

## Workshop H2

*Thursday, October 12, 8:30 a.m. – 11:15 a.m.*

# **CONTRACTOR EXPOSURE SURVEY AND COVERAGE CHECKLIST**

Presented by



**Steven D. Davis**  
Senior Vice President  
McGriff, Seibels & Williams, Inc.



**Jeffrey A Segall**  
Vice President, Construction  
CNA

A contractor's loss exposures can change over time as it ventures into new types of work and new project locations. Even if its operations don't change significantly, risks can emerge out of changes in laws and judicial rulings. And changes in insurance policy forms and endorsements can affect coverage for construction risks. Using newly completed AGC tools as a guide, this workshop will show contractors and their insurance representatives how to avoid unexpected gaps between exposures and coverage.

- Demonstrates the types of information that can help identify a contractor's loss exposures and provides insight into why this information is important to underwriters.
- Reviews key areas of a contractor's insurance program, including recent changes that impact the scope of coverage.
- Provides a tool for analyzing a contractor's risks and identifying potential coverage gaps.

This session is designed around the Associated General Contractors' (AGC) Risk Profile and AGC Insurance Checklist. These documents are available for download at no charge on the AGC website.

[AGC Risk Management Forms](#)



# 5 reasons CNA is the right insurance solution for contractors.

- 1** We understand the construction business and insure a significant share of the industry.
- 2** We provide enhanced critical coverages for contractors that aren't readily offered by other carriers. These include enhancements like wrap around and excess limits coverages for work performed on Wrap-ups.
- 3** We provide Risk Control programs, information and education—via the Web, printed guides and classroom training—that can help identify and reduce your loss exposures.
- 4** Our experienced claim adjusters process claims quickly and fairly and help injured workers get healthy and return to work sooner. Your agent can access cases—day or night—through our Claim Web site. We make certain claim information available, as permitted by law.
- 5** We actively listen to the needs of contractors and constantly look to refine our products and services. One of the ways we accomplish this is through our association with risk management leaders, such as IRMI.

We're a great insurance **partner** when you need us most.

CNA helps manage the unique risks of construction professionals. Our partnerships with trade associations, industry experts and independent agents ensure that we stay ahead of industry trends and develop coverages based on your needs. And with more than 100 years of experience providing Claim and Risk Control services, we're there.

To find out more about CNA, call your local independent agent or visit [www.cna.com](http://www.cna.com).

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**Steven D. Davis**  
**Senior Vice President**  
**McGriff, Seibels & Williams, Inc.**

Mr. Davis is copresenting Workshop H2, "Contractor Exposure Survey and Coverage Checklist," on Thursday. He is senior vice president and director of Construction Risk Services of McGriff, Seibels & Williams in Birmingham. He is the practice leader for Construction Risk Services at MSW and is responsible for negotiation, placement, servicing, and client presentations to the construction industry. He is recognized throughout the industry in program design and alternative risk financing methods, such as captive insurance companies. He is a past recipient of IRMI's Words of Wisdom award, and he is widely published in insurance and construction periodicals. In addition to the IRMI Construction Risk Conference, he also participates on the national construction risk management speaking circuit for organizations such as AGC, CFMA, and AICPA. He was a contributing author for *Construction Accounting Deskbook 2000-2004*, published by Harcourt, and has recently authored the national AGC's new publication titled *Risk Management, Insurance & Bonding for the Construction Industry*.

Mr. Davis holds a bachelor of business administration degree in insurance and risk management from the University of Texas at Austin and has also received the Associate in Risk Management (ARM) and Chartered Property and Casualty Underwriter (CPCU) professional designations.

