



RISK MANAGEMENT BOOT CAMP

Presented by

Ray Beane
Vice President
Construction and
Wrap-Up Group
Liberty Mutual Ins. Group

Paul Becker
Executive Vice President
Willis Construction Practice

James R. Boone
Risk Manager
J.S. Alberici Construction Co., Inc.

Designed for those new to construction risk management, this workshop (developed in conjunction with the AGC Risk Management Committee) presents an overview of construction risk and insurance. Contractors and their insurance representatives will learn how to arrange cohesive coverage that adequately protects their interests. The first part of the seminar examines how to identify risks unique to the construction setting. The rest of the day focuses on how to manage those risks through a combination of loss prevention, contractual risk transfer, and insurance. Basic coverage elements of core insurance policies—including builders risk, general liability, and workers compensation—will be discussed, as well as how the policies fit together to avoid coverage gaps. Special attention will be given to problematic contract provisions that can frustrate the integrity of the insurance program. Participants will leave this session armed with ideas on how to improve loss prevention efforts, enhance the quality of their insurance programs, and provide the background and confidence necessary to successfully negotiate equitable and workable risk allocations.

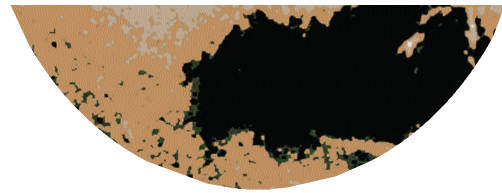
Monday, October 29, 9:00 a.m.-5:00 p.m.

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Ray Beane
Vice President
Construction and Wrap-Up Group
Liberty Mutual Ins. Group

Mr. Beane is one of the presenters for Monday's all-day seminar, "Risk Management Boot Camp." He is vice president and manager of Liberty Mutual's National Accounts Construction and Wrap-Up Group. Based in Boston, Mr. Beane is responsible for the underwriting, marketing, sales, and management of Liberty's large construction accounts and major construction projects, including wrap-ups. Prior to joining Liberty Mutual, Mr. Beane worked for Aetna Life and Casualty. Mr. Beane has 28 years of underwriting experience with a strong emphasis on construction underwriting. He has been an active member of the Associated General Contractors of America Risk Management committee for the past 8 years and is currently vice chairman of the committee.

Paul Becker
Executive Vice President
Willis Construction Practice

Mr. Becker is one of the presenters for Monday's all-day seminar, "Risk Management Boot Camp." He has been executive vice president of the Construction Risk Management Group for Willis for the United States since August 1993. He is located in Nashville. This group is responsible for coordinating and directing marketing, safety management consulting, claims management, statistical support, coverage, contractual issues, and insurer relations for property and casualty insurance for Willis' construction clients. Mr. Becker is a frequent speaker at a variety of industry meetings and seminars including DBIA, CFMA, and AGC. He currently is a national director of CFMA and serves on the Risk Management Committee of AGC. In addition he is a frequent contributor to industry publications.

Mr. Becker is a graduate of Franklin and Marshall College in Lancaster, PA. His professional designations include Chartered Property and Casualty Underwriter (CPCU) and Associate in Risk Management (ARM).

James R. Boone
Risk Manager
J.S. Alberici Construction Co., Inc.

Mr. Boone will speak at two IRMI Construction Risk Conference sessions: He is one of the presenters for Monday's all-day seminar, "Risk Management Boot Camp" and is a cospeaker for Workshop E, "Protecting Contractor Interests in a Wrap-Up," on Tuesday. He has been risk manager for J.S. Alberici Construction Co., Inc., in St. Louis, since 1992. Previously, he served Alexander & Alexander in St. Louis with primary responsibility for a major owner controlled insurance program in place for the Metropolitan Sewer District.

He began his insurance career in 1972 as a property underwriting trainee with the Chubb Group. Following 4 years with Chubb in both St. Louis and Indianapolis, he spent 2 years as property underwriting supervisor for Crum & Forster in St. Louis. In 1978, he became underwriting manager for a local agency in St. Louis. This ultimately led to several years as an account executive with responsibility for client service as well as production. It was here that contractors became a favorite class of business.

Mr. Boone graduated from St. Louis University in 1969 with a bachelor of science degree in general business. He is a member of the Risk Management and Surety Bond committees of Associated General Contractors of America. He is the immediate past chairman of the Risk Management Committee and is currently the chairman of the Education Subcommittee and a member of the OCIP Task Force.

Notes

This file is set up for duplexed printing. Therefore, there are pages that are intentionally left blank. If you print this file, we suggest that you set your printer to duplex.

RISK MANAGEMENT BOOT CAMP

Ray Beane
Liberty Mutual Insurance Group

Paul Becker
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Risk

“Risk” means chance of injury or loss due to uncertain danger, peril or hazard.

Risk Management

Involves anticipating (identifying) potential risks and taking steps to avoid them or to mitigate the resulting harm. The aim is to minimize the sum of:

- Retained losses, plus
- Insurance or other risk transfer costs, plus
- Loss control expenses

Insurance Management

- Insurance Underwriting focuses on past Historical Losses
 - Litigation
 - Court Decisions
- Insurance coverages designed around past occurrences
- Insurance industry traditionally looks in “rearview mirror” to predict and manage future
 - Difficult to anticipate new dangers in future
- Allows risk puzzle to be unidentified and/or mis-measured
- Insurance buyers need to move from “Insurance Management” to “Risk Management”

Risk Management vs Insurance Management

- | | |
|--|---|
| <ul style="list-style-type: none">• Risk Management- Active- Dynamic- Risk / protection oriented- Financially/Analytically oriented- Seeks responsibility- Broad based - includes safety, claims analysis, insurance- Creative- Must be involved in the construction activity of the company | <ul style="list-style-type: none">• Insurance Management- Reactive- Passive- Security oriented- Administratively oriented- Seeks safety- Narrow in scope- Responsive to others- May be involved or may rely on others |
|--|---|

Managing Risk

- Every Construction Project faces a full spectrum of risk
 - Varies from project to project
 - Tied to owner, geography, regulatory environment, labor force, transportation
 - Also tied to physical elements of project - such as intended use, budget and materials
- Risk can be divided into 4 areas
 - Strategic
 - Operating
 - Financial
 - Information

Strategic Risks

- Environmental
 - Natural/man made disasters
 - Political
 - Laws/Regulations
 - Industry
 - Competition
 - Financial Markets
- Organizational
 - Corporate Objectives and Strategies
 - Leadership
 - Management
 - Investor/Credit or Relations
 - Human Resources

Operating Risks

- Workforce
- Suppliers
- Physical Plant
- Protection
- Products and Services
- Customers
- Regulatory Compliance

Financial Risks

- Capital/Financing
- Investing
- Regulatory Compliance

Information Risks

- Information Systems
- Strategic Information
- Operating Information

Risk Management Process

- Identify and analyze exposures
- Evaluate available alternatives
- Select most promising technique(s)
- Implement chosen technique(s)
- Monitor process and change as necessary

Risk Control

Stop Losses or Reduce Damage

- Risk Avoidance
- Loss Prevention
- Loss Reduction
- Segregation of Loss Exposures
- Contractual Risk Transfer

