

Who Needs Builder's Risk Coverage?

From [Karen Reed](#):



Builder's risk coverage is essential in helping to protect construction projects, but can be complex and often misunderstood. The bottom line is the materials, supplies and equipment on a building site need protection from theft, fire and other risks.

Who Needs Builder's Risk Coverage?

Any person or company with a financial interest in the construction project needs builder's risk insurance. Some common people you may want to include on your policy as insureds include the:

- Property owner
- General contractor
- Subcontractors
- Lender
- Architects

The coverage amount needed is determined by the contract price between the Property Owner and the Contractor. It should be determined prior to the start of construction or renovation as to whom will be responsible for providing this very important

insurance coverage.

A builder's risk policy as part of a thorough risk management plan can boost a company's reputation, while protecting your business and providing peace of mind for the contractor and his or her client.

A Starter Guide to Selling Your House

From the moment you decide to sell to the day you hand over the keys, selling a home is often unpredictable and time consuming. By being as prepared as possible, you can keep the process moving and achieve the optimal price in the current market.

Decide when to sell.

You may not have flexibility on timing if, say, you need to buy another home to make room for a new baby or if your employer is transferring you out of state. If you do have a say, however, you'll want to try to sell your house at the ideal time. Typically, homes sell quicker and at higher prices when the real estate market favors sellers (i.e., when homebuyers are plentiful and homes are scarce). When you put your home on the market can also make a difference. Sales usually heat up in late winter and early spring because many homebuyers prefer to move in the spring and summer.

Declutter and spruce up.

Take time to get your home in top condition before trying to

sell it—but don't get carried away. You'll want to hold off on any major home improvements (e.g., renovating the kitchen) because you probably won't be able to recoup the money and prospective buyers might not share your taste. Focus instead on minor, cosmetic improvements, such as applying a fresh coat of paint, trimming back overgrowth in your landscape, and repairing issues that wouldn't pass inspection, such as fixing a leaky kitchen faucet or replacing loose bathroom tiles. Also, undertake a thorough cleaning—you may want to hire a professional cleaning service to do it for you.

Weigh the pros and cons of using a real estate broker versus selling yourself.

Most people hire a real estate broker to help them sell their home, which can be particularly helpful if you don't have the time or expertise to correctly price your home, market it, and bring in potential buyers. More important, a broker will focus on buyers who have prequalified for a mortgage, which can save time and money.

This expertise does come at a price—6 percent of a home's sale amount, on average. If you decide to hire a broker to help you sell your home, here are suggestions on how to find one:

- Ask friends and relatives who have recently sold homes for recommendations.
- Find out which brokers and agents work in your area by searching on social media, homebuyers magazines, and the internet.
- Ask other types of real estate professionals (e.g., lawyers and mortgage brokers) for the names of brokers they recommend.

Although doing it yourself (commonly referred to as a FSB0, or "for sale by owner") saves on broker's fees and commissions, it requires more legwork. You'll need to advertise that your home

is for sale (e.g., lawn signs and online listings), show it to prospective buyers (e.g., hold an open house and make appointments for showings), and deal with the buyer during negotiations. You'll also need to supply the necessary forms and/or contracts (though you can hire a real estate attorney to draw these up).

Do your research before pricing your home.

Setting the right price matters; it shouldn't be so high that your house won't sell or so low that you'll miss out on profit. A real estate broker can help determine the right price. To have confidence in the price attached to your listing, research the sale prices of comparable homes in your area by visiting popular home search sites. You may even want to hire a professional appraiser to help determine your asking price.

Prepare to negotiate.

If you hire a broker, all offers and counteroffers are presented through your agent, so you'll probably avoid face-to-face negotiations with potential buyers. If you're selling your home on your own, you'll be in charge of negotiating. Be flexible as you review offers, but don't jump to accept the first offer you get—especially if it's below your asking price.

Factor in your financial situation before signing anything.

Accommodations can be made if you're buying another home and need to come up with a down payment before receiving the proceeds from the sale of your current home. Ask your lender about a bridge loan, which is a short-term mortgage that is paid off once the sale of your home is complete. If necessary, include a closing-on-sale contingency clause in your contract, which allows you to delay the closing on your new home for a

certain period of time while you find a buyer for your current home. If you can't find a buyer within the allotted time frame, the purchase contract is canceled and any deposits are returned to you (unless you and the seller agree to extend the agreement).

In addition, be sure to consider the tax implications of selling your home. Most sellers can exclude from taxation some or all of the capital gains they realize (up to \$250,000 for single filers and up to \$500,000 for married couples filing jointly) upon selling their primary residence. See IRS Publication 523, Selling Your Home for details.

Finalizing the Deal

After agreeing to terms with the buyer and deciding how to handle the proceeds, closing is the final step. Your main responsibility will be to make sure that any agreed-upon repairs have been made and that the buyer is getting clear title to the home. Make sure that all of the paperwork is in order—your attorney, who should attend the closing with you, can handle this for you. Then, it's time to celebrate a done deal!