**Jeffrey A Segall**  
**Vice President, Construction**  
**CNA**

Mr. Segall is copresenting Workshop H2, "Contractor Exposure Survey and Coverage Checklist," on Thursday. As CNA's vice president of Construction, he is responsible for developing strategy and best practices for the construction segment. Along with the regional construction assistant vice presidents and the Home Office staff, he is helping to establish CNA as the premier writer of middle and large construction accounts. Mr. Segall's key roles are to support trading partnerships with designated construction-focused agents and the implementation of local market strategies which address variances in jurisdiction and market opportunities. Mr. Segall is an important construction industry resource, sharing his expertise speaking at industry conferences and contributing to numerous trade publications.

Prior to joining CNA, Mr. Segall was a senior vice president in the Construction Risk Management Group of Willis. In that role, he provided marketing and account servicing assistance to Willis offices and key clients. His prior experience includes various positions at AIG, St. Paul, and a number of agencies now affiliated with Aon and Acordia. He began his insurance career in 1972.

Mr. Segall holds a bachelor's degree in business administration from the University of Texas in El Paso. His professional insurance designations include Associates in both Underwriting and Risk Management, Construction Risk and Insurance Specialist (CRIS), Certified Insurance Counselor, Chartered Property Casualty Underwriter, and Certified Risk Manager. He is recipient of the Continuing Professional Development program award.

## ***Notes***

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# CONTRACTOR EXPOSURE SURVEY AND COVERAGE CHECKLIST

**Steven D. Davis**  
**McGriff, Seibels & Williams, Inc.**

**Jeffrey A Segall**  
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**2. Type of Organization**

- Individual Partnership
- Corporation
- Joint Venture
- Partnership
- Limited Liability Corporation
- Subchapter S
- ESOP
- Other

**Discussion Points**

1. Affects All Policies
2. Completed Operations
3. Risk Financing
4. How Is Work Obtained?

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**7. List of All Affiliated Entities, Including Current Joint Ventures, Partnerships, Trusts, Subsidiaries, Etc.**

**Discussion Points**

1. Who Is Insured
2. Exposures by Entity
3. Classifications of Operations
4. Segregation of Exposure

NAME	ANNUAL PAYROLL	TOTAL REVENUES	NUMBER OF EMPLOYEES
a.			
b.			
c.			

**11. Acquisitions**

- Currently in an Acquisition Mode?
- Have You Acquired Any Other Organizations in the Past Five Years? If So, Please Provide the Name, Date of Acquisition, and Major Product/Service.
- If Yes, Were All Liabilities Assumed?

**Discussion Points**

1. Liability
2. Due Diligence
3. Completed Operations
4. Risk Financing of Exposure
5. Discontinued Operations
6. Experience Modifiers
7. Historical Loss Data
8. Acquisition – Land or Entity

**14. List Any Discontinued Operations**

- Describe Any Entities Sold, Spun Off, or Otherwise Discontinued During This Time.
- Were All Liabilities Disposed?

## 12. Joint Venture Exposure

- How Many in Past Five Years?  
\_\_\_\_\_
- List Name(s)  
\_\_\_\_\_
- List Type of Work  
\_\_\_\_\_
- List Percent Interest  
\_\_\_\_\_
- List Revenues  
\_\_\_\_\_
- List Termination Date  
\_\_\_\_\_

### Discussion Points

1. Separate J.V. Liability
2. Umbrella Impact
3. Completed Operations
4. Type of Work

## 13. How Many of These Joint Ventures Are Currently Active?

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## 15. Foreign Operations

- Describe Work Performed Abroad and Provide Details of Payroll, Receipts, and Project Size.
  - Name of Project
  - Type of Construction
  - Payroll
  - Volume
  - Complete

### Discussion Points

1. Local Insurers
2. DIC Liability
3. Jurisdictional Issues
4. Foreign WC Challenges
5. Limits

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## **16. Subcontractor Exposure**

- Percentage of Work Sublet
- Dollar Volume
- Description of Work Performed by Subs
- Certificates of Insurance Required
- Minimum Coverage Standards
- Obtain Copy of Sample Certificates