Risk Management - Risk Financing

- Risk Financing - Method by which a contractor funds its insurance premiums and losses
- Contractors who are financially capable of assuming substantial risk can utilize risk financing options that allow them to hold all or a portion of the funds needed to pay loss
- The goal in selection of a risk financing plan is to maximize cash flow benefits without subjecting the firm to more risk than it can safely afford.
- Important variables that affect plan choice
 - Size of contractor
 - Financial strength of contractor
 - Attitude of management toward risk
 - Viability of risk management program
 - Tax position

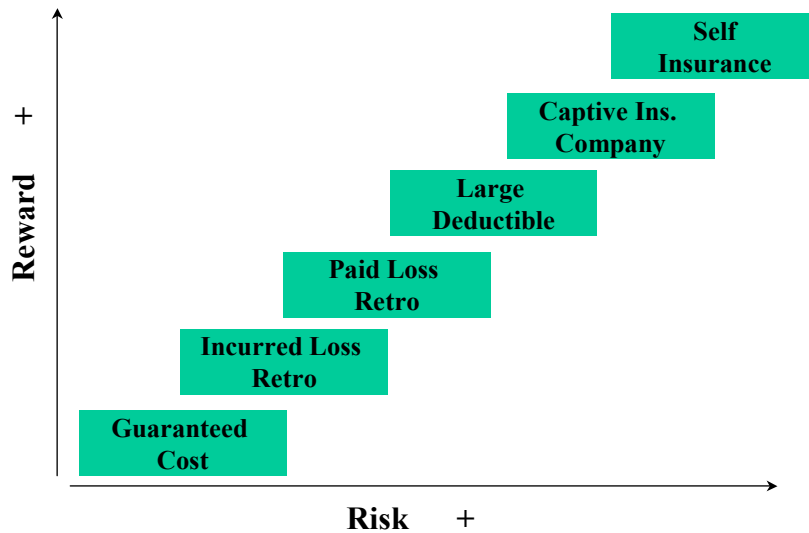
Risk Management - Program Design

- Must start with overall risk philosophy of contractor's management team
- Design is reflection of contractor's ability to assume and retain risk combined with insurance products that protect assets of construction firm
- Design usually begins with exposures from Builders Risk/ Installation Standpoint
 - Creates platform from which other coverage needs are identified: General Liability, Umbrella, Professional Liability, Workers Compensation
 - Don't short cut safety

Available Techniques

Risk Control Stop losses or reduce damage	Risk Financing Pay for losses that do occur
Avoidance e.g. don't bid the project	Ranges from Guaranteed Cost to Deductibles to Self Insurance
Prevention e.g. fall protection	
Reduction e.g. medical case management	Indemnity Agreements
Segregation - disperse risk e.g. equipment is dispersed to various project sites	Bonding
Contractual Transfer e.g. waiver of subrogation clause	

Risk Financing Alternatives Risk vs Reward Matrix



Loss Control Activities:

- Contract Review
- Loss prevention through proactive safety effort
- Evaluation of new ventures

Risk Reduction Activities:

- Claims Management

Risk Allocation:

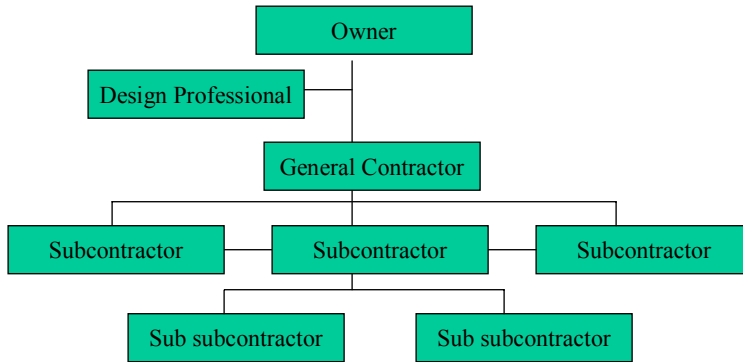
- Which party can manage the risk most effectively and in the most cost efficient manner?

Project Delivery Approaches

Traditional Construction Approach

- Owner hires and designs professional to design a structure. The design professional establishes a cost estimate.
- Owner hires a general contractor to build the structure
- Contractor may perform all of the work but usually subcontracts out portions of the work to other contractors
- Design professional serves as the owner’s representative, reviews the progress of the job, determines percentage of completion in order to allocate funds to the general contractors

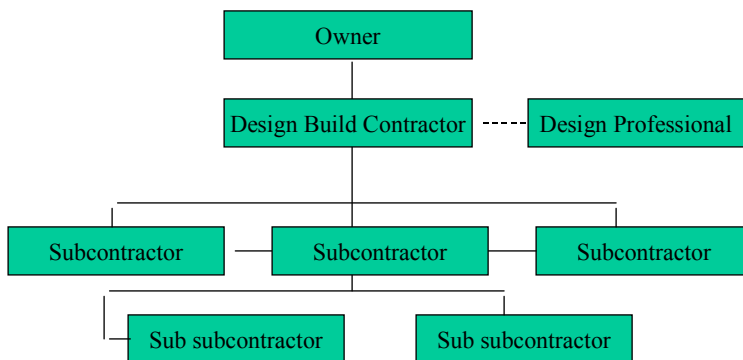
**Traditional Approach
a.k.a. Design / Bid / Build**



Design - Build Approach

- Owner hires a single party to design and build the structure
- The hired party may perform both functions or may subcontract them to others. The hired party is ultimately responsible for the entire project
- This approach uses a single point of contact for the owner

Design Build Approach



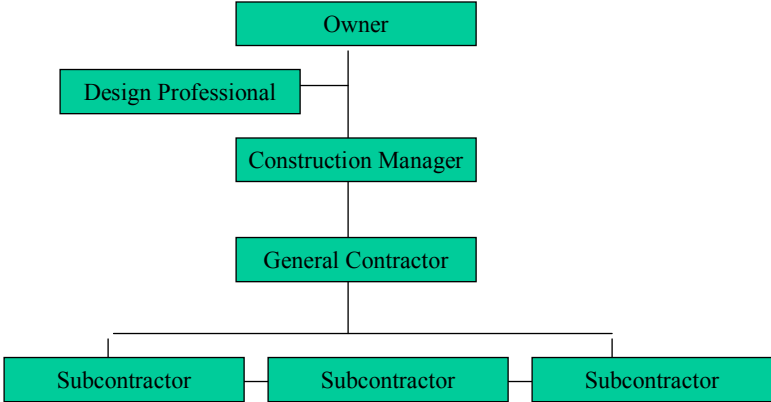
Contract Manager Approach

- Owner hires a design professional to design a structure
- Owner hires a construction manager to coordinate and administer the project
- A construction manager performs little, if any, of the actual construction
- Oversees the process and takes care of the day-to-day administrative details, and hires subcontractors to complete all or most of the work
- Normally involved in all phases of the project, including the design phase

Construction Manager At Risk (CM) vs General Contractor (GC)

- CM performs little, if any, of the actual construction, GC usually performs some of the work
- Both oversee the process and take care of the day-to-day administrative details
- Both hire subcontractors
- CM normally involved in all phases of the project, including the design phase

Construction Management At Risk



Insuring Joint Ventures

Joint Ventures

- Similar to a partnership, usually set up to assist two or more parties to obtain work

Joint Ventures

The Issues:

1. Contract documents require the contracting entity to provide evidence of certain forms of insurance
2. The J/V has certain exposures regardless of what the documents require (Joint & Several Liability)
3. There is no automatic coverage for a newly formed joint venture in the General Liability Coverage Form

Joint Ventures

Commercial General Liability Coverage Form - Section II - Paragraph 4

*Any organization you newly acquire or form, **other than a partnership, joint venture or limited liability company**, and over which you maintain ownership or majority interest, will qualify as a Named Insured if there is no other similar insurance available to that organization.*

Taken from CGL policy

Joint Ventures

Questions to be answered:

- Will the JV have any employees?
- Will the JV self-perform work?
- Who is the lead partner?
- Who is responsible for placement of JV insurance?

