

Construction Risk Management

Presented By
Alliance West Insurance

Your Presenter:



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What we will cover:

- Types of Insurance:
 - General Liability
 - Professional Liability
 - Property
 - Builders Risk
 - Commercial Auto
- Questions & Answers



CERTIFICATE OF LIABILITY INSURANCE

DATE (MM/DD/YYYY)
05/05/2021

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.

IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).

PRODUCER	CONTACT NAME: JULIE ROBBLEE PHONE (A/C, No, Ext): 253-301-4527 FAX (A/C, No): 253-507-4527 E-MAIL ADDRESS: JULIE@ALLIANCEWESTINSURANCE.COM
INSURED	INSURER(S) AFFORDING COVERAGE INSURER A: SAMPLE CARRIER A 11111 INSURER B: SAMPLE CARRIER B 2222 INSURER C: INSURER D: INSURER E: INSURER F:

Alliance West Insurance, Inc.
6919 LAKEWOOD DR W STE.D-1
TACOMA, WA 98467

ABC PRECISION TRIM
123 CONSTRUCTION ST
BUILDING TOWN, WA 99999

COVERAGES CERTIFICATE NUMBER: REVISION NUMBER:
THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED BELOW HAVE BEEN ISSUED TO THE INSURED NAMED ABOVE FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THIS CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, EXCLUSIONS AND CONDITIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

INSR LTR	TYPE OF INSURANCE	ADDL SUBR INSD Y/N	POLICY NUMBER	POLICY EFF (MM/DD/YYYY)	POLICY EXP (MM/DD/YYYY)	LIMITS
A	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY <input type="checkbox"/> CLAIMS-MADE <input checked="" type="checkbox"/> OCCUR GEN'L AGGREGATE LIMIT APPLIES PER: <input type="checkbox"/> POLICY <input type="checkbox"/> PRO-JECT <input type="checkbox"/> LOC OTHER:	Y Y	111222333	01/01/2021	01/01/2022	EACH OCCURRENCE \$1,000,000 DAMAGE TO RENTED PREMISES (EA occurrence) \$100,000 MED EXP (Any one person) \$5,000 PERSONAL & ADV INJURY \$1,000,000 GENERAL AGGREGATE \$2,000,000 PRODUCTS - COMP/OP AGG \$2,000,000 \$
B	AUTOMOBILE LIABILITY <input type="checkbox"/> ANY AUTO <input type="checkbox"/> OWNED AUTOS ONLY <input checked="" type="checkbox"/> HIRED AUTOS ONLY <input type="checkbox"/> SCHEDULED AUTOS <input checked="" type="checkbox"/> NON-OWNED AUTOS ONLY	Y	444555666	01/01/2021	01/01/2022	COMBINED SINGLE LIMIT (EA accident) \$1,000,000 BODILY INJURY (Per person) \$ BODILY INJURY (Per accident) \$ PROPERTY DAMAGE (Per accident) \$ \$
A	UMBRELLA LIAB EXCESS LIAB <input type="checkbox"/> OCCUR <input type="checkbox"/> CLAIMS-MADE DED. RETENTIONS	Y	111222333	01/01/2021	01/01/2022	EACH OCCURRENCE \$1,000,000 AGGREGATE \$2,000,000 \$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY ANY PROPRIETOR/PARTNER/EXECUTIVE OFFICER/MEMBER EXCLUDED? (Mandatory in NH) If yes, describe under DESCRIPTION OF OPERATIONS below	Y/N N/A	111222333 (STOP GAP)	01/01/2021	01/01/2022	PER STATUTE OTH-ER E.L. EACH ACCIDENT \$1,000,000 E.L. DISEASE - EA EMPLOYEE \$1,000,000 E.L. DISEASE - POLICY LIMIT \$1,000,000

DESCRIPTION OF OPERATIONS / LOCATIONS / VEHICLES (ACORD 101, Additional Remarks Schedule, may be attached if more space is required)

CERTIFICATE HOLDER IS NAMED ADDITIONAL INSURED AS PER POLICY TERMS, CONDITIONS, COVERAGES, LIMITS AND EXCLUSION AS THEIR INTEREST MAY APPEAR IN OPERATIONS OF THE NAMED INSURED

CERTIFICATE HOLDER	CANCELLATION
CERTIFICATE HOLDER NAME CERTIFICATE HOLDER ADDRESS	SHOULD ANY OF THE ABOVE DESCRIBED POLICIES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS.
	AUTHORIZED REPRESENTATIVE <i>Julie Robblee</i>

General Liability Insurance

General Liability Insurance (GL) - offers liability coverage against third-party claims. A "third-party claim" is a lawsuit or a demand for compensation brought against your business by anyone who doesn't work for you.



General Liability Insurance

If your company is sued for a General Liability Insurance claim, your policy can cover attorney's fees, settlements or court-ordered compensation, docket fees, and other legal costs (up to your policy limits).

General Liability Insurance

Common Types of General Liability Coverage.

- ❑ **Premises Liability** – If someone is injured on your property or worksite.

Ex: Having a wet floor at your place of business and a client slips and injures themselves. Or you are on a job site and drop materials or tools while on a ladder and injure a passerby.

General Liability Insurance

- ❑ **Products-Completed Operations Liability** – Covers bodily injury or property damage that was caused by services that you have already completed or products you have already produced. This coverage will not cover the cost of restoring, repairing, or replacing your work that was incorrectly performed.

Ex: Six months after a roofing contractor finishes work at a bank, melting snow enters through the roof and ruins multiple network servers. It was determined that