

# Should your housekeeper be bonded and insured?

By Susan Ladika | Posted : 03/30/2015



You're looking to hire someone to clean your house, mow your yard or baby-sit your kids.

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But can you just hire the retiree across the street or the teen down the block, or do you need to find someone who is licensed, bonded and insured?

It may all come down to how much risk you're willing to take on.

"It's a value judgment people have to make on their own," says William K. Austin, co-founder of Austin & Stanovich Risk Managers LLC, an independent risk management consulting and insurance advisory company with offices in Massachusetts and Rhode Island.



When it comes to hiring people such as lawn-care workers and housecleaners, "with routine stuff like that I'm not really worried," Austin says.

But he and other insurance experts say it's important to have the proper insurance in place on both your side and the service provider's, and ensure that it will cover things that might happen, he says.

So if your cleaning woman falls down your stairs and injures herself, it would be covered under the liability and medical payments to others portions of your [homeowners insurance policy](#).

But you also need to consider whether your insurance will cover you if the person you hire does something that injures you or damages your property, he says. If someone is mowing your yard and a rock flies up and hits you in the head, your health insurance should cover whatever medical care you might require, Austin says.

But you should verify that you have the coverage you need.

"There's a good chance these workers will be covered by your homeowners or renters policy, but each company treats things a little differently," says Randy Petro, vice president of claims for Mercury Insurance in Orange County, California.

Even if the injury or damage is covered, a significant claim on your homeowners policy can have a big impact on what you pay for coverage, says Insurance.com Managing Editor Des Toups. "Some homes are already difficult to insure. You don't want to file a claim that might make insuring them with a standard policy impossible," he says.

## Why you need coverage for service workers

If someone is injured while working at your home and you file an insurance claim, you would still have to pay the deductible, and if someone suffers a serious injury, it could result in a claim that exceeds your policy limits. (This is one reason homeowners buy additional liability coverage under an [umbrella policy](#).)

Teresa Leigh, owner of Teresa Leigh Household Risk Management, with offices in New York City and Raleigh, North Carolina, is a big advocate of hiring only those people who are properly licensed, bonded and insured.

That means they have a business license, have the proper insurance and have made payments to a surety

company for protection by a bond.

The insurance company or surety company will be responsible for covering any financial losses. For example:

If you're hiring someone such as a painter or chimney sweep, Leigh says you should request that the individual or company provides you with a copy of their certificate of insurance, Leigh says.

If the work you've hired someone to do isn't completed correctly or in the time frame scheduled, you can file a claim with the surety company and be paid. The bond may also cover damage or theft that occurs.

If the worker is injured at your home or your property is damaged or stolen, their insurance company would cover the loss, not yours.

Austin also recommends requesting a certificate of insurance from anyone you hire who is undertaking a bigger job, such as installing a pool or reroofing your house, where there is a greater risk that someone might be injured or your property might be damaged.

"I would definitely recommend hiring licensed and bonded workers or contractors if you can, as that means they will have their own workers comp insurance that will cover them while they work in your home," says Petro.

## Protection against shady contractors and scammers

That is also the recommendation of the Better Business Bureau, which says hiring a house cleaner who is licensed, bonded and insured is "crucial," and you need to verify that the information is legitimate and current.

That verification also protects you from scammers, Leigh says, helping "you select out the people who are legitimate."

You also need to be sure that the person you hire to do work for you isn't considered your employee under federal law. If they are, it could open up a whole array of tax issues. It also means you may need to be providing workers compensation insurance, Leigh says.

"Many homeowners will get this confused and think they aren't responsible when they are," Leigh says.

One way to avoid those kinds of problems is to hire someone who is employed by an agency, or be sure that the individual you hire is licensed, bonded and insured.