What type of insurance does a joint venture need?

- Workers Compensation
- Commercial General Liability
- Automobile
 - Liability?
 - Physical Damage?
- Umbrella
- Other depending on circumstances

Joint Ventures - Workers' Compensation

1. No JV payroll
 - Assigned Risk
2. JV payroll
 - Separate policy
 - EMR = Arithmetic Average

Joint Ventures - Commercial General Liability

1. JV subcontracts all work
 - a) Add JV to the policy of one of the partners
 - b) Write separate policy
2. JV self-performs
 - a) Write separate policy

Joint Ventures - Automobile

What are the JV's exposures?

- Owned vehicles
- Leased, rented vehicles
- Non-owned vehicles

Options:

- Add JV to policy of a partner
- Separate policy
- If H&NOA only, may be able to add to a separately purchased GL policy

Joint Ventures - Umbrella

Follows primary coverage

Joint Ventures - Other Considerations

- Builder's Risk
- Equipment
- Fidelity

Safety

Safety / Loss Prevention - Needs to Focus on:

- Injuries to own employees
- Injuries to subcontractors' employees
- Exposure to general public
- Project site visitors
- Completed Operations

Risk Management - Safety

- Well run/profitable construction firms usually have effective safety management programs
- “Zero injury” is directly related to highly profitable construction operations

Risk Management - Safety

Key Safety Management Practices

- Adopt “Zero Injury” philosophy
- Zero Injury mind set starts with company senior management
- Create environment of ownership among workforce
- Sell idea - “injuries not acceptable”
- Understand that profits lost through WC and GL claims are not covered by insurance
- Involve owners and subs as active participants in achieving zero injury
- Education - Labor crews that understand their role and hazards are more productive and safe
- Understand indirect costs of loss and manage them
- Strong focus on preplanning to prevent loss

Risk Management - Critical Skills of Safety Director

- Integrate management objectives with overall risk management program
- Develop “best practices” and measure success
- Assist in creating action plans for projects
- Formulate pre-hiring medicals
- Develop new employee orientation/hiring
- Promote structured accident investigations
- Hold safety meetings with top management/supervisory employee

Claims

Claim Cost Management - Direct Costs

- Claims Reviews
- Accident/Incident Investigations
- Cost Containment/Utilization Review - PPO
- Modified duty/return to work
- Occupational and disability management
- Structured settlement
- Attorney selection - PPO services
- Alternative dispute resolution
- Quality of adjusting staff
 - Workloads
 - Turnovers
- Physicians’ clinics
- Subrogation
- Fraud Indicators

Claim Cost Management - Indirect Costs

- 3-5 times direct cost of loss
- Typical Indirect Costs
 - Time loss from work injured employee
 - Loss of full earning power
 - Loss of full time fellow employees filling in
 - Loss of efficiency due to schedule disruption
 - Damage to tools/equipment/property, etc.
 - Cost of temporary or new employee
 - Cost of training new employee
 - Spoiled or damaged work
 - Overhead cost while work was disrupted
 - Failure to complete work
 - Economic loss to injured workers family
 - Management time spent dealing with injured worker's adjusters/attorneys

Claim Cost Management - Indirect Cost

- Risk Management Techniques
 - Strong position for modified duty/return to work
 - Develop standards for accident / incident investigation
 - Utilize structured settlement options
 - Develop list of fraud indicators

Prompt Report of Accident or Loss

The clear advantages of prompt reporting of claims include:

- Allowing the insurance company to investigate properly
- Obtaining and preserving evidence that might disappear over time
- Creating a work file that may not be discoverable in the event of litigation
- Early management of the claim and intervention
- Fraud detection
- Claim control from a public relations standpoint
- Ultimately reducing the value of the claim

Filing a Claim

Specific reporting procedures should include:

- A single individual should be responsible for reporting claims
- The report should contain the signature of someone with authority to prevent mishandling of claims
- The information on the claim report should be accurate and detailed
- Reporting guidelines should be established with the insurance company and the agent/broker

Statutes Affecting Claims

- Two types of statutes regulating the time period when a Claims Must be Filed
 - Statute of Limitations - begins the date of the injury, or the date when the defect or injury should reasonably have been discovered
 - Statute of Repose - begins when the improvement is substantially completed

The Construction Agreement

The Construction Agreement

Standard Construction Contracts

- American Institute of Architects (AIA)
- Associated General Contractors of America (AGC)
- American Subcontractors Association (ASA)
- Engineers' Joint Contract Documents Committee (EJCDC)
- Non-Standard forms based on owner requirements

Basic Premises

- Purchasing insurance indemnifies the contractor for loss
- Insurance policies are contracts -- similar in many ways with construction contracts
- Contractors in one sense are purchasing / negotiating one set of contracts (insurance) to support another (construction).
- There is no direct relationship between the drafter of the construction contract (Owner, A/E) and the drafter of the insurance policies (Insurers) except as amended by the common party (the contractor)

Contract Documents

The contract provides the opportunity for the parties to clearly set forth their intentions.

**Contract Documents
(Insurance Goals)**

- Standard Subcontract Document
 - Enforceability/Insurability - reflect law changes
 - Specific language - type of policies, limits, cancellation language, etc.
 - Specific endorsements to protect contractor, such as: Additional Insured, cancellation notice, etc.

