

From the Home Inspector:

Home Inspectors & Insurance

Many of you may not know that home inspectors are not required to carry any type of insurance. The North Carolina Home Inspector Licensure Board (NCHILB) has visited this topic on a number of occasions and no requirements as of yet have been mandated on home inspectors to be insured. It goes without saying that most people (consumers or service providers) assume that any individual in business would need some type of insurance to cover the basic mistake, accident, damage or injury we could all be exposed to. Referring a home inspector does expose REALTORS® to some risk; home inspectors with proper insurance could help eliminate, in part, some of those risks. There are three basic types of coverage that you should be looking for in referring home inspectors.

General Liability Insurance.

General liability helps protect the home inspector from paying for damage to the property he may be inspecting. This is typically a property owned by the seller. The seller has agreed to allow the buyer to conduct an inspection of the property and assumes that someone is responsible if his/her property or personal belongings are damaged during the course of the inspection. If damage does occur and the inspector does not have any general liability who is going to be responsible for repairs?

Errors and Omissions Insurance.

Errors and omissions coverage provides some protection to the client (typically the buyer) of the home inspector. If a home inspector fails to perform a home inspection that meets the NCHILB Standards of Practice and overlooks a deficiency there could be costly repairs left for the client to assume. Errors and omissions coverage is expensive for home inspectors and it is understandable that someone “new” in the

business could justify risking doing home inspections without such coverage. However, this does leave the client with little options other than to try and negotiate some type of settlement (usually through the legal system) for repairs.

Worker Compensation Insurance.

Worker compensation insurance is likely the most inexpensive insurance, for the coverage, for a business owner to have. If a home inspector is injured on a property (again typically the seller’s) while conducting a home inspection, it may be that the seller’s home owners insurance policy could have a claim filed against it for his injuries. We all know there are some stipulations to filing a claim on workers compensation insurance, but what if the inspector is injured to the point he could never work again? This could mean that a home owner’s insurance policy could be completely used up to the maximum coverage caring for and providing lost income to the injured home inspector. If the inspector had workers compensation insurance the responsibility would likely be that of his coverage and remove the risk from the seller.

The importance of all this is that responsible people and responsible business owners usually make responsible decisions when it comes to protecting their business and/or personal assets as well as those they serve. So don’t be afraid to ask the service providers you may be referring to your clients.

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