different coverage questions.
Do subcontractors carry coverage?	The general contractor's COI does not prove every subcontractor has workers' compensation.
Can coverage be verified?	TDI provides Texas workers' compensation coverage-verification resources.
Will it remain active?	Watch expiration dates during longer projects.

4. OTHER COVERAGE TO ASK ABOUT WHEN RELEVANT

EXPOSURE	COVERAGE QUESTION
Company vehicles / trailers / deliveries	Business or commercial auto liability.
Larger or higher-risk project	Umbrella or excess liability may provide additional limits.
Design / engineering / professional services	Professional liability / errors & omissions may be relevant.
Pollution / environmental exposure	Contractors pollution liability may be relevant.
Materials/equipment in transit or installation	Inland marine / installation coverage may be relevant.
Performance/payment obligation	Surety bonds are different from insurance; ask separately if required.

5. CERTIFICATE HOLDER IS NOT THE SAME AS ADDITIONAL INSURED

Being listed as a **certificate holder** generally provides evidence of insurance; it does not by itself make the homeowner an additional insured. Additional-insured status, when appropriate and agreed, generally depends on policy language or an endorsement. TDI emphasizes that the certificate itself cannot create coverage the policy does not provide.

CMP RULE: If a contract requires additional-insured status, waiver of subrogation, primary/noncontributory wording, completed-operations protection or another endorsement, ask for the applicable endorsement and have an insurance professional confirm it.

6. THERE IS NO UNIVERSAL 'RIGHT' LIMIT

Do not copy another company's insurance limits blindly. Appropriate limits depend on project value, work type, risk, contract requirements, property conditions and the homeowner's own insurance. Ask your insurance agent whether the contractor's limits are appropriate for your project and whether your own homeowners or umbrella coverage creates concerns.

7. CMP 2-MINUTE INSURANCE SCREEN

- ☐ I received current proof of insurance from a credible source.
- ☐ The named insured matches the contractor/business I am hiring.
- ☐ I checked effective and expiration dates.
- ☐ I identified the insurer(s) and agent/broker.
- ☐ CGL is shown and the limits are understandable.
- ☐ I asked about relevant exclusions/limitations.
- ☐ I asked whether products/completed-operations coverage matters.
- ☐ I asked whether workers' compensation is carried and who will work on the project.
- ☐ I asked how subcontractor insurance is handled.
- ☐ I asked about business auto if vehicles are part of operations.
- ☐ I considered umbrella/excess for a larger or higher-risk project.

- ☐ I considered professional/specialized coverage when the work creates those exposures.
- ☐ If endorsements are required, I requested the actual endorsement.
- ☐ I know who to contact to verify coverage.
- ☐ I understand a COI is evidence of insurance, not a guarantee every claim is covered.

8. INSURANCE RED FLAGS

- ☐ Contractor refuses to provide proof or says verification is unnecessary.
- ☐ Named insured does not match the contractor/business and there is no clear explanation.
- ☐ Policy is expired or may expire during the project without evidence of renewal.
- ☐ Certificate appears altered, overwritten or inconsistent.
- ☐ General liability is presented as if it were workers' compensation.
- ☐ Contractor says all subcontractors are insured but cannot explain verification.
- ☐ Contract requires an endorsement but only a certificate notation is provided.
- ☐ Contractor claims the COI guarantees coverage for every project problem.

GREEN - DOCUMENTED

Proof is current, identity matches, key coverage questions are understood and required endorsements are documented.

YELLOW - VERIFY

Coverage is claimed, but dates, limits, subcontractors, exclusions or endorsements need clarification.

RED - STOP & REVIEW

Proof is missing/expired/inconsistent, required coverage is absent, or material representations cannot be verified.

NEED HELP KNOWING WHAT TO ASK?

CMP helps homeowners organize contractor documentation, identify insurance questions that should be clarified, and determine when an insurance professional should be consulted before work begins.

Ask the CMP Project Advocate | Talk to a Real Person: (214) 609-7523 | sales@cmppartnersllc.org

Educational Resource Notice: This CMP-owned guide provides general educational information only. It is not insurance, legal, coverage, claims, underwriting or risk-management advice and does not determine whether a policy will cover a particular loss. Insurance policies, endorsements, exclusions and Texas legal requirements vary. Consult your own licensed insurance professional and, when appropriate, legal counsel.

Research basis: CMP developed this original homeowner framework after reviewing current Texas Department of Insurance guidance on certificates of insurance, commercial general liability, professional liability, workers' compensation and coverage verification, plus TDI consumer contractor guidance recommending proof and verification. CMP condensed those principles into: ASK - DOCUMENT - VERIFY - MATCH THE COVERAGE TO THE PROJECT.