Indemnity Agreements

- **Limited Form:** *Party A is responsible to indemnify (make whole) party B to the extent that party A is negligent.*
- **Intermediate Form:** *Party A is responsible to indemnify party B to the extent of A's negligence and to the extent of concurrent negligence on the part of A & B. A is not liable to B to the extent that B is 100% negligent.*

Indemnity Agreements

- **Broad Form:** *Party A must indemnify party B for A's negligence, for any concurrent negligence AND even for B's sole negligence.*

Anti-Indemnity Statutes

- One size does not fit all!
- States vary on what is allowed in an indemnity agreement dealing with construction

Contract Review

- Crucial tool in contractors' risk identification process
 - Specify the contractor's promises and the conditions under which the contractor can be relieved of certain liabilities
 - Hold harmless agreements - indemnity provisions
 - Waivers of subrogation which prohibit one party's insurer from bringing suit (or subrogating against) another party
 - Insurance requirements

**Hold Harmless Agreements –
Contractual Liability Insurance**

- Where do you find coverage? In the EXCLUSIONS section of the Commercial General Liability policy—where else?
- “Insured Contract”
- No broader than the scope of CGL (bodily injury and / or property damage)
- An indemnity agreement that is invalid due to state statute is not an “insured contract”

Use of Additional Insureds

- Means to Bridge the Gap between Owner and Contractor’s Insurer
- Creates Direct Relationship
- Backstop to Indemnity

Closely Review Coverage Owner is Providing

- Builder’s Risk
- Exposed Properties
- Site Preparation - Remediation Issues
- Coverage for its own Liability

Contract Document - Risk Provisions Not Handled by Insurance

- Claims submission - compliance with the claims procedure is a condition precedent to proving entitlement to additional time or damages
- No damages for delay - denies the contractor additional money for costs incurred due to a delay outside their control
- Dispute resolution procedures - right to mediate or arbitrate an architect's decision may be lost if that party fails to timely file a demand for mediation or arbitration
- Waivers and releases - the provisions can be very broad, extending to lien claims, claims for extensions of time, claims for additional compensation, bond claims, causes of action, etc.

Contract Document - Performance Issues

- Time is a factor
 - Liquidated Damages - penalties
 - Performance Bonus

Contract Control Techniques

- Project Files - contain Standard Certificate of Insurance
 - Audit certificate process - major projects/subs to verify properly administered

Contract Control Techniques (cont.)

- Route all contractors agreements to central department/contract coordinator
- Form letters requesting completion of standard Certificate of Insurance
- Suspense for follow up
- Database 3rd party Insurance Certificates based upon renewal dates for easier retrieval
- Develop contract checklist

Insurance Certificate Management

- Verification of coverage on all tiers of contractors
- May affect Payroll Audit results
- May affect Experience Mod
- Assist in obtaining Claims Payments
- May have a contractual obligation with the party one tier up

Contract Review Checklist

- Use a checklist for review
- If at all uncertain, legal counsel should be consulted
- Insurance agent should be provided with at least indemnification and insurance requirements

Contract Review Checklist

Correct coverages in place		Limits needed	OK ?
	Builder's Risk		
	General Liability		
	Per location / per project		
	OCP or Project Protective		
	Railroad Protective		
	Auto Liability		
	Professional Liability		
	Environmental Liability		
	Employer's Liability		
	Stop Gap for Employer's Liability		
	Umbrella		
	Per location / per project		
	Additional Insured Requirement		
	General Liability		
	Auto Liability		
	Umbrella		
	Named Insured Requirement		
	Builder's Risk		
	General Liability		
	Auto Liability		
	Umbrella		
	Waiver of Subrogation		
	Builder's Risk		
	General Liability		
	Professional		
	Environmental		
	Auto Liability		
	Umbrella		
	Cancellation Clause s		
	Extension for reporting Completed Operations losses		
	On water or over water work being performed		
	USL&H		
	Jones Act		
	Modify Contractor's Equipment Policy		
	Indemnification wording acceptable		
	Certificate of Insurance Modifications		
	Removal of Endeavor to wording		
	Notice of Cancellation		
	Job number / site / description		
	Other Special Terms or conditions		

**Risk Management
Information Systems**

Value of RMIS

- Improve efficiency and productivity
 - Retain or insure
 - Frequency vs Severity, setting retention levels
- Reduce their total cost of risk
- More efficient risk financing decisions
- Greater bargaining power in insurance negotiations
- Obtain maximum returns on loss control expenditures

**Risk Management Information
Services - RMIS Options**

- Paper vs. Plastic (Magnetic) vs. Web Based
- Frequency of reports
- Ability to customize reports to assist in
 - Cost allocations
 - Supports incentive compensation program
 - Experience Mod forecasting
 - Loss forecasting
 - Claims and legal expense management
- Communication with the carrier or TPA

Selecting Your Insurance Partner

Broker Services - What a Contractor Should Expect

- Insurance Professional:
 - Should be knowledgeable of construction industry
 - Must have ability to meet service standards
- Services for Construction Industry should focus on:
 - Program Administration
 - Risk Management Services
 - Claims Support
 - Safety/Loss Control

Broker Services

Program Administration

- Alert the contractor of substantial changes or trends within the insurance industry that would affect the insurance program
- Review policies and financial documents for accuracy
- Assist the contractor in premium allocation among divisions or profit centers
- Monitor job classification codes for workers compensation annually
- Obtain builders risk, owners/contractors protective and railroad protective quotations
- Coordinate activities with claims services on statistical loss runs and annual review of losses

Broker Services

Program Administration (cont.)

- Perform a risk assessment and coverage review annually
- Prepare loss analysis for retention programs
- Review and critique subcontractor insurance requirements with legal department
- Review and deliver policies
- Estimate experience modification factors annually and resolve discrepancies
- Issue certificates of insurance, binders of insurance, and auto identification cards
- Review equipment and property values for placement of coverages
- Review and track motor vehicle registrations

Broker Services

Risk Management Services

- Loss Analysis and forecasting
- Optimum retention level analysis
- Risk identification and analysis
- Program design, implementing and monitoring
- Perform annual subcontract document analysis
- Develop collateral means to support cash flow plans
- Work with service providers on the risk management information
- Respond to coverage questions and new exposures
- Evaluate excess limits and the adequacy of such limits

Broker Services

Claims Support

- Act as liaison between the contractor and the insurer
- Ensure that written claims handling procedures are in place and followed
- Review coverage issues and act as the contractor’s advocate
- Conduct periodic claim reviews
- Respond immediately to large or unusual losses
- Follow serious claims
- Screen coverage issues

Broker Services

Safety/Loss Control

- Prepare and conduct instructional seminars
- Review insurance company's loss control reports
- Analyze job sites for frequency and severity of accidents. Also analyze by types
- Loss control training, as needed, such as OSHA ten hour course
- Resource for contractor's safety director
- Accident investigation assistance
- Periodic site evaluations
- Operation and pre-job assessments
- Performance benchmarking information
- Develop strategic response and disaster planning

Key Coverages

- Property
- Workers Compensation
- Automobile
- Commercial General Liability
- Professional Liability - Design Build
- Environmental Liability
- Umbrella
- Surety Bond
- Specialty Coverage
- Wrap-Ups

Property Coverage

- Exposure Identification
- Risk Control
- Risk Financing

Exposure Identification

Base of Operations

- Buildings and their contents
- Computer hardware / software / data
- Valuable papers and records
- Equipment stored in the yard

Projects

- Damage to the work
- Adjacent & adjoining property
- Equipment

Damage to the Work

- Represents the most basic of all project exposures
- Exposures include fire, wind, theft, vandalism, collapse, earthquake, flood, human error, etc.
- Property in question includes materials and equipment destined for inclusion in the project
- At the project site, in transit, temporarily stored away from the site
- Disagreements over damaged materials / equipment can be totally disruptive to the project

Risk Control

Risk Control Measures Include:

- Housekeeping
- Security
- Weather Protection
- Fire Protection (fire watch, available water, controlled welding & burning)
- Etc.