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

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How to Read Your Medical Bill

Benefit plans are sometimes confusing and medical bills are becoming increasingly complex and difficult to read. This Know Your Benefits article outlines ways to save money by reviewing your medical bills with a careful eye. [Read it now.](#)

Health Care Reform: Pay or Play – Employer Shared Responsibility Penalties

The ACA's employer shared responsibility provisions impose penalties on certain employers that fail to offer an acceptable level of health coverage to their full-time employees (and dependents). This ACA Overview describes the potential penalties and when they can be assessed. [Read more in our ACA Compliance Notes. \(PDF, new window\)](#)

Anna Moorman Recognized by Anthem for Medicare Sales



Anna Moorman

[Anna Moorman](#) has been recognized for Medicare supplement sales in 2020 by Anthem, one of the largest Medicare supplement carriers in the state of Maine.

Anna is one of two agents at Allen Insurance and Financial who specialize in the complex market of Medicare insurance, working with a number of insurance carriers to give customers a range of choices to suit their needs. Moorman has been with Allen Insurance and Financial since 2012.

This is the sixth consecutive year that Moorman has received an award from Anthem for Medicare sales; for 2020 she was named one of Anthem's top 20 sales leaders in Maine.

Anna and her colleague [Jo-Ann Neal](#) have a goal of simplifying the process of enrolling in a Medicare supplement plan, by providing dedicated, one-on-one attention to their customers, assessing each person's needs and finding options that will align with their budget and healthcare goals.

More information about Allen Insurance and Financial's Medicare-related services: AllenIF.com/Medicare

March 2021 Benefits Buzz: Temporary COVID-19 Relief for Section 125 Plans

This month's Benefits Buzz discusses the temporary COVID-19 relief for Section 125 plans and the withdrawal of proposed regulations regarding wellness program incentives. Our benefits division is happy to share this valuable resource. [Click here for the PDF.](#)

Why Should Your Insurance Agent Review Your Business Contracts?



By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

Clients often ask us to review contracts they are preparing to sign. This is actually the most important part because after they sign a contract there is not much point in our reviewing

it. One of the first things we tell them is that we are not lawyers and they should call their own attorney – but we are happy to review the insurance portions. Aside from limits of liability and mandatory coverages, nine times out of 10 there are three requirements which can significantly change their insurance coverage.

Hold Harmless: Commonly added to insurance clauses in contracts, this essentially promises to hold harmless from any and all claims the company you are doing business with. This provides a very broad exemption of liability and often can be reworded more favorably to include “in conjunction with your work under this contract.” You should also demand the contract is reciprocal to both parties and that the other party holds you harmless, as well.

Waiver of Subrogation: Another common condition added to contracts, this essentially prevents your insurance company from collecting from the other party if they were negligent in the claim. If your insurance company pays for damage done to your vessel by the other party in the contract, a Waiver of Subrogation prevents the insurance company from suing the other party in the contract to recoup their payment. Again, if this is required, make sure the other party waives subrogation, as well.

Additional Insured: This clause allows the other party to share your liability limits if they are named in a claim related to the work being done in the contract. This means the liability limits are now cut in half, reducing your overall coverage limits – and that the other party in the contract is now getting liability coverage for free. We are seeing this requested more often these days and often an underwriter will want to know the relationship between the two parties, to explain the need to be added as additional insured.

Contracts are part of doing business and can be as simple or as complicated as the parties involved require. When it comes to the insurance language in your contracts, be sure to reach out to your agent for a thorough review and advice on what you are about to sign.

Tax Season Scam Alert

With tax season upon us, many of us are busy gathering the appropriate documents, meeting with CPAs, and ensuring that relevant tax deadlines are met. But in all the hustle and bustle, taxpayers also need to keep an eye on the risks, especially tax season scams. Each year, scammers get more savvy with strategies they use to gain access to other people's personal information and money. To help you steer clear of this year's top scams, learn red flags to watch out for—along with some timely tax-filing reminders.

“Ghost” Tax Return Preparers

One truly frightening scam haunting taxpayers is the ghost preparer. These preparers remain hidden from the IRS by not signing returns, making the returns appear to be self-prepared. In cases where the individual e-files, the ghost preparer will refuse to digitally sign the return. The result can be disastrous for taxpayers, leaving them open to serious filing mistakes, tax fraud, penalties, and audit by the IRS.

Red flags. To help avoid this issue, be in the know when it comes to red flags surrounding ghost preparers. They usually:

- Don't sign the return with a Preparer Tax Identification

Number (PTIN) (The PTIN is required by law for anyone who is paid to prepare or assist in preparing a federal tax return.)

- Lure clients in with the promise of big refunds (Unfortunately, these scammers will resort to claiming fake deductions to boost the size of the refund.)
- Require payment in cash
- Have refunds directed into their bank accounts, not the taxpayer's

Pro tip. If you're looking for someone to prepare your taxes, the IRS has a great online resource that offers a tool for checking your tax preparer's credentials and tips for avoiding potential tax scammers. No matter who prepares your return, it's important to review it carefully, including the routing and banking numbers if you're receiving your refund via direct deposit.

