

Hiring construction professionals Licensed, Bonded and Insured



What's licensed, bonded and insured

In this fact sheet you will learn:

- What it means to be licensed, bonded, and insured.
- Why this knowledge is important.

What it means to be licensed, bonded, and insured?

Being licensed, bonded, and insured is usually associated with service providers such as contractors, plumbers, roofers, etc.

Being licensed in Louisiana means the service person has satisfactorily met all requirements of the state and been granted a state license to perform the work he has been licensed for.

Being bonded, in broad terms, means the service provider has secured a set amount of money for coverage in case of loss or default.

Being insured means the service person holds an insurance policy of a certain limit that may be available in the case of a lawsuit or claim for remuneration.

Why this knowledge is important?

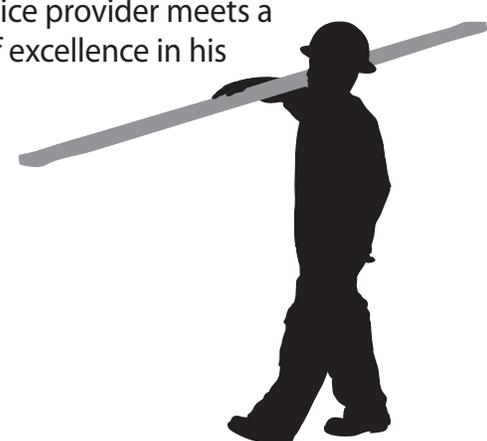
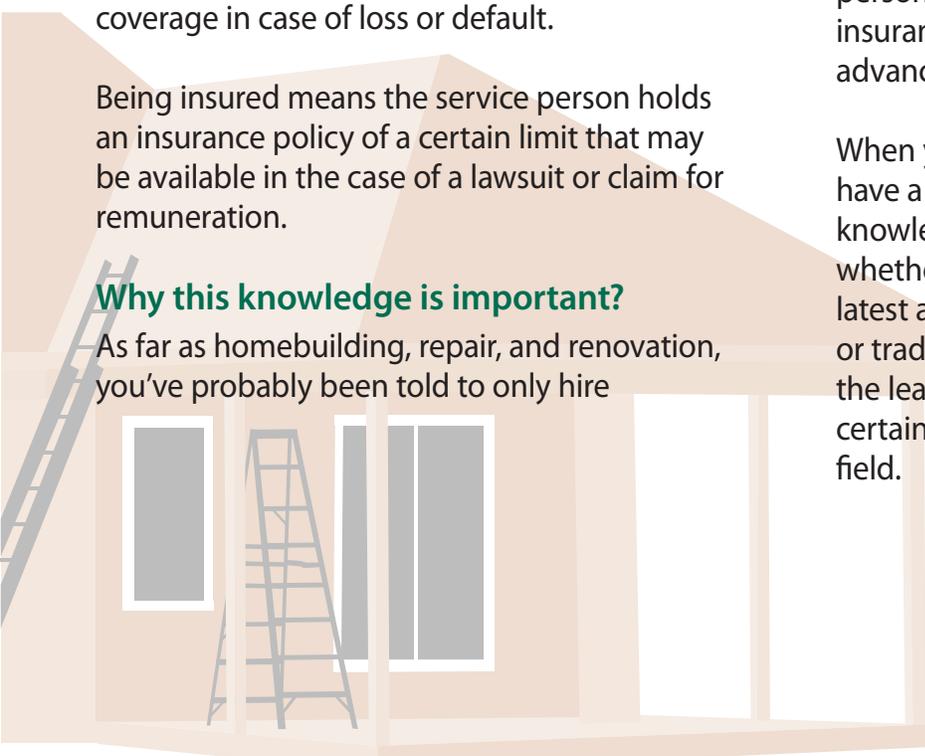
As far as homebuilding, repair, and renovation, you've probably been told to only hire

professionals or tradesmen who are "licensed, bonded, and insured." Why would this be important to you?

Why would you look for a professional or tradesman who is licensed when you need repairs, are embarking upon a renovation, or building a new house?

As stated above, to obtain a Louisiana license to perform work, the service person must satisfy a set of requirements set forth by the state. You want your service person to be licensed because it means that he has undergone a set amount of education in field training (experience), and has passed a rigorous exam, which shows the individual has the minimal skills and experience to perform the work tested on without endangering the health, safety, and welfare of the public. In some cases, the license may require the service person holds a certain amount of general liability insurance and maintains knowledge of current advances in his field through continuing education.

When you hire a service person who does not have a license, you have no idea what level of knowledge and experience this person has, nor whether he is up to date on the best practices and latest advances in his field. Hiring a professional or tradesman with a license assures you that, at the least, your service provider meets a certain standard of excellence in his field.



Why would you look for a professional or tradesman who is bonded when you need repairs, are embarking upon a renovation, or building a new house?

Well, it is rare that construction related trades working in the residential sector carry bonds. You might ask your contractor if he carries an employee dishonesty bond. This bond provides coverage if an employee of the contractor commits a theft of your property.

Why would you look for a professional or tradesman who is insured when you need repairs, are embarking upon a renovation, or building a new house?

You want your service provider to be insured so that it is his insurance that covers any onsite accidents and not yours. The state requires most license holders to hold a set amount of general liability insurance and workers compensation.

Things to remember:

Some local jurisdictions require additional licensing for professionals to work in their municipalities. To learn which trades or professions require a license, and what type, explore our "Professional Roles" series on this website. To find if your jurisdiction requires additional licensing, visit http://www.lsuagcenter.com/en/family_home/home/design_construction/Laws+Licenses+Permits/Licensing+Certifications+Professionals/.

A word of caution – do not take the word of the professional or tradesman. Always check with the appropriate regulating facility to be sure they are licensed and that their license is current. (You may find the information for the regulatory bodies in our "Professional Roles" series, found at www.lsuagcenter.com/rebuilding.) Also check their insurance certificate and make sure it is current.

The fact that the company you hired is insured does not mean that you do not have to be insured

yourself. Check your homeowner's insurance policy and speak to your carrier to ensure your renovation, addition, or home under construction is covered. Be warned that if you choose to hire a tradesman who is not "licensed, bonded, or insured," you are taking all risk upon yourself should anything happen.

For more detailed information on these terms, see the article of the same name on our website, at: http://www.lsuagcenter.com/en/family_home/home/design_construction/licensed+bonded+and+insured++whats+that.htm.

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Visit our Web site
www.lsuagcenter.com/rebuilding

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