Financing the Risk

The typical risk financing mechanism for the builder's risk exposure is Builder's Risk Insurance.

Not all builder's risk policies are equal!

Builders Risk Exposures

Exposures include:

- Fire
- Wind
- Vandalism
- Theft
- Collapse
- Etc.

Builder's Risk Policy

Designed to cover accidental damage to "property" during the course of construction, renovation or repair resulting from certain perils

Provided by the Owner or the general contractor

What Do They Say?

- Project Documents
- Loan Agreements
- Supply Contracts

WARNING

No one can write or attempt to write property insurance on a construction project without complete knowledge of the insurance requirements contained in the project documents.

Builder’s Risk Requirements in Contract Documents

- Who is to provide the coverage?
- What perils are to be insured?
- What damages are to be insured?
- Whose interests are to be protected?
- What deductibles apply? Who is responsible for them?
- Where does coverage apply?
- Waiver of subrogation between all parties?
- What if the documents are silent on the builder’s risk issue?

Perils Insured

- Remember the objective—provide very broad (as broad as possible) “first-party” coverage for damage to the work.
- Negligence should not preclude coverage for damage resulting from a covered peril
- Named Perils vs. All Risk

Common “All Risk” Exclusions

- Employee Dishonesty
- Loss by vermin, inherent vice, latent defect, wear & tear
- Machinery breakdown
- Flood & Earthquake
- Design error, except resulting damage
- Faulty workmanship or materials, except resulting damage
- Cost of correcting faulty or defective workmanship or material
- Operation of building ordinance or law
- Testing

Items of Particular Interest

- When does coverage under the policy end? What do the contract documents say?
- How much coverage does the policy provide for debris removal? What is the worst case scenario?
- Amount of insurance. Watch out for those change orders! Has the value of any Owner-purchased materials or equipment been taken into considerations? Coinsurance?

Who Purchases the Insurance?

Project Owner

- May add the project to the commercial property policy as a “covered location”
- May purchase a Builder’s Risk policy

Who Purchases the Insurance?

Contractor

- May purchase a Builder's Risk policy
- May add the project to its blanket Builder's Risk policy
- If the Owner purchases the coverage, the contractor may purchase Difference in Conditions (DIC) insurance to wrap around the Owner's policy.

Installation Floater

An Installation Floater may be needed if:

- the builder's risk policy does not provide for off-site coverage
- the value of materials is not included in the builder's risk limit (for example, foundation work)
- if the builder's risk deductibles are too high and there is no DIC coverage

Alterations & Additions

- Damage to adjacent and adjoining property (including loss of use)
- Risk vs. Reward
- Check out AIA and AGC standard documents

Contractor's Equipment

Exposure Identification:

- Mechanical breakdown / failure
- Operator error
- Acts of God
- Contract—leased / rented equipment
- Transportation

Contractor's Equipment

Risk Control Measures:

- Maintenance policy / practices
- Operator qualification / hiring
- Training
- SAFETY—Planning, Planning, Planning

Contractor's Equipment

Financing the Risk:

Contractor's Equipment Floater:

- Covers cost to repair or replace damaged equipment
- Can be extended to cover leased and rented as well as owned equipment
- Can include rental expense

Typical Exclusions:

- Employee dishonesty
- Exceeding rated lifting capacity (buy it back)
- Autos
- Waterborne (buy it back)

Property Summary

- Identify property exposures to loss
- Focus on eliminating or reducing as much of the risk as possible via sound risk control practices & procedures
- Finance the remaining risk with carefully crafted insurance products

Workers Compensation

- Coverage Review
- ERM - Experience Rating Modification
- Claims Management
- Waiver of Subrogation

Workers Compensation

- Your employees are your most important asset
- Your goal should be for a 100% safe working environment.
But if there is a work related accident...

Insurance Coverages - Workers Compensation

- Provides coverage for the benefits mandated by state law to injured employees
 - Medical Costs
 - Disability Benefits
- Also provides employers liability coverage in the case of a suit by an injured employee under common law rather than under Workers Compensation
- Policy provides coverage for benefits specified by the law in the states identified on the policy
- Injured employee has option of filing for benefits in the state of
 - Hire
 - Residency
 - Injury

Insurance Coverages - Workers Compensation

- In monopolistic fund states (N.D., Ohio, Wash., W.V. & Wyoming) illegal for insurance companies to provide Workers Compensation coverage
- Stop Gap Insurance
 - Available on GL or WC
- If engaged in operations in these states - need to purchase policy from the state
- Non-State mandated laws
 - USL&H and Maritime (Jones Act)
 - FELA
 - Outer Continental Shelf Act
 - Federal Coal Mine Health & Safety Act

Workers Compensation Experience Rating

- The Experience Rating Plan develops a factor based on an insured's own experience and is used to modify the premium - Experience Rating Modifier (ERM)
- Uses losses and payroll three concurrent years - Skips over most current year
- Many owners use ERM's to pre-qualify contractors
- Contractors need to manage their ERM
 - Effective safety reduces loss frequency and severity
 - Make sure you're properly classified
 - Review open claims with insurance company - properly reserved
 - Obtain copy of calculation and review to assure claims properly reflected
 - Verify audits - make sure uninsured subs treated properly

Workers Compensation Claims Management

Keys to Success

- Early intervention
- Three points of contact
- Preferred Medical Providers
- Timely payment of benefits
- Monitor medical treatment
- Early return to work
- Cost Containment

Workers Compensation

Subrogate: *to substitute for another with regard to a legal right or claim*

- Objective = to place responsibility for an accident or loss on the party at fault
- By law, and reinforced by policy language, insurance company assumes the rights of the insured to seek reimbursement from a 3rd party

Automobile

- Coverage Review
- Exposure Identification
- Risk Control
- Risk Transfer / Financing

Insurance Coverages - Automobile

- Used to insure both
 - Liability arising from use of automobile
 - Physical damage to owned autos
- Protects the contractor from liability from auto owned, hired, or used by the construction firm its agents or employees
- Does not cover liability arising from operation or use of mobile equipment
- Need to manage the privilege of operating a company vehicle

Exposure Identification

- | | |
|------------------|---------------------------------|
| •Owned Autos | •Pick ups |
| •Non-Owned Autos | •Over the road units |
| •Hired Autos | •Employees cars |
| | •Leased/Rented cars |
| •Physical Damage | •Subcontractors vehicles |
| •Liability | •Hauling equipment and material |

Risk Control

- Ongoing maintenance program
- Driver qualification
- Vehicle Policy
- Employee use of own vehicles
- Drug & Alcohol Abuse Program
- Subcontractor insurance requirements & monitoring of insurance certificates

Risk Transfer & Risk Financing

- Indemnity from subcontractors and mandating insurance requirements
- Employees driving personal vehicles on company business to maintain sufficient personal insurance
- Liability for company owned vehicles Physical damage--catastrophe protection for concentration exposure of vehicles in a yard

Commercial General Liability

- Exposure Identification
- Coverage Review
- Coverage Modifications / Enhancements
- Risk Transfer
- Owners Contractors Protective Liability
- Railroad Protective Liability