### **Discussion Points**

1. Action – Over Claims
2. Subcontract Audits
3. Certificate Compliance
4. Pre-Qualification
5. Subcontractor Default
6. Surety

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## **17. Aircraft Exposure:**

- Owned
- Non-owned
- Total by Type of Owned/Non-owned

### **Discussion Points**

1. Owned
2. Hired/Charter
3. Limits
4. Use

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**18 a. Owned Watercraft, Docks, or Floats Exposure**

- Number Owned
- Length and Horsepower
- Location and Use

**Discussion Points**

1. Protection & Indemnity
2. Jones Act
3. USL&H
4. Waterborne Equipment
5. Use

**18 b. Non-owned Watercraft Exposure**

- Under and Over 26'

**19 Work Performed on Watercraft, Docks, Floats, Rigs, or Fixed Platforms:**

- Revenues      ■ Payroll

**20 Jones Act or United States Longshore and Harbor Workers Compensation Act Exposure**

- USL&H      ■ Payroll
- Maritime      ■ Payroll

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**21. Crane Exposures**

- Are Cranes or Hoists Used in the Course of Construction?
- Are Cranes or Lifting Devices Leased?
- Contractor's Equipment Policy Cover Leased Equipment?
- Number Owned?
- Total Equipment Rental Expense That You Operate

**Discussion Points**

1. Care, Custody, & Control
2. Rigger's Liability
3. Boom Collapse
4. Waterborne

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**22. Non-owned Property in Care, Custody, or Control Where Value May Exceed \$1 million:**  
*(Other than leased premises)*  
*(Responsibility covered by insurance?)*  
*(Hold-harmless agreement in place?)*

**Discussion Points**

1. Builder's Risk
2. Fire Legal Liability
3. Rigger's Liability
4. Qualifications
5. First-Party Coverage

- No Identifiable Exposure
- Less Than \$1 Million Exposure
- More Than \$1 Million Exposure

**23. Equipment Leased or Rented to Others**

- With or Without Operator
- Percentage of Each Total Revenue

**36. Care, Custody, & Control of Leased Premises**

ADDRESS	OCCUPANCY	VALUE EXPOSED	WAIVER?	HOLD HARMLESS?	INSURED?

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**30. Pollution Exposure**

- Retrofit for Remodeling Revenues
- Remediation Revenues

**31. Asbestos Exposure**

- Any Remediation Work Performed
- Remediation Revenues
- Direct Revenues of Asbestos Work
- Amount of Direct Work That Is Subbed Out

**35. Hazardous Wastes Exposure**

- Processing
- Storage Facilities
- Generating Hazardous Waste in Operations
- Transportation of Hazardous Waste

**Discussion Points**

1. Site
2. Renovation
3. Owned WF or Subcontract
4. Pollution Policies
5. CGL – Hostile Fire
6. MCS-90

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**32. Work Done Within 50' of Railroad Right-of-way**

- Amount of Revenues

**33. Government Contracts Exposure**

- Amount of Revenues

**Discussion Points**

1. RRP/OCP
2. Limits
3. Subrogation
4. Ongoing versus Completed Operations
5. Master versus Site Specific
6. Pricing – Contract/Work Within 50' of RR
7. Additional Insured Option

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**38. Product Exposure**

- Any Sales Manufacturing or Distribution of Products to Third Parties?
- Any Foreign Products Distributed in U.S.?
- Any U.S. Products Distributed in Foreign Countries?
- Any Products Discontinued in Past Five Years?
- Any Products Used/Installed in Aircraft or Spacecraft?
- Install, Service, or Demonstrate Products?
- Insure Your Vendors?
- Describe Any Current Products Exposure

**Discussion Points**

1. "Product" as Defined
2. Third Party
3. Internal Sales
4. Loss Data

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## 40. Professional Liability

- In-house Design Services and Fees
- Subcontracted/JV Design Services and Fees
- Construction Management, Agent Only Revenue CM Fees and At Risk Revenue CM Fees

