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## What's in the CRIS Certification Program for Contractors?

By Cassandra Dillenberger, Esq.

A year ago, the International Risk Management Institute (IRMI) introduced the Construction Risk and Insurance Specialist (CRIS) certification, which signals contractors that insurance agents and brokers who have earned it possess a comprehensive knowledge and understanding of the risks contractors need to insure against.

The CRIS courses also have valuable information available for contractors and their managers who develop risk management strategies and purchase insurance. In fact, a notable number of the professionals who have started or completed the CRIS curriculum are contractors or employees of construction firms, according to IRMI's executive director, Jack Gibson.

**Filling a knowledge gap.** Gibson, who designed the program and wrote several of the courses, saw there were many brokers and agents who were generalists who could not properly service their contractor clients because they were not developing insurance programs that would adequately address their special needs.

The program is also designed to educate contractors and their employees, such as CFOs, risk managers, in-house counsel, and contracting officers, about the insurance available to cover the risks they face and how the insurance works.

**The idea is to make contractors educated consumers and the brokers that service them more knowledgeable.** The anticipated effect is to make contractors more competitive in their business by enabling them to have a cost-effective insurance plan in place.

As in-house counsel to a small construction and real estate development company, I found many of the courses to contain practical information. For

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example, how the insurance market works, how to analyze whether your claim is covered, how to determine which policy period applies to the claim you received, what to look for in coverage, what additional add-on's might be useful to contractors, and how claims are administered.

As the program instructions recommend, I took the "Fundamentals of Construction Risk Management" course first. It contains the most valuable information for those who are not insurance specialists and is a springboard for the core courses, which are more detailed and technical in nature (see the sidebar below). The course also addresses how to read the policies. For example:

- Carefully read the declarations page to confirm the coverage requested is actually what is being supplied;
- Check that the endorsements listed are attached; and

- Confirm there are no additional endorsements attached to the policy.

*Note:* Policy endorsements can change and vary the scope of the coverage being provided, and therefore it is important to pay attention to these sections of the policy.

Overall, the course materials provide useful examples of complicated concepts so the reader can understand the principles being explained. They enable contractors to move past a basic understanding of what their insurance limits are to an understanding of what risks their policies are and are not intended to insure. These concepts are essential for contractors to understand so they can make informed decisions when they purchase their insurance.

*Another takeaway:* The course also describes alternate insurance plans that are designed to finance risk in ways that manage that risk and aid in cash flow (e.g., self-insurance plans, loss-sensitive plans,

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and large deductible plans). It is helpful for contractors to know there are alternatives available for insuring their risks with different ways of calculating premiums.

As a company, we have availed ourselves of at least one of these strategies by purchasing our workers compensation insurance through a safety group that issues a dividend and provides an up-front automatic discounted rate for the policy. The safety group program has generated a significant cost savings for us.

**What contractors say about the CRIS courses.** I spoke with participants in the CRIS program who worked for contractors. **All found the courses useful.** The less experienced they were in insurance, the more useful they thought the material. In fact, many had used the information to change the way they examined their policies, and others found coverage gaps that were not apparent to them before.

Kevin Stroupe, CFO of Clark Sullivan, who comes from a public accounting back-

**Information Contractors Can Use From the CRIS Continuing Education Program**

- **Commercial Liability Insurance for Contractors:** This course covers commercial liability policies, umbrella policies, and when you are required to report a claim under a policy. It explains in clear terms what is typically insured by these—and more important—what is typically excluded. As anyone who has read their liability policy knows, the broad coverage language on the first pages of the policy is severely limited by the 50 or more pages of exclusions and endorsement that follow.

- **Contractual Risk Transfer in Construction:** *One of the least exciting* named courses offered is this one. However, it is an incredibly important topic for both large and small contractors. Few small contractors pay attention to the hold-harmless and indemnity language in their contracts with owners. The language changes how risk is allocated between the owner and contractors. In fact, these paragraphs can change the whole scheme of how a contractor's insurance will work and how the owners will work in connection therewith.