**Commercial General Liability
Exposure Identification:**

- Premises you own or rent
- Ongoing construction activities
- Completed construction activities
- Acts of subcontractors / suppliers
- Liability of others assumed by contract
- Products
- Personal Injury (libel, slander, false arrest, etc.)
- Advertising of products or services

**Insurance Coverage – Commercial
General Liability**

- Provides coverage for liability arising from bodily injury, personal injury or property damage
- Covers three basic hazards
 - Premises/Operations
 - Independent Contractors
 - Products/Completed Operations
- Also covers
 - Personal and advertising injury
 - Medical payments

Insurance Coverage - Commercial General Liability

Types of Claims covered

Operating

- Damage to property adjacent to jobsite
- Injury to third parties visiting jobsite
- Injuries to subcontractor employee's

Contractual

- Liability assumed through a contractual agreement with a job owner that falls within the scope of coverage afforded under the policy to the named insured

Products/Completed Operations

- Bodily injury or property damage resulting from the contractors completed work

Commercial General Liability Coverage

Five Sections:

Section I - Coverages

- A. Bodily Injury / Property Damage
- B. Personal / Advertising Injury
- C. Medical Payments
- D. Supplementary Payments

Section II - Who Is An Insured

Section III - Limits of Insurance

Section IV - Commercial General Liability Conditions

Section V - Definitions

**Potential CGL Coverage
Modifications/Enhancements by Endorsement**

- | | |
|--|---|
| 1. Past joint ventures or partnerships | 9. Per project/per location |
| 2. Blanket Additional Insured as required by contract | 10. Blanket waiver or subrogation where required by contract |
| 3. Wrap Around | 11. Fellow employee exclusion deleted for supervisory personnel |
| 4. Alienated Premises | 12. Broad Form Named Insured |
| 5. Bodily injury and property damage from error or omission if caused by an occurrence | 13. Watercraft coverage extension |
| 6. Contractors Rework/Rip and Tear | 14. Employment practices |
| 7. Limited pollution | 15. Unintentional errors & omissions |
| 8. Leased employees | 16. Notice of occurrence |
| | 17. Knowledge of occurrence |

Commercial General Liability Coverage

Section I - Coverages - Insuring Agreements / Supplementary Payments

- Coverage A - BI & PD
 - Insurer pays sums insured legally obligated to pay because of BI & PD
- Coverage B - PI & AI
 - Similar to Coverage A except applies to injury arising from covered offenses
- Both Coverage A & B
 - Subject to exclusions
 - Duty to defend ends when policy limits exhausted
- Coverage C - Medical Payments
- Supplementary Payments
 - Includes cost of defense
 - Does not reduce policy limits

**Commercial General Liability
Section I - Some Key Exclusions**

- b. - Contractual Liability
- f. - Pollution
- g. - Aircraft, Auto or Watercraft
- h. - Mobile Equipment
- j. - Damage to Property
- k. - Damage to Your Product
- l. - Damage to Your Work
- m. - Damage to Impaired Property or Property Not Physically Injured

Contractual Liability Exclusion

- No coverage for damages the insured is legally obligated to pay because of assumption of liability in a contract
- Coverage given back when liability assumed under **“insured contract”**
- Not excluded if coverage would have applied in absence of contract

“Insured Contract” - Definition

- Contract for lease of premises
- Sidetrack Agreement
- Easement or License Agreement
- Obligation to indemnify a municipality
- Elevator maintenance agreement
- Part of contract or agreement under which you assume tort liability, subject to some exclusions

Aircraft, Auto or Watercraft

- GL policy is not proper policy to provide this coverage
- Coverage for certain types of equipment mounted on an “automobile”
- No coverage if vehicle is traveling from one jobsite to another

Watercraft Coverage Extension

- Exclusion g. excludes coverage for a watercraft owned or operated by or rented or loaned to an Insured
- This exclusion does not apply to a watercraft that you do not own that is:
 - Less than 26 feet long; and
 - Not being used to carry persons or property for a charge
- The watercraft coverage extension increases the length of the non-owned watercraft that is covered

Mobile Equipment Exclusion

- No GL coverage when mobile equipment transported by auto
- Coverage applies for liability arising from mobile equipment not being used for racing

Damage to Property Exclusion

- Coverage for premises rented short-term
- Coverage for “other than fire damage”
- Real or personal property in insured’s care, custody, or control (CCC) excluded
- Exclusion applies to premises formerly owned by insured
- Does not apply to structure built by an insured contractor that was never occupied by the contractor

Alienated Premises Coverage

- GL Policy excludes property damage coverage to premises a contractor sells, gives away, or abandons, if the property damage arises from those premises
- Exclusion does not apply if the premises are the contractor’s work and never occupied, rented, or held for rental by the contractor
- Potential gap in coverage for any contractor that might occupy premises they constructed

Alienated Premises Coverage (cont.)

- Modifying the GL policy can fix this coverage gap by:
 - Eliminating the alienated premises exclusion; or
 - Tailoring the exclusion to cover the exposure

Damage to Your Product/Work Exclusions

- No warranty coverage for your product or work
- Policy will respond to loss or damage caused by the product, but not damage to the product
- Work by subcontractor hired by insured is covered

Damage to Impaired Property or Property Not Physically Injured

- Losses resulting from products that don't perform as warranted by insured are excluded

Contractors Rework / Rip & Tear Coverage

- The standard GL policy covers losses arising out of the insured's negligence, that result in a Bodily Injury or Property Damage claim
- Exclusion n. in the GL policy precludes coverage for "faulty workmanship" or "faulty product" type claims

Contractors Rework / Rip & Tear Coverage (cont.)

- Endorsement provides coverage for the repair, replacement, alteration or removal of "your work" or "your product" that:
 - is structurally unsound
 - cannot be put to its intended use even if the Insured is not legally required to do so; or
 - is installed or sold subsequent to the Insured's work under separate contract, that must be removed in order to replace "your work" or "your product"
 - including any resulting loss of use caused by such work

Contractors Rework / Rip & Tear Coverage (cont.)

- Endorsement excludes coverage for:
 - a cosmetic defect
 - the failure or delay in fulfilling the terms of a contract or agreement
 - damages or loss that is covered by an all risk (special form) property insurance policy including builders risk or installation floater
 - Limit of Liability usually applies on both a per occurrence and annual aggregate basis
- Separate per occurrence deductible usually applies

Pollution Exclusion

- Excluded at premises owned by any insured
- Not Excluded for pollution from accidental escape of fuels, lubricants or operating fluids from Mobile Equipment
- Coverage applies for clean up of pollutants that have caused PD if coverage for PD is not excluded

Limited Pollution Coverage

- GL policy excludes coverage for:
- BI & PD arising out of release of pollutants, subject to exceptions
 - cleanup costs

Limited Pollution Coverage (cont.)

For most contracting exposures, GL policy provides coverage for:

- Smoke, fumes, or vapor from heating equipment
- Heat, smoke, or fumes from a hostile fire
- Operating fluids which escape from mobile equipment
- Pollutants brought into building during contractor's operations
- Named Insured if performing operations for Additional Insured

Limited Pollution Coverage (cont.)

