

Real-Life Claims: The Case of the Shoddy Job

*A Subcontractor Leaves Your
Customer High and Not So Dry*



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Introduction to the Case

At VGM Insurance, we understand the importance of finding someone you can trust. It's true in life, and it's certainly true in business—especially if you find yourself working with subcontractors. We all want to assume that people operate with the best of intentions. However, as the following story illustrates, there are always a few out there waiting for a chance to take advantage of trusting individuals.

In this scenario—"The Case of the Shoddy Job"—you'll see a real-life claim from a home accessibility provider's perspective. You'll learn firsthand what can happen if you put your trust in the wrong person. But you'll also learn what you can do to prevent and mitigate your risk.

So, put on your detective's hat, and let's examine the facts!

The Case of the Shoddy Job

You've been over at Ms. Mitchell's home all morning, working on an accessibility remodel on her bathroom. Looking over the new fixtures—tub and shower, toilet, grab bars, and even some glow-in-the-dark accessories for added safety at night or during a power outage—you're proud of how it's coming together and happy Ms. Mitchell will be able to live independently in her home for years to come.

Your phone buzzes, and you see a text from the plumber: *Almost there.*

"How are things coming—" Ms. Mitchell says, poking her head into the bathroom, "—oh, this looks wonderful."

"We're getting close. I just heard from the plumber. He'll be here shortly to finish everything up and make sure it's in good working order for you. He comes highly recommended from a friend of mine, so you'll be in good hands."

When the plumber arrives, he indicates it should only take a couple of hours. You pack up your own equipment, check in with Ms. Mitchell, and head back to the office. There, you open Ms. Mitchell's customer file, jot down information about the day, and even add some pictures you took of the new fixtures.

A few hours later, you receive another text from the plumber: *Just finished up at Ms. Mitchell's. Everything's in good shape. Let me know if you need anything else.*

Will do, you reply. *Much appreciated!* You add a note about the communication to the file and call it a job well done.

That is...until six months later, when a piece of certified mail arrives at your office. It's a letter from an attorney representing Ms. Mitchell, and it indicates that a lawsuit has been filed against you and your business.

As it turns out, the toilet was not installed properly, and for the last six months, it's been leaking into a crawl space of Ms. Mitchell's home. There's extensive damage to her property, and the leak has posed a significant health risk, with raw sewage sitting in open air beneath the home for months.

You rush to your filing cabinet and pull Ms. Mitchell's file to find the plumber's number, but when you try to call, you get an intercept message, "We're sorry. The number you are trying to reach has been disconnected." You hang up and try to dial again, hoping you misdialed. "We're sorry. The numb—" you hang up.

Sitting over the file for a moment, you see the pictures you took. You remember the sense of pride you felt at having made a difference in Ms. Mitchell's life, not knowing what was to come. You sigh, then pick up the phone and dial your insurance provider.

Protecting Your Business and Customers

The provider in the case above clearly cares about the work they do and the customers they serve. It's an admirable quality, though as we see later on, not one that's shared by the plumber they subcontracted to finish the work.

We see the provider taking some smart steps over the course of the case. They're making regular updates to the customer's file, taking pictures of the work, and when they receive certified mail, they open it immediately.

Still, there were several actions the provider could have taken throughout the project to mitigate their risk and protect the customer.

Best Practices for Working With Contractors and Subcontractors

Select a Qualified Partner

This is the single most crucial element of mitigating your risk. The provider in this story simply took the recommendation of their friend and didn't do their due diligence. When looking for a partner you can trust, always:

- Do a thorough background check
- Check references from previous jobs they've worked on
- Confirm their years of experience

Obtain Proof of Insurance

It's safe to say, considering their number was disconnected, that the subcontracted plumber above wasn't carrying the proper insurance. Whenever you work with a third party of any kind, always obtain proof of insurance.

Put It in Writing

One of the best ways to mitigate your risk is to clearly outline expectations. And the best way to do that is with a contract. Ensure you always have a contract in place with all subcontractors who perform work on behalf of your business—no matter how small their part of the job. This contract should also clearly state that the subcontractor's liability coverage (which you have verified they carry) would be the primary coverage.

Double Check the Work

This is another instance where the provider above was too trusting.

If a product your company sold is installed in a customer's home, always go back to check that the installation has been completed correctly according to the manufacturer's specifications.

Other steps you should take include:

- Test the product(s) to ensure they are working as they should.
- Make it very clear to the customer that they are not to use the equipment until it has been tested and signed off on by a representative of your company (not the subcontractor).
- Take pictures of completed installations and store in the customer's file.

Document Everything

If you've read our other [Real Life Claims Case Studies](#), this tip won't come as a surprise to you. Document, document, document. It seems tedious, but if you find yourself in a situation like the one above, you'll be glad you did it.

Any conversations you have with contractors, subcontractors, or customers— whether face to face or via phone, text, or email—should be recorded and kept in the customer file. This includes any education you provide to the customer about how to use the product, along with any non-billable events. And if you're writing by hand, be sure the notes are legible.

Make special note if any part of the equipment or installation changes, or if parts are switched out at any time.

Memories fade quickly. And as the case above showed, it could be months or longer before you hear about an issue.

For more information about how you can minimize risk for your business, and to ensure you have adequate coverage, reach out to your VGM Insurance Account Manager or contact us today at info@vgminsurance.com or **800-362-3363**.