New Round of COVID-19 Scams

As the coronavirus continues to spread, so do scams, unfortunately. Criminals often try to exploit taxpayers during times of uncertainty, and this pandemic has been no exception. The latest COVID-19 scams center around the most recent round of stimulus payments. They have taken on a few forms, all with the singular goal of stealing taxpayers' money and personal information.

Red flags. The IRS Criminal Investigation division has compiled a list of the latest COVID-19 scams. Here's what to be on the lookout for:

- Text messages asking you to disclose bank account information in order to receive the \$1,200 economic stimulus
- Emails, letters, and social media messages that use "coronavirus," "COVID-19," and "stimulus" in different ways, requesting personal information and financial account

information (e.g., account numbers and passwords)

- Sale of fake at-home COVID-19 test kits
- Fake donation requests for individuals, groups, and areas heavily affected by COVID-19
- “Opportunities” to invest in companies developing COVID-19 vaccines, which also promise these companies will drastically increase in value as a result

Pro tip. If you receive unsolicited emails or social media attempts that are aimed at gathering your personal information and appear to be from the IRS or an organization linked to the IRS, forward the message to phishing@irs.gov.

Online Identity Theft

One of the most common tax scams remains personal identity theft, which is particularly rampant during tax season. Why? By accessing the social security numbers, addresses, and birth dates of unsuspecting taxpayers, scammers can file phony tax returns and steal refunds. The worst part is this can all be done before the victims even know their identities have been stolen.

Red flags. So, what can you do to help ensure that someone doesn't file a return in your name? Know the warning signs of this pervasive scam:

- If you receive an IRS notice regarding a duplicate return, that you received wages from somewhere you never worked, additional taxes are owed, the refund will be offset, or collection actions are being taken against you for a year you did not file a tax return, contact the IRS immediately.
- As noted above, ensure that your tax preparer has the appropriate credentials.
- Unless there is a valid reason, don't give out your social security number—and always know who you're giving it to.

Pro tip. The best way to avoid this scam is to file your taxes early, before a scammer can access your information. You might also think about using an Identity Protection PIN (IP PIN) to proactively protect yourself from identity theft. The IP PIN is a six-digit number known only to you and the IRS that can be used to help the IRS verify your identity when a paper or electronic tax return is filed.

Never Has the IRS Ever . . .

When it comes to tax scams, one of the most important things to know is how the IRS does (and doesn't) contact taxpayers. Here are some things the IRS just won't do:

- Demand that you pay taxes without the opportunity to question or appeal the amount it says you owe
- Call to demand you make an immediate payment using a specific method (e.g., prepaid debit card, gift card, or wire transfer)
- Threaten to bring in local police, immigration officers, or other law enforcement to arrest you for not paying (Threats are a common tactic used by scammers.)

So, if you get a call or email that sounds like any of the above, it's likely a scam. For steps to take if you suspect fraudulent tax activity, visit the IRS's Report Phishing and Online Scams page.

Scams Don't End with Tax Season

Although the focus here is on tax season, we would all be wise to remember that new scams are popping up every day, year-round. So, remain vigilant in keeping your personal information safe and be on the lookout for potential scams.

This material has been provided for general informational purposes only and does not constitute either tax or legal advice. Although we go to great lengths to make sure our

information is accurate and useful, we recommend you consult a tax preparer, professional tax advisor, or lawyer.

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Insurance Coverage for Construction Risk

[By Patrick Chamberlin](#)

As a contractor, you work hard every day – for your customers and to grow your business. [Specifically designed insurance solutions](#) can protect those efforts.

You start with General Liability, which covers you for claims involving bodily injuries and property damage resulting from your products, services or operations, resulting from your negligence. Then we recommend you build a more complete policy from there.

Among the coverages you should consider:

- **Builders Risk:** Carried by either the property owner or the contractor, this insures a project (property) during construction.
- **Workers Compensation:** A state-mandated coverage in Maine, designed to cover costs when a worker is injured on the job. Subcontractors need their own coverage or an approved predetermination of independent contractor status form.
- **Commercial Property:** This coverage pays to replace or repair the insured value of tools and equipment that are

owned or have been borrowed or leased in the event of damage due to a covered peril, such as a fire or theft.

- **Errors & Omissions:** This coverage can protect the value of your work if it is damaged due to unintentional faulty workmanship.
- **Commercial Auto:** This coverage is designed for vehicles used for business purposes. Coverage for hired and non-owned vehicles should also be considered.

It is important to regularly meet with an independent insurance agent to review your exposures and make sure that your policy will respond as expected.

Individual Health Insurance Enrollment: February to May 2021

In response to the COVID-19 emergency, President Biden signed an executive order reopening HealthCare.gov for a special, three-month enrollment period starting on Feb. 15 and ending on May 15, 2021.

This means anyone – Americans without health insurance as well as those who have already enrolled in a HealthCare.gov plan for 2021 – all have a chance to check out their health insurance marketplace options offered through the Affordable Care Act, also known as Obamacare, outside the regular Nov. 1 through Dec. 15 period.