Three coverage extensions can be used:

- CG 04 28: Pollution Exclusion - Named Peril Limited Exception for a Short-Term Pollution Event
 - Coverage for “short-term pollution events” caused by a “Named Peril”

Limited Pollution Coverage (cont.)

CG 04 29: Pollution Exclusion - Limited Exception for a Short-Term Pollution Event

- Same coverage as CG 04 28 (“short-term pollution event”) without Named Peril requirement

Limited Pollution Coverage (cont.)

CG 04 30: Pollution Exclusion - Limited Exception for Designated Pollutants

- Provides coverage for Insured's use of specified hazardous substances
 - off-premises operations
 - Insured's own premises (stored or in use)

Fellow Employee Coverage

- The GL policy covers employees as Insureds only for acts within the scope of their employment
- Employees are not Insureds for Bodily Injury or Personal Injury to another employee
- INJURY TO A FELLOW EMPLOYEE - provides coverage for specific employees or classes of employees, such as supervisory personnel

Coverage for Leased Employees

- "Leased worker" is included in the definition of an "employee"
- Exclusion e. in the GL policy excludes coverage for the Insured in cases where an "employee" is injured due to the fault of the insured
- CG 04 24 - COVERAGE FOR INJURY TO LEASED WORKERS - modifies the definition of "employee" to not exclude injury to leased and temporary workers

Section II - Who Is An Insured

- If Named Insured is partnership, JV, or LLC:
 - Employees are not insureds for BI or injury to partners or members
 - JV or LLC not covered unless listed on Dec Page or endorsement

Coverage for Past Joint Ventures

- 1998 GL policy excludes all JVs
- Coverage for active JV provided by separate policy
- Coverage for past JV provided by endorsement to Named Insured's GL policy
 - Blanket Completed Operations coverage
 - Benefits only Named Insured contractor

Broad Form Named Insured

- GL policy covers newly acquired/formed organizations for 90 days
- Endorsement extends coverage without time limitation for:
 - U.S. company where ownership is greater than 50%

Blanket Additional Insured Coverage

- Limits the scope of coverage to whom the Named Insured has agreed to by written contract but does not exceed policy limits
- Restricts limits of liability to the amount of insurance required by written contract
- Provides coverage on a primary basis if the contractor agreed to do so by written contract

Section III - Limits of Insurance

- Per occurrence, general aggregate, products-completed operations aggregate
- Limits of liability not affected by number of insureds on policy

Per Project/Per Location Aggregate

- CG 25 03 modifies Gen. Agg. to apply per project/per location (doesn't modify Prod/Comp. Ops Agg.)
- Catastrophic loss doesn't erode limits for remaining operations
- Assures owners/contractors that projects have adequate limits

Section IV - Commercial General Liability Conditions

- Defines insureds duties
- Other Insurance Clause
 - Defines method of sharing if GL is primary and there is other primary coverage available
 - Excess over any other insurance that is primary, excess or contingent subject to a few conditions
 - When GL is excess, insurer has no duty to defend unless no other insurer will defend

Blanket Waiver of Subrogation

- Subrogation Clause entitles the insurer to exercise the Insured's right of recovery against a third party
- Waiver of Subrogation prevents a first party's insurer from pursuing subrogation

Wrap Around Coverage

- Wrap-up "sponsor" provides WC & GL coverage for all contractors enrolled
- Participating contractors often exclude wrap-up from GL policy
- Wrap-up insurance may be less broad
- Solution - endorse GL policy to make coverage excess
- Can fill potential gaps in coverage

Employment Practices Coverage

- Employment Practices coverage is not specifically excluded from GL policy
- Many insurers add exclusions
- Separate policy provides coverage
- Various coverage options:
 - All forms of employment-related injury
 - Specific types of claims
 - Defense only

Unintentional Errors & Omissions

- GL policy Section IV Condition 6 addresses “Representations”
- Intent is that if Named Insured made material misrepresentation, insurer has grounds to void policy’s coverage
- Endorsement further qualifies coverage will apply if Named Insured makes an unintentional error or omission in disclosing information to the insurer

Notice of Occurrence

- GL policy states duties in event of Occurrence - Section IV Condition 2.
- States that insured must notify insurance company... “as soon as practicable”
- Endorsement restates policy’s requirement
- Further states “failure of agent, servant, or employee...other than the risk manager...to notify...shall not invalidate coverage.”

Knowledge of Occurrence

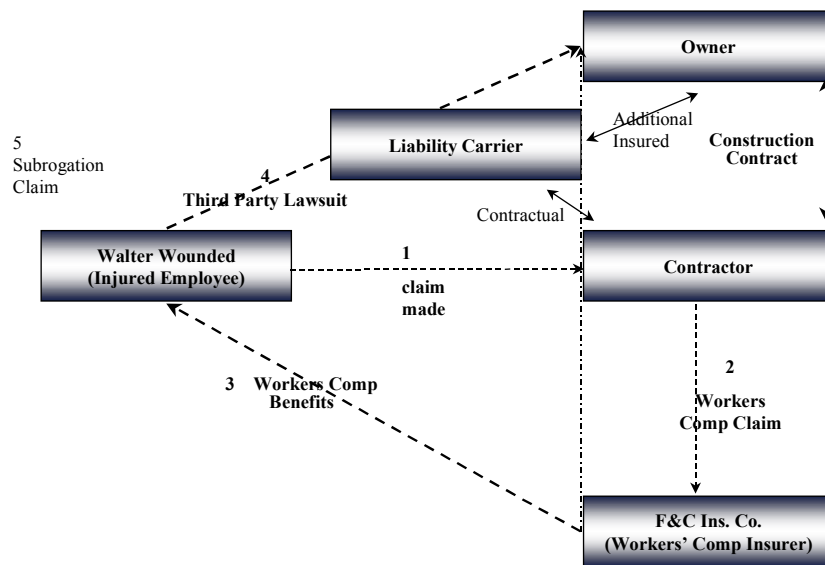
- GL policy states duties in event of occurrence - Section IV Condition 2
- Endorsement restates policy’s intent
- Provides further detail of what constitutes “knowledge of occurrence” and who needs to know about the occurrence

Changes in ISO Forms

- ISO has filed changes, but has not yet been approved
- Most proposed changes relate to Electronic Data
- Proposed changes don't really apply to construction risks
- Most changes address how general liability policies will respond to Internet exposures

Risk Transfer

Third Party Over Claim & Subrogation



Three Ways to Transfer Liability

- Contractual Agreement
- Additional Insured
- Owners Contractors Protective Liability Policy (OCP)

Additional Insured

Owner can be added as additional insured on contractor's GL policy

- Most common approach
- GL Other Insurance provision

Disadvantages:

- Owner and contractor share limits
- Cancellation notice sent to contractor, not owner

Alternative to Additional Insured OCP - What Is It?

- Policy purchased by contractor to cover owner
- Named Insured is the project owner
- Contractor who purchases insurance is "designated contractor"
- Occurrence coverage trigger

OCP - Advantages

- Owner has separate limits from contractor
- Cancellation notice given to owner

OCP - Disadvantages

- No Completed Operations Coverage

Railroad Protective Liability

- Refer back to RR Exclusion in CGL policy - many railroads require use of RRP to bridge gap in coverage
- Railroad is named insured
- Generally covers 3 things:
 - Bodily injury and property damage (GL)
 - FELA Benefits for RR Employees
 - Damage to RR rolling stock
- Many forms, the most common is CG 00 35 (developed jointly by RR and Insurance Industry).
- Other forms include NY Form and Oregon Form

Professional Liability

Insurance Coverages - Professional Liability for Contractors

What drives the need for this coverage?

