

## Licensed, Bonded, and Insured- What Does It Mean?

Licensed, bonded, and insured. We see it in advertisements and hear it on Radio and TV spots. Articles urge homeowners to make certain of these items before having work performed. Yet many are unsure exactly what these terms mean or how they can protect us from unscrupulous or incompetent contractors. For a better explanation, read on.

- **Licensing:** The State of Florida requires both residential and commercial builders and contractors to be licensed. There are separate licensing requirements for residential, mechanical (Plumbing, Electrical, HVAC), and general contractors, but all are licensed through the Florida Construction Industry Licensing Board (CILB), which also requires that licenses be kept current. You can confirm a license is legitimate and current by visiting [www.myfloridalicense.com](http://www.myfloridalicense.com), select “Verify a License” and then search by license number or contractor name. The CILB also administers the Florida Homeowners’ Construction Recovery Fund. Payment may be available from this fund if you lose money on a project performed under contract, where the loss results from specified violations of Florida law by a licensed contractor. If you choose an unlicensed contractor at your home or business you have no rights under the statute that created this fund.
- **Bonding:** Fidelity bonds protect the homeowner from dishonest acts incurred by a contractor’s employee.
- **Insurance:** This is the most familiar of the three requirements, but there are differences from what most of us understand as insurance. Workers’ compensation is vital to protect homeowners from liability for injuries incurred while workers are present in their homes. Commercial General Liability insurance (GCL) protects the homeowner for bodily injury, property damage, or personal injury. In the event there would be damage or loss to a home or structure due to a contractor’s negligence, the homeowners’ property insurance may not be in force. It would be necessary for the contractors General Liability Insurance to offer the coverage.

While the license is issued by the state, the bond and insurance is backed by an insurance carrier. Contact information, for verification purposes, is listed on the insurance certificate; as is the expiration date of the policy.

Ask to see licenses, bonds, and certificates of insurance if you have any doubts about the contractor you’re thinking of doing business with. Reputable companies like Mr. Handyman are happy to provide proof of their adherence to the laws and regulations designed to make certain that contractors, employees, and homeowners are protected during the completion of a project.

In these tough economic times, homeowners need the protection offered by properly credentialed contractors. The “contractors” that are willing to cut corners on licensing, bonding and insurance are much more likely to cut corners when working at your home. If you know a friend, relative or neighbor with a contractor/project horror story at their home, more often than not it was with an un-credentialed contractor.