### Discussion Points

1. Policy
2. Practice versus Project
3. Design Build/CM
4. CM at Risk
5. Claims – Made
6. Subcontract Exposure
7. CPPI Versus A/E

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## 42. Vehicle Analysis

### Discussion Points

1. Use/Miles/Territory
2. MVR
3. Driver Policies
4. Mobile Equipment – Auto
5. Plant Units

TYPE	NUMBER OWNED	0-50 Miles	50-200 MILES	+200 MILES
PRIVATE PASSENGER				
TRUCKS LIGHT MEDIUM HEAVY EXTRA HEAVY				
TRUCKS/TRACTORS HEAVY EXTRA HEAVY TRAILERS				
BUSES/VAN POOLS				
TOTALS				

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#### **44. Safety Management**

- Pre-employment Checks
- Pre-employment Physicals
- Pre-employment Drug Tests
- Driver Motor Vehicle Registrations Screened
- Union Workforce
- Pre-job Safety Assessment
- Structured Accident Investigation
- Training/Orientation Programs
  - Maintaining Equipment
  - Transporting Equipment
  - Shop Safety
- Post Accident Screening

##### Discussion Points

1. Safety Assessments
2. Boot Camps
3. Benchmarking
4. Strategic Planning Tool
5. In Writing – Do It

#### **45. Incentive Programs in Place**

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#### **49. Subcontractor Exposures**

- Use Standard Subcontract
- Scope of Indemnity Obtained:
  - Limited – Sub’s Negligence
  - Joint – Both Sub’s and Your Negligence
  - Broad – Your Negligence
- Require Waiver of Subrogation
- Require Naming as Insured
- Insurance Considered Primary
- Obtaining Valid Certificate, a Requirement to Make Payments
- Do You Have a Minimum Limit of Coverage That You Require of Your Subcontractors? If So, the Amount :
  - General Liability
  - Auto Liability
  - Employers Liability
- Do You Require Subs to Carry Owner’s/Contractor’s Protective Policies in Your Favor?
- What Percentage of Subcontractors Work Is Covered by Surety Bonds?

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## **47. Owners and General Contractors (GCs) Exposures**

- With Owners/GCs, Is There Usually a Standard Contract, i.e., AIA, AGC?
- If You Sign Contracts Other Than Standard AIA, AGC, Do You Routinely Review Indemnification, Professional Liability, and Other Insurance Clauses?
- Is This Review Done by Your Staff Attorney?
- If Not by Staff, Who Reviews?

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## **50. Large Loss Review, Past Five Years' General & Automobile Liability, and Workers Compensation**

- Have Any Losses Been Paid by Your Umbrella Insurer?
- Has Your Insurer Set Up Any Reserves to Your Knowledge?
- Any Subcontractor Employee Fatalities/Spinal Cord Injuries Past Four Years?
- Any Subcontractor-Related Suits Pending?
- Any Suits Pending That Are Being Defended by Your Current/ Prior Insurance Company That Involve Demands in Excess of \$1 MM by Plaintiff?
- With Regard to Your Operations, Any Recent Injuries of the Following Types to Employees or Third Parties:
  - Spinal Cord Injury and/or Paraplegia/Quadriplegia
  - Brain Damage and/or Injuries to Central Nervous System
  - Serious Burns or Disfigurement
  - Blindness or Significant Injury Involving Sight
  - Fatalities
  - Injuries Affecting the Reproductive Organs
  - Amputation of One Or More Upper Or Lower Limbs
  - Multiple Fractures with a Sizable Residual Impairment
  - Severe Cosmetic Deformities
  - Other Case Where the Injury Potential Is Such That It Alone Could Exceed \$1MM

### **Discussion Points**

1. Post Accident Changes
2. Large Loss Analysis
3. Impact Second Injury
4. Discontinued Operations
5. Discuss in Detail
6. Umbrella Coverage

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