



Are You Liable? Protect Yourself from Home Worker Lawsuits

As the housekeeper is vacuuming your living room, she trips over one of your daughter's toys and seriously injures her back. While your neighbor's teenage son is mowing your front lawn, he steps in a large hole and sprains his ankle. Will your homeowner's insurance cover you if one of these workers decides to file a lawsuit?

Many homeowners do not realize that they could be held financially liable if a maid, landscaper, nanny or another house worker were to suffer from an injury on their property. Here are some things you should keep in mind before you hire a home worker:

Is that worker an employee or a contractor?

When you hire someone to help out around the house, you should figure out whether he or she is an employee or a contractor. This is one of the factors determines whether or not you are liable for a worker's injury. So, how do you know if the worker is considered your employee or a contractor? It all comes down to how much control you have over the worker.

Let's say you hire a nanny named Lisa to take care of your children and do some light cleaning in your home. Lisa follows your instructions about how to care of your kids and how to complete certain household tasks. You supply Lisa with the supplies and tools she needs to do her job. Because you have control over how Lisa works, she is most likely considered your employee.

On the other hand, let's say you hire a professional landscaper named Bob to fertilize and mow your grass, trim the hedges and plant flowers in your yard. Bob uses his own lawn mower and yard tools and he does yard work for other homeowners, as well. Bob also has a team

of workers who help him with his business, and he pays these workers. In this case, Bob would be considered an independent contractor.

Of course, these are two fairly simple examples. If you are uncertain about whether a worker in your home is considered a contractor or an employee, consult a lawyer or tax professional.

Understanding worker's comp insurance

Some states require that homeowners who have house worker "employees" to carry workers' compensation insurance coverage for them. However, even if your state does not require this, you should still consider purchasing this insurance for your employees. Why? Because if one of your employees is injured on your property, you may have to pay for their medical bills and other expenses out of your own pocket. However, with workers' compensation coverage, the insurance company will cover the costs.

Alternatively, if you hire a house contractor, such as a landscaper, carpenter or plumber, they should be covered by their own workers' compensation insurance. If a contractor is injured while doing work on your property, he or she will be covered under that policy. If the contractor doesn't have enough coverage, you may be held financially liable. However, depending on the circumstances, you may be able to file a lawsuit against the contractor as they are required by law to have sufficient workers' compensation coverage.

If you are looking to hire a house contractor, it's important to ensure they are covered for worker injuries, prop-

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Welcome to the Interstate Insurance Agency Newsletter!

It is with great satisfaction that we bring this newsletter to you. In this issue and in coming months, we will discuss pertinent insurance topics which may affect you and your family. We sincerely hope that you will find this newsletter informative and please do not hesitate to contact us should you have any questions or needs.

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John's Corner

It's been a while! We hope everyone is doing well and looking forward to a great summer. As I write this it's a cold, blustery day in late May but we all know that better days lie ahead. At least let's hope so!

Switching gears, let's talk about something less pleasant – TICKETS! Every once in a while, we receive a phone call from a client who just received a ticket. Recently, I had the chance to meet with an attorney who specializes in defending people with traffic tickets. He shared some interesting information that I'd like to pass on to you.

Getting a ticket is often your smallest worry. What's worse are the consequences. A ticket will be listed on your driving record for three years, may trigger an increase in your insurance, and (depending on the severity) may even cause problems with your employer, Yikes!

If you are a responsible driver and if you've had a good driving record, you may qualify for a deferral. A deferral, if approved by a judge, means that the ticket won't show on your driving record provided that you don't get another ticket within one year. You are allowed one deferral every seven years. There are certain violations that cannot be deferred (such as violations in a school zone).

Deferral procedures differ from county to county. If you think you may qualify for deferral, contact the court clerk listed on your ticket and inquire about their process.

Very few if any courts will allow you to defer a ticket if you already paid it so consider all your options before you pay!

In fact, please do not hesitate to contact us if you get any type of ticket or are involved in an accident. We are not claim adjusters but we are insurance advisors so please contact us if you need advice. We are here to help!

The first half of our referral program is over and it's on to phase two. Please see the back of this newsletter for more information. As mentioned in a previous edition, we are done with our yellow page advertising and returning that savings into rewards for you. THANK YOU for your business. Have a great summer!

Questions? Comments? Email me at johnrousey@msn.com.

- John Rousey



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erty damage and uninstalled materials. Don't just take their word for it. Ask for written proof that they have a contractor's license, workers' compensation insurance for themselves and any subcontractors and general liability coverage.

Know what your homeowner's insurance covers

When it comes to coverage for home workers, every homeowner's insurance policy is different. Depending on your home state, your policy may include a provision that provides limited coverage for minor workers performing lawn mowing or other tasks that require the use of power tools on your property.