- **Commercial Auto, Surety, CIPs, and Miscellaneous Lines:** This course covers auto liability insurance; professional liability insurance policies for contractors, architects, and engineers; pollution liability insurance; employment practices liability insurance; directors' and officers' insurance; fiduciary liability insurance; surety bonds (e.g., bid bonds, performance bonds, and payment bonds); and controlled insurance programs. Most contractors have had to purchase a commercial auto policy and deal with surety issues.

- **Property Insurance for Contractors:** This course covers commercial property insurance; builder's risk and installation policies; contractors' equipment policies; and commercial crime policies and equipment breakdown policies and their respective coverage and exclusions.

Property insurance and equipment policies deal with the contractor's own property (or leased property/equipment). Builders' risk policies provide insurance for construction work in progress.

The information provided in this course is also very useful for contractors, including small ones. Even contractors who work for third parties need to be familiar with what builders' risk covers and does not cover even though an owner or contractor may purchase this type of insurance.

- **Workers Compensation for Contractors:** This course addresses principles of workers' compensation coverage, including how rates are calculated and how experience ratings affect the premiums charged for the policies. The course is useful, except a lot of contractors are fairly familiar with these concepts.

As workers' comp coverage in any given state is regulated by both state statutes and case law, this course is mostly useful as an overview of the policy coverage information, how premiums are computed, and other potentially available premium rating schemes such as guaranteed cost programs and retrospective rating plans.\*

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\*Some of these rating methods may not be available in all states, and many are not advisable for small contractors. Retrospective rating plans base final premiums on actual losses incurred during a policy year and usually require larger minimum premium payments than a guaranteed cost rating plan. Therefore, these rating plans may result in a wide variance in premium payments in a given year because premiums are based on actual losses and many small contractors prefer, for cash flow purposes, to know in advance what their annual premium will be.

ground, found he was able to better identify coverage gaps in his company's insurance policies after taking the courses.

Jenni Lowe, an assistant risk manager for McMillin Construction, a general contractor, is using the program to help her review insurance requirements for her company and as a preface to later certification programs, such as a CPCU.

However, risk manager Jeff Arnold, from Traylor Bros. Inc., a large public infrastructure contractor, used the course exams to test his knowledge base and the contractual risk transfer course to help modify and strengthen the language used in his company's contracts with owners.

The contractors I spoke with did not intend to use the CRIS designation right away, although some felt the designation certainly would be useful in marketing themselves for future employment.

In general, I found the courses very useful for answering the many questions I encounter in our business as both an owner and contractor that I previously would have had to ask our insurance broker. These questions range from, "What does it mean to be an additional insured on a subcontractor's commercial liability policy?" to "How do we answer our site super's hypothetical questions of 'What happens when X occurs on the site?'" For example, when the electrician's faulty wiring causes a fire that damages the

project, an adjacent property, and injures an employee of another contractor on the job, who is liable?

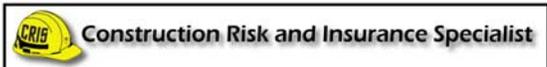
Thankfully, these questions have been hypothetical, but the answers have been used to shape our insurance requirements from subcontractors, our contract language, and the types of insurance coverage we have sought to purchase. At this point, to insure we get the coverage we really need, I am reviewing our current policies and developing checklists and questions for our broker to review when our renewal time comes up

**For more information:** The CRIS courses are anticipated to take between six to 10 hours to complete depending on the level of knowledge of the participant. The end exam is typically 50 questions of which you must get 70% correct (or more if you are taking it for continuing education). Cost: \$49 for each course; \$245 for the total CRIS curriculum (not including the fundamentals course).

Visit [www.CRIS-CE.com](http://www.CRIS-CE.com) for more details. □

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*Cassandra Dillenberger is in-house counsel for Abra Construction Corp., a Brooklyn, New York-based construction and developer firm. She is also a member of CBMR's editorial advisory board.*



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