

Testimony for HB 0738 Business Regulation - Licensed Home Improvement Contractors - Liability Insurance
the House - Economic Matters 2/21/2024 - 1:00 PM

Background

David C Merrick, MPR
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Founder, Merrick Design and Build Inc
Licensed MHIC Contractor since 1989
Past President, NARI Metro DC
Chairman, PRO Mid Atlantic, Government Affairs Committee

Testimony

My name is David Merrick, I am an MHIC licensed contractor celebrating 35 years of tearing houses apart and putting thousands of families at risk during my career. We employ 20 pros and have completed \$ 5.5 m of improvements last year.

Remodeling is an inherently risky business to practice. We cut holes in walls and remove entire roofs that expose the inside to the outside for extended periods of time. Every job a remodeling contractor takes on puts the structure and its inhabitants at risk, from the simplest painting project to building an addition the potential for a mistake or natural event is always present in home improvement.

During our 35 years of helping homeowners improve their surroundings we have suffered several unfortunate events that have resulted in claims to our liability insurance. Despite careful planning and preparation while adding a 2nd floor to an existing house the weather got the better of us, twice. One of my colleagues used propane heaters to keep a project warm. A 1.2 million dollar house burned down! Our claims were each in excess of the MHIC requirements for liability insurance.

A contractor has a responsibility to protect the families we work for by providing enough insurance to cover the entire loss of a home. My colleagues family had their entire house replaced because he had adequate insurance. As a member of a pro-active industry and responsible contractor we have taken on this responsibility even when the laws of the state did not require it.

The suggested \$500,000 is still insufficient when the home has a greater value but there are homes below this value should be considered to set this as a minimum requirement. Full protection for homeowners will be left to their own common sense to ask about a contractors insurance coverage.

Like many professional contractors at Merrick we have an umbrella policy that provides 2 million of liability coverage and consider this a practical cost of doing business.

Consumers should be educated about their rights to receive a copy of the contractors certificate of insurance and what that means to them.