On the other hand, your policy may specifically exclude domestic workers such as nannies or maids. Your policy may cover the injuries of household employees, but only after a lawsuit is filed against you. Because homeowner's policies vary widely, it's important to read through your contract and talk to your insurance agent before you hire a home worker.

Consider an umbrella policy

If you discover that your homeowner's policy offers limited or no liability coverage for workers, you

may consider purchasing additional liability insurance. While you may have some personal liability coverage through your homeowner's policy, it's probably not nearly enough to cover a major lawsuit from a home worker. If someone were to file a lawsuit against you, you could end up losing hundreds of thousands of dollars or more-even if you win.

You can further protect yourself with what's known as an umbrella policy. This type of policy offers a higher level of liability coverage and ensures that you and your family will be protected if someone sues you for damages. Umbrella policies are typically sold in million dollar increments, and you can obtain a policy once your home and auto insurance policies meet a minimum "attachment point"-typically a liability limit of \$250,000 or \$500,000.

Check with the Better Business Bureau

Before you hire a home worker, you should contact the Better Business Bureau for more information. They can tell you if any consumers have filed complaints against the worker. Visit the bureau's website at www.bbb.org.

Protect Your Assets with an Umbrella Policy



Hopefully, you will never be served with legal papers and involved in a costly lawsuit. But in the event you are, it will be imperative that you have the insurance to cover your legal liability. That's where a personal liability umbrella policy can help.

Umbrella policies supplement the liability coverage you have through home and auto insurance and provide an extra layer of security by protecting your assets that might be at risk in a liability lawsuit.



If you don't have enough liability coverage from your homeowner's and auto policies to adequately resolve a claim, the person suing you can go after your home and your other assets to pay for damages. Umbrella policies cover damage claims that you, your dependents, or even your pets may cause.

Umbrella policies kick in after, and pay in addition to, your auto and homeowner's insurance liability limits. The bulk of the risk is assumed under the primary auto

or home policy, which enables insurers to offer umbrella policies at very reasonable costs.

However, most insurance companies will not sell an umbrella policy unless both your auto and homeowner's insurance is with them. In addition, your insurer may stipulate that your auto or homeowner's liability limits be at least a certain amount, such as \$200,000 to \$300,000. Umbrella policies are generally sold with a deductible that might run anywhere from \$250 to \$1,000, pocket change if you're being sued for millions!

Umbrella policies provide much broader coverage in case you are sued, covering you if you cause bodily injury, property damage, or personal injury. Certain umbrella policies also cover you if you face liability arising from your service on the board of a civic, charitable, or religious organization.

Umbrella policies typically do not cover claims from business endeavors. If you own a business, even a small one, you'll need to purchase business insurance to protect yourself from business-related liability claims.

To determine if you need an umbrella policy, analyze your risk of being sued and the assets you have at risk. Do you have a swimming pool or trampoline that may pose a threat to visitors? Of course, you may decide your personal situation makes lawsuits very unlikely.

Before making any decision, compare the umbrella premium with the cost of raising the liability limits on your auto and homeowner's policies. It may work to your advantage to raise these current limits by several hundred thousand dollars, and you may come out spending less than you would on umbrella policy premiums.

We LOVE Referrals!

Many thanks to all of you for your recent referrals.

Annette Smoody
Christine Hudak
David Oziel (3)
Haile Asres
Mel & Susan Ready
Niel Thiagarasah
Robert Brommer

Carrie Bergeson
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Jaiel Lee
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Patty Holmquist
Timothy Ghezzi

Chandra Ranaweera
David & Helen Erickson
Gedyon Gezahegne
Marilyn Viau
Nena Houshmand
Patty Scholten

Thank you! Thank you! Thank you!

You REFER - We REWARD!

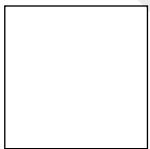
Congratulations to **Tim Ghezzi!** Tim is the first winner of the **2010 Interstate Insurance Great Giveaway!!!** We went to Tim's house earlier this month to deliver the prize and met all 7 of Tim's dogs along with a bird and a couple of cats. Tim has been insured with us since 1992 and his referral earlier this year put him in the hat for our blind drawing. Thanks Tim, and thanks to all of you for your referrals!!! It's how we stay in business.

Phase two is under way. All you need to do is refer someone to us and you will have a chance at winning our second 32" Flat Screen TV. This contest period is from June 1st to November 30th. How would a new flat screen look next to that Christmas tree? Good luck!

Tim Ghezzi along with Jerry, Camra, and John



Insurance Briefs



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