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# Insurance for Radon Professionals

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As a radon professional there are a few resources for obtaining insurance. Your first option should be to contact your current insurance broker. There are also brokers that specialize in providing coverage for radon professionals. Here are two that we can suggest, but are not endorsements.

- **Six and Geving Insurance** - [www.six-geving.com](http://www.six-geving.com) - Dave Reitan – 719-590-9990
- **AARST – American Association of Radon Scientists and Technologists** – Member Program - [www.aarst.org](http://www.aarst.org) - 866-772-2778

This resource is an overview of the types of insurance you are likely to need as a business owner and radon professional, and some of the options available to you. This by no means precludes the need to talk to your insurance agent about your specific needs to make sure you are appropriately insured.

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## TYPES OF INSURANCE

### 1. Liability ~ Losses to Others

Liability Insurance is coverage to reimburse others for losses caused by you or your business. There are two types of liability insurance to be aware of, General and Professional, and they cover two completely different things.

#### a. Professional Liability:

Often called E & O or Errors and Omissions. This coverage is for claims brought against you and/or your company for inaccurate or unsuccessful services that you provided that cause harm to someone (i.e., illness or injury).

*This would include something along the lines of performing a radon test or putting in a mitigation system in which you have indicated to the homeowner that radon levels are below guidance levels, later the homeowner finds the levels to be high and a resident of the home is diagnosed with lung cancer. In this case, the Professional Liability Coverage would be there to cover a claim against you and your company for losses to the other party up to the amount of coverage you have purchased.*

#### b. General Liability:

This coverage is for claims brought against you or your company for damages resulting from the course of your work. It specifically does not cover the types of claims covered in Professional Liability, but is more of a "contractor's coverage."

*For example, when you install a mitigation system, you accidentally cause a roof leak, causing extensive water damage in the home. This coverage would take care of the cost to repair the damages, but not to fix your radon system. You are still liable for your own workmanship.*

#### **Liability Coverage Notes:**

- This coverage may be required to contract or subcontract large commercial or government jobs, with the contractor needing a Certificate of Insurance (See Important Terms Section.)
- If you are new to the business, you may not be able to get this coverage until you have at least a few years' experience in the field or in an associated field
- It is often a requirement that you are certified through NEHA NRPP or NRSB and/or your state when the state carries its own certification program.

## 2. Property Insurance ~ Your Losses

This category covers building, property, automobile, loss of income, and various other losses to you and your business. The basic policy type is dependent on whether you own the building in which you do business, or are a tenant.

### a. Building Coverage

If you own the building, the policy you choose will cover for loss or damage to the building. It is important to note what structures and fixtures are actually covered in this policy. It can be very specific and you may need endorsements to include items not typically covered.

### b. Contents and Personal Property Damage

This can include all contents and personal property belonging to the business and located at the business premises for a specified amount. Typically there are specific limits within the total amount of coverage for certain types of property, such as cash or computers. Again, be sure to carefully review the items covered, the amounts for each type of item, and for which types of losses they are covered.

Working out of the home does not change any business policy coverage. Commercial policies cover the activities of the business entity only. An individual's Homeowner's policy responds to personal liability and generally excludes any business related exposures operated out of the residence. The area of coverage that tends to be a little gray is related to office property. Some office equipment might be covered by the Homeowner's policy but it is best to clearly define what property is a business asset and cover it under a Commercial Property policy.

### c. Endorsements

As with the Building Coverage, you may need to add endorsements to cover items not covered under the basic policy. Some of these endorsements include:

***Inland Marine Policy:*** The Inland Marine policy is used to cover equipment that is used away from the listed location. A Commercial Property policy only covers assets located and kept at the business address. This would cover specific scheduled pieces of equipment (i.e. continuous monitors, core rigs) at any location or job site.

***Glass Coverage:*** Covers structural glass for buildings (your business), including lettering and ornamentation.

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***Tools and Equipment Floater:*** Covers tools and equipment wherever used and can be written for all risks or named perils.

***Valuable Papers:*** Covers loss or destruction of valuable papers.

***Sign Coverage:*** Covers neon, fluorescent, automatic or mechanical electric signs against direct loss or damage.

***Business Income Coverage:*** Reimburses you for net income that would have been earned if fire or other hazard insured had not occurred. It also includes reimbursement for continuing expenses.

***Earthquake Insurance:*** Damage to property as a result of an earthquake is not covered under basic policies. Your agent will be able to tell you if you are in an area that is eligible for earthquake coverage.

***Flood Insurance:*** Like earthquakes, damage due to floods is not covered under basic policies. In fact, to obtain this coverage, it needs to be written by the National Flood Insurance Program, which your agent can help you with if this is an appropriate coverage for you.

These are just a few of the endorsements available. Your agent will be able to provide you with more information on possible needs and how to cover them.

