

INDUSTRY OVERVIEW

HVAC CONTRACTORS

Presented by ToughComp

Heating, ventilation and air conditioning (HVAC) contractors are trained professionals who generally perform various operations related to installing, maintaining, repairing and replacing HVAC systems. They may provide residential or commercial services and conduct their work in a variety of settings, such as their own office spaces and customers' homes or businesses. Common tasks among HVAC contractors include installing HVAC systems and their associated electrical components and wiring; inspecting and testing systems for potential issues; explaining system damages or malfunctions to customers; repairing or replacing worn or defective system elements; cleaning and maintaining systems; providing additional maintenance guidance to customers to help enhance system performance and longevity; and keeping detailed records of all work performed.

HVAC contractors have a number of risks to consider, including property concerns, employee safety issues and liability exposures. As such, it's crucial that they protect both themselves and their operations against possible losses by securing proper insurance. Keep reading for an outline of common exposures within the HVAC industry and associated coverage considerations.

Common Exposures

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



Property—HVAC contractors often leverage several types of tools and equipment (e.g., hand tools, portable power tools, ladders, flashlights, headlamps, multimeters, psychrometers, leak detectors, thermal imaging equipment and nitrogen regulators) 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., utility belts, extension cords, protective equipment and work records). 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 HVAC 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 related losses.



Auto—These professionals frequently use vehicles to travel between job sites and transport their tools and equipment. Whether they depend on 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, HVAC could encounter substantial expenses stemming from vehicle repairs and bodily injuries.



Employee safety—Even if HVAC contractors take proper precautions to protect their employees at work, job-related injuries and illnesses can still happen. Common occupational ailments in the HVAC sector include musculoskeletal disorders due to performing repetitive tasks; cuts, scrapes and puncture wounds stemming from the use of certain tools and equipment; illnesses or injuries caused by exposure to hazardous materials (e.g., refrigerants, dangerous chemicals, toxic sealants and insulation); sprains and strains from lifting heavy items; burns due to contact with heated system components; hearing loss from prolonged exposure to loud equipment; slips and falls as a result of working at heights; electric shock or electrocution from handling system wiring; and impact injuries related to auto accidents. If their employees get injured or become ill on the job, HVAC 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 HVAC 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 HVAC contractor if they slip and fall when visiting the contractor's storage area. Furthermore, HVAC 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 HVAC 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, HVAC contractors could encounter many 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.

Coverage Considerations

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

- **Commercial property insurance**—This coverage can help pay the resulting repair or replacement costs if an HVAC 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 HVAC 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 HVAC contractor's materials, tools and equipment getting lost, stolen or damaged while in transit.
- **Workers' compensation coverage**—If an HVAC contractor's employees get injured or become ill on the job, this coverage can help pay those workers' hospital bills, treatment costs and lost wages.
- **General liability insurance**—This coverage can assist if an HVAC 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 HVAC 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 a variety of first- and third-party expenses that may result from an HVAC contractor experiencing a data breach or other cyber incident.
- **Errors and omissions (E&O) coverage**—If a customer claims that an HVAC contractor provided negligent services, didn't uphold contractual promises, conducted incomplete or substandard work, or made other professional mistakes or omissions, E&O insurance can help pay the resulting expenses.
- **Employment practices liability (EPL) insurance**—In the event that an HVAC 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 HVAC 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.

