



Phone: 1-800-682-1552

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## **Contractor General Liability Insurance: Cost, Coverage & Requirements (2026 Guide)**

*Updated for 2026 Licensing Requirements*

### **Contractor General Liability Insurance – Key Facts**

**Typical Coverage Limits:** \$1,000,000 per occurrence / \$2,000,000 aggregate are common limits required by many construction contracts

**Surety First States Covered:** California, Oregon, Washington, Nevada, and Arizona

#### **State Licensing Requirements – General Liability:**

- **Oregon:** Contractors must carry general liability insurance as part of licensing through the Construction Contractors Board (CCB).
- **Washington:** Liability insurance required and must register with the Washington Department of Labor & Industries (L&I).
- **California:** GL insurance is generally not required for most contractor licenses, but it is strongly recommended and often required by clients or project contracts. It is required for contractors organized as an LLC.
- **Arizona:** Not typically required for licensing but is commonly required by project owners and general contractors.
- **Nevada:** Commonly required to demonstrate financial responsibility for contractor licensing and project work.

**Who Should Carry It:** General contractors, electricians, plumbers, HVAC contractors, roofers, landscapers, painters, carpenters, and other construction professionals

**Typical Cost:** Many small contractors pay approximately **\$500 – \$1,700 per year**, depending on trade classification, payroll, claims history, and coverage limits

**Proof of Coverage:** Contractors provide a **Certificate of Insurance (COI)** to clients, project owners, or landlords before starting work

**Purpose:** Protects contractors from financial losses caused by **third-party bodily injury, property damage, and personal or advertising injury claims**

**How Much Does Contractors General Liability Insurance Cost?**

<b>Contractor Risk Profile</b>	<b>Estimated Monthly Premium</b>	<b>Estimated Annual Premium</b>	<b>Typical Contractor Profile</b>
Low Risk Contractor	\$40 – \$80 month	\$480 – \$960 year	Independent contractors, small trades with low injury risk such as painters, carpenters, or handymen.
Moderate Risk Contractor	\$80 – \$150 month	\$960 – \$1,800 year	Most general contractors, plumbers, landscapers, and HVAC contractors with small crews.
Higher Risk Contractor	\$150 – \$300+ month	\$1,800 – \$3,600+ year	Contractors with higher exposure such as roofers, structural contractors, paper contractors or businesses with multiple employees.

Most contractors purchase policies with limits of **\$1 million per occurrence / \$2 million aggregate**, which is commonly required by project owners and general contractor.

**What Does General Liability Insurance Cover?**

General liability insurance usually protects contractors in three main areas.

**Bodily Injury**

Bodily injury coverage applies when someone suffers a physical injury because of your business operations.

For example, this coverage may apply if:

- *A homeowner trips over extension cords at a job site*
- *A visitor slips on debris near a work area*
- *A delivery driver gets injured by falling materials*

In these situations, the policy may help pay for medical expenses, legal defense, and damages if the contractor is legally liable.

### Property Damage

Property damage coverage applies when your work, tools, or operations accidentally damage someone else's property.

Examples include:

- *Damaging flooring while moving equipment*
- *Breaking a pipe while drilling*
- *Cracking a client's countertop during installation*

If a covered claim results, the policy may help pay repair costs, replacement costs, and related legal expenses.

### Personal and Advertising Injury

General liability insurance also commonly covers certain non-physical claims, including:

- *Libel*
- *Slander*
- *Copyright infringement in advertising*
- *Some privacy-related advertising claims*

This part of the policy helps contractors handle claims that arise from business communications or marketing activity.

### Key Takeaway

Even a simple accident on a construction job site can lead to **medical bills, legal expenses, and potential lawsuits**. General liability insurance helps contractors manage these risks and protect their business from significant financial loss.



## How to Get Contractor General Liability Insurance

Obtaining general liability insurance is one of the most important steps contractors can take to protect their business from financial risk. This coverage helps protect contractors from claims involving **third-party bodily injury, property damage, and certain advertising or personal injury claims** that may arise during construction work.

Most contractors can obtain liability insurance quickly by following a straightforward process. The infographic above outlines the typical steps involved in securing contractor liability coverage.

### Step 1: Assess Your Coverage Needs

Start by evaluating the risks associated with your construction business. Consider the type

of work you perform, the number of employees you have, and whether you work on residential or commercial projects. Contractors should also review contract requirements, since many project owners require minimum liability limits such as **\$1 million per occurrence and \$2 million aggregate**.

Understanding your risk exposure helps determine the appropriate coverage limits and policy features needed for your business.

### Step 2: Request and Compare Insurance Quotes

Next, request quotes from insurance providers that specialize in contractor insurance. An experienced insurance agency can compare multiple insurance carriers to help you find competitive pricing and appropriate coverage options.

During the quoting process, insurers typically evaluate several factors, including:

- Contractor trade classification
- Payroll and number of employees

- Years in business
- Claims history
- Revenue and project size

These underwriting factors help determine the premium for your general liability policy.

### **Step 3: Choose the Right Liability Policy**

After reviewing quotes, select a policy that provides appropriate protection for your operations. Contractors should pay close attention to:

- Coverage limits
- Deductibles
- Policy exclusions
- Products and completed operations coverage
- Additional insured endorsements required by contracts

Choosing the right policy ensures that your business remains protected against common construction-related liability risks.

### **Step 4: Purchase Coverage and Receive Proof of Insurance**

Once you select a policy, complete the application and pay the premium to activate coverage. After the policy becomes active, the insurance provider issues a **Certificate of Insurance (COI)**. This document serves as proof of coverage and is commonly required by project owners, general contractors, and landlords before work begins.

Contractors should keep their certificate of insurance readily available so they can quickly provide proof of coverage when bidding on jobs or signing contracts.

### **Why Contractors Choose Surety First**

Surety First Insurance Services has specialized in contractor bonds and construction insurance since 2006. Our agency focuses exclusively on the needs of licensed contractors, helping thousands of professionals obtain contractor license bonds, bid bonds, performance bonds, payment bonds, and liability insurance quickly and reliably.

At Surety First, our network of A-rated surety companies approves most bonds in minutes. Additionally, we electronically file contractor license bonds with the appropriate

licensing board when required. Our team understands the licensing and bonding requirements contractors face and works to make the process simple, fast, and accurate.

Contractors across California, Oregon, Washington, Nevada, and Arizona rely on Surety First for straightforward advice, competitive pricing, and responsive service.

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Sources:

Contractor Licensing Authorities

- **California Contractors State License Board (CSLB)**  
<https://www.cslb.ca.gov>
- **Oregon Construction Contractors Board (CCB)**  
<https://www.oregon.gov/ccb>
- **Washington State Department of Labor & Industries (L&I) – Contractor Registration**  
<https://lni.wa.gov/licensing-permits/contractors/register-as-a-contractor/>
- **Nevada State Contractors Board (NSCB)**  
<https://contractors.nv.gov>
- **Arizona Registrar of Contractors (ROC)**  
<https://roc.az.gov>

Licenses:

CA: 0K36818 | OR: 3003912639 | WA: 1329040 | NV: 4158381 | AZ: 3003888302

NV: 4158381