### 3. Commercial Auto Policy

This is often the most overlooked insurance for small businesses, and many times the most likely area you will need coverage. Most small independent contractors are covered by a personal auto policy, which will not respond to any claim brought against the business entity. A personal auto policy will only respond on behalf of the individual named on the policy, and seldom provide adequate limits.

*For example, should you or an employee be driving to or from a job and you are in an accident, it is very likely that your business would be named in any suit filed against you. If you have your car covered under your personal auto policy, your insurance company will not cover the business for any liability, as it is not a business policy. This is a very important area of insurance to discuss with both your personal and business insurance carriers.*

### 4. Workers Compensation and Employer's Liability

This coverage pays claims for work-related injuries or diseases suffered by employees. The rates for this insurance are based upon the amount of annual salary paid and the type of work performed. For example, a clerical position is at a lower rate than a contractor due to the lower risk of injury.

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Worker's Compensation issues are state specific. For instance, the State of Colorado allows individual business owners to waive coverage if there are no employees. On the other hand, any business with any employees must carry Worker's Comp coverage, and will be held liable for any and all costs arising from a claim if no policy is in place.

It is usually recommended that all business owners carry Workers Compensation even if they are the only one working, as it provides disability coverage. It is also important to note that most personal Health Insurance policies do not cover work related injuries unless a "24 Hour" coverage endorsement is added. Therefore, it is recommended that you carefully review your health and disability coverage before waiving this coverage and/or assuming you are covered elsewhere.

### 5. Umbrella Liability Insurance

An umbrella policy is typically an inexpensive way to provide more coverage in every type of liability insurance you carry. An umbrella kicks in after policy limits are used up in other policies.

## IMPORTANT TERMS TO UNDERSTAND

### 1. Policy Limits:

This is the amount this insurance company will pay for a claim. There are several categories as follows:

### 2. Occurrence Limit:

The total amount available for any one incident per policy period.

### 3. Aggregate Limit:

The total amount of coverage available for all claims during the policy period.

### 4. Deductibles:

The amount you are responsible for paying before the insurance company pays. (with \$1,000 deductibles, you pay the first \$1,000 for each claim). It helps to think of this as self-insuring. It is likely more cost-effective to self-insure where possible, having high deductibles and carrying high policy limits over and above your deductibles to cover you for catastrophic claims. Remember that insurance companies look at the frequency of claims. Even if the amount paid is minimal, filing several claims can put you into the high-risk category, driving your insurance rates up.

### 5. Forms of Coverage:

The types of losses covered under your policy depend on the coverage purchased. There are three types:

- a. **Basic:** insures against fire, lightning, explosion, windstorm or hail, smoke, aircraft or vehicles, riot or civil commotion, vandalism, sprinkler leakage, sinkhole collapse, and volcanic action.

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- b. **Broad:** includes the perils of the basic coverage plus breakage of glass (structural), falling objects, weight of ice, snow or sleet, water damage (associated with plumbing systems), and collapse from specified causes.
- c. **Special:** covers loss caused by "risks of direct physical loss" except as specifically limited or excluded. (This is the most comprehensive of the three options)

### 6. Liability Coverage Versions:

Liability policies are written in two different forms of coverage, "occurrence" and "claims made." The differences are as follows:

- a. **Occurrence:** Provides coverage for injury and damage that occurs during the policy period. For example, you install a mitigation system in 2002. In 2003, it is found that the system was defective and has caused damage to the home. The 2002 policy (the policy in effect when the system was installed) would be the policy taking effect.
- b. **Claims Made:** Provides coverage if the claim is made during the policy period. Taking the same example, you install a mitigation system in 2002. In 2003, it is found that the system was defective and has caused damage to the home. The 2003 policy (the policy in effect when the claim is made) would be the policy taking effect.

This can make a big difference if you change insurance companies. If you are changing insurance companies, make sure you talk to your agent about the version you are carrying and if you need to get supplemental coverage to handle any possible claims from previous years from your previous carrier. If this is your first policy, make sure you understand which version you have so that you don't get caught later on with possible claims from early years not covered by future carriers.

### 7. Certificate of Insurance:

This is a certificate issued by the insured's agent as proof of insurance coverage. It is not unusual to be asked to provide a Certificate of Insurance to a client. Anytime you use a subcontractor, it is wise for you to request a Certificate of Insurance from them before allowing them on the job site. Remember, the Certificate can only be issued by an agent and should come directly from the agent.

### 8. Additional Insured:

When you are requesting a Certificate of Insurance from a subcontractor, you may want to ask that you be named as an Additional Insured on the policy. This provides you coverage under the subcontractor's policy in the event that a claim is brought against them, and you are notified of any changes or lapses in the policy. It can also be a good idea to be named as an Additional Insured on policies of vendors that provide equipment and supplies to you that are installed at client sites.