

# INDUSTRY OVERVIEW

## ELECTRICAL CONTRACTORS

*Presented by ToughComp*

Electrical contractors are trained professionals who typically perform a range of operations related to installing, maintaining, repairing and replacing electrical systems and machinery. They may provide residential or commercial services and conduct their work in various settings, such as their office spaces and customers' homes or businesses. Common tasks for electrical contractors include reading blueprints or other technical diagrams associated with electrical elements; installing and maintaining electrical wiring and lighting systems; inspecting electrical components (e.g., transformers and circuit breakers) for potential issues; identifying electrical problems through the use of certain testing devices; repairing or replacing broken, damaged or malfunctioning electrical wiring, equipment and fixtures; and ensuring electrical features remain compliant with applicable federal, state and local building regulations.

Electrical contractors have a number of risks to consider, including property concerns, employee safety issues and liability exposures. As such, it's crucial they protect both themselves and their operations against possible losses by securing proper insurance. Keep reading for an outline of common exposures within the electrical industry and associated coverage considerations. Take note that this document only applies to electrical contractors who work within residential and commercial buildings, not those who work outdoors to erect and maintain underground or overhead high-voltage power lines.

### Common Exposures

Here's a breakdown of key exposures electrical contractors may face in their operations:



**Property**—Electrical contractors often leverage several types of tools and equipment (e.g., nonconductive hand tools, portable power tools, circuit testing equipment, soldering and welding equipment, ladders, scaffolding, forklifts and portable generators and heaters) to perform their services. These professionals also tend to have office spaces and storage areas where they carry out general business activities and keep important job materials (e.g., electrical tape, drop cloths, utility belts, cables, connectors, anchors, switches, plates and fuses). However, a range of unexpected events—including theft, vandalism, accidents, fires and inclement weather—may result in this property becoming damaged, stolen or destroyed, potentially leaving electrical contractors with significant recovery expenses. In addition to repairing and replacing their affected property, these professionals may experience business interruptions (e.g., lost productivity, temporary closures and delayed projects) amid the recovery process, compounding losses.



**Auto**—These professionals frequently use vehicles to travel between job sites and transport their materials, tools and equipment. Whether it's a single vehicle or a large fleet, owning and operating vehicles carries various exposures. After all, it only takes one accident on the road to cause major losses. Following auto accidents, electrical contractors could encounter substantial expenses stemming from vehicle repairs and bodily injuries.



**Employee safety**—Even if electrical contractors take proper precautions to protect their employees at work, job-related injuries and illnesses can still happen. Common occupational ailments in the electrical sector include musculoskeletal disorders from performing repetitive tasks; contact stress injuries related to using vibrating hand tools; sprains and strains from lifting heavy materials; hearing loss due to prolonged exposure to loud equipment; slips and falls stemming from working at heights; impact injuries related to auto accidents; and electric shock or electrocution from handling hazardous energy sources. If their employees get injured or become ill on the job, electrical contractors could be held responsible for costs stemming from their workers' hospital bills, treatment expenses and lost wages.



**Liability**—If any third parties (e.g., customers, suppliers or passersby) experience injuries or damages on electrical contractors' premises or as a result of their operations, these professionals could be held liable for the associated losses. For example, a supplier may file a lawsuit against an electrical contractor if they slip and fall while visiting the contractor's storage area. Furthermore, electrical contractors could face completed operations losses if customers allege any finished services or projects injured them or damaged their property.

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**Cyber**—Many electrical contractors have begun relying on digital systems and software to store customers' personal and financial data, such as their names, phone numbers, addresses, credit card numbers and bank information. Yet, amid growing cyberthreats, using such technology could make these professionals increasingly vulnerable to data breaches and other digital attacks. Following such incidents, electrical contractors could encounter costs related to notifying impacted individuals, recovering lost or damaged data and technology, handling associated legal ramifications and reputational losses, and implementing additional cybersecurity measures to prevent future incidents.

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## Coverage Considerations

To help address their exposures and stay protected from potential losses, electrical contractors should consider the following forms of coverage:

- **Commercial property insurance**—This coverage can help pay the resulting repair or replacement costs if an electrical contractor's commercial property—such as their office area, storage space, tools and equipment—gets damaged, stolen or destroyed due to a covered event.
- **Commercial auto coverage**—If any vehicles in an electrical contractor's fleet end up in an accident on the road, this type of insurance can assist with the associated vehicle repair and bodily injury expenses.
- **Inland marine/installation floater insurance**—Such coverage can help pay for losses stemming from an electrical contractor's materials, tools and equipment getting lost, stolen or damaged while in transit.
- **Workers' compensation coverage**—If an electrical contractor's employees get injured or become ill on the job, this coverage can help pay for hospital bills, treatment costs and lost wages.
- **General liability insurance**—This coverage can assist if an electrical contractor is held legally or financially liable for injuries, harm or damage to another party or their property.
- **Completed operations coverage**—If a customer holds an electrical contractor responsible for injuries or property damage that occurred due to the faulty completion of a project, this type of insurance can help pay the related costs.
- **Cyber liability insurance**—Such coverage can assist with various first- and third-party expenses that may result from an electrical contractor experiencing a data breach or other cyber incidents.
- **Errors and omissions (E&O) coverage**—E&O insurance can help pay expenses if a customer claims an electrical contractor provided negligent services, didn't uphold contractual promises, conducted incomplete or substandard work, or made other professional mistakes or omissions.
- **Employment practices liability (EPL) insurance**—In the event an electrical contractor is faced with employee lawsuits alleging workplace discrimination or harassment, wrongful termination or discipline, or failure to employ or promote, EPL coverage can assist with the associated defense costs.
- **Umbrella and excess coverage**—If an electrical contractor's claim costs exceed the limits for their primary liability policies (e.g., commercial auto and general liability insurance), this coverage can increase those limits. Additionally, umbrella policies can help broaden existing policy coverage.

For additional risk management guidance and insurance solutions, contact us today.