- The advent of Design/Build
- CM/PM Risks
- Owner assigned design responsibilities
- Value Engineering where an engineering seal is provided by contractor
- New contracts which call for construction firms to assess adequacy of design

Insurance Coverages - Professional Liability

Contractors may have a professional liability exposure if:

- Have in-house architects/engineers conducting design phase and placing their seal on working drawings and papers
- Contractor hires an outside architectural/engineering firm to perform design work (can be design/build work)
- Perform construction management projects and involved inspection, scheduling and supervision of work and approvals of designs, plans, specifications and construction processes

Coverage for BI/PD from an Error or Omission

- GL policy: no absolute professional liability exclusions
- Coverage for BI/PD from error or omission if caused by occurrence
- When there is professional exposure, one of three endorsements can be used

Coverage for BI/PD from an Error or Omission (cont.)

CG 22 43 - Exclusion - Engineers, Architects or Surveyors Professional Liability

- Excludes coverage for “professional services”

Coverage for BI/PD from an Error or Omission (cont.)

CG 22 79 - Exclusion - Contractors Professional Liability

- Same as CG 22 43 except
- Does not exclude “means, methods, techniques ... in your capacity as a ... contractor”

Coverage for BI/PD from an Error or Omission (cont.)

CG 22 80 - Limited Exclusion - Contractors - Professional

- Excludes coverage for “professional services” when not done “in connection with construction work performed by you ...”

Coverage Approaches

- None of these address design liability sold as a service to third parties or economic losses arising out of professional services

**Professional Liability for
Contractors - The Market**

- Highly competitive with forms now available for contractor's (previously these forms were often modified A/E professional forms)
- Forms cover a range of losses arising out of "Wrongful Acts" - Different coverage trigger the General Liability
- Applications usually a warranty which can create coverage issues - They are a part of the policy
- Policy typically lists activities covered
- All forms are "claims made" triggers

**Professional Liability for Contractors –
The Market (cont.)**

- Typically include several exclusions:
 - No coverage for contractually assumed liabilities
 - Damage to insured's own work
 - Cost exceeding estimates
 - Warranties
 - Punitive and exemplary damages

Note: all forms are company specific and can be tailored with negotiations with underwriters

Environmental Liability

Environmental Exposures for Contractors

- Operational - jobsite
 - Pre-existing contamination, utility lines, chemical/product spills, waste materials, mold/fungus
- Transportation
 - Spills during transport, collision, transport/disposal of contaminated fill material
- Disposal
 - Improper disposal of waste at site, misclassification of fill material
- Owned Property - garage, quarries, batch plants, etc.
 - USTs, equipment, pre-existing contamination, product use

General Contractors Pollution Liability

- Claims made/occurrence trigger
- Covers: liability due to pollution conditions arising from covered operations performed by or on behalf of insured
- Project or blanket coverage

CPL

- Can be amended to include lead and asbestos in some cases
- Several companies have combined CPL and E & O forms which offer limits efficiencies and common claims handling
- Coverage does not apply to contractors own, leased, rented or occupied property. Only to incidences arising out of jobsite operations.

Key Coverage Issues in Today's Market

- EFIS Exclusions
 - Significant long-term exposure to industry
 - Most carriers now excluding this type of work or only covering above large deductibles
- Mold
 - Hottest topic in insurance
 - Exclusions now being drafted and applied by several carriers
 - Issue is one of definition - mold is not considered a pollutant by many carriers yet most carriers are uncomfortable with general liability coverage applying
 - Continuous Property Damage
 - Arose out of Montrose decision
 - Carriers seeking to avoid multiple policy terms applying
 - Not universally being applied yet, but expect more carriers to use in the future

Umbrella

Insurance Coverages - Umbrella

- Designed to provide the insured with high limits of coverage for catastrophic loss
- Excess over General Liability, Auto Liability and Employers Liability
- May be broader than primary - Self insured retention applies
- No standard form - Read Carefully

Umbrella Issues

- Follow form of underlying coverages
- “Pay on behalf of” vs “Indemnify”
- World wide territory coverage
- “Drop down” coverage once underlying insurance has been exhausted
- Defense provision in addition to policy limits
- In the case of primary insurer insolvency, the umbrella liability policy will “drop down” above the “self-insured retention” and provide excess liability

Surety Bonds

Surety Bonds

- Bid Bond
 Guarantees that a contractor
 - Will undertake the project if awarded the contract
 - Will provide additional bonds as required by the construction contract
 - If the contractor defaults, the bond pays the owner the difference between the defaulting contractor’s bid and the next lowest bid, up to the bond penalty amount

Surety Bonds

- Performance Bond
 Guarantees that the contractor will
 - perform the work in accordance with the construction contract and related documents
- In the event of loss the surety company may;
- provide funds to keep the contractor involved to complete the work
 - hire another contractor to complete the work
 - pay the owner an amount equal to the surety’s liability under the bond

Surety Bonds

- Payment Bond
Guarantees that
 - suppliers and subcontractors will be paid for material and labor furnished to the contractor
 - the owner will have a project that is free of liens
 - lower-tier contractors and suppliers will be paid in a timely manner

Specialty Coverages

Force Majeure

- “riot, war, court orders, governmental order or regulations, acts of god, fire, accident, strikes, differences with workers, delay of carriers, or other contingencies beyond the reasonable control of either party”
- Physical damage is already covered, but not lost time without direct damage

Efficacy

Systems performance - The reduced value of the structure due to performance issues. May be insured separately, as part of a professional liability policy or on a builder's risk form

Wrap Ups

Wrap Ups

- The sponsor purchases the coverage for some or all of the contractors at a project
- The sponsor can be the Owner or Contractor
- May be General Liability, Worker's Compensation, Excess or all three
- Contractor suspends own coverage for the job and relies on the Wrap Up
- Sponsor expects a credit for providing the insurance
- Watch for;
 - Off job exposures
 - Restrictive or limited coverage

Why do a Wrap Up?

- Control Issues
 - Everyone on site has appropriate coverage
 - Consistent limits
 - Consistent program throughout the life of the project
 - Uniform Safety
 - Claims handling and management issues
- Cost Issues
 - Lower cost through streamlined claims handling, eliminates contractor vs contractor issues
 - Economies of scale
 - Better loss experience on Wrap Up programs

Why not a Wrap Up?

- Is there really a savings?
 - Handling change order
 - Participant deductions
- Can Contractors afford to give a credit
 - Flat rate programs
 - Minimum premiums
 - Reducing premiums on non Wrap Up projects can influence available markets and rating programs
- Availability of Contractors
 - Some contractors avoid Wrap Ups
 - Extra admin reports
 - Subcontractor hassles
 - Coverage issues
- Sponsor Administration Effort

Session later in week

- Contractors in wrap ups
- AGC effort - Best Practices