

■ 5 Common Liability Traps Contractors Fall Into — and How to Avoid Them

As a contractor in California, managing liability and workers' compensation is critical. Overlooking common pitfalls can leave you exposed to lawsuits, fines, or unexpected costs. Here are five traps we see most often — and steps you can take to avoid them.

- **Underinsuring Your Business:** Many contractors carry only the minimum required liability or workers' comp coverage. This may save money upfront but can leave you severely underprotected. **Solution:** Review your coverage annually and ensure policy limits match your risk exposure.
- **Not Covering Subcontractors Properly:** Some policies exclude subcontractors unless they carry their own insurance. If they don't, you may be held responsible for their claims. **Solution:** Require certificates of insurance from all subcontractors and verify coverage is active.
- **Ignoring Contract Requirements:** Contracts with general contractors or property owners often include specific insurance requirements. Missing these can lead to disputes or disqualification. **Solution:** Always review contracts carefully and make sure your policies align with requirements.
- **Failing to Track Employee Classifications:** Misclassifying workers can increase your risk of workers' comp audits, penalties, and unexpected premium hikes. **Solution:** Work with your broker to ensure accurate classifications and payroll tracking.
- **Letting Policies Lapse:** Even a short lapse in coverage can create legal and financial exposure — and make it harder to get affordable coverage later. **Solution:** Set up reminders for renewals, or use auto-pay/financing options to keep policies active.

■ Staying proactive about your coverage is the best way to protect your business, your employees, and your reputation.

At **Peloton Insurance Brokers, LLC**, we specialize in helping California contractors secure tailored liability and workers' compensation programs. We'll help you avoid these traps, reduce costs, and stay compliant.

■ Contact us today to review your coverage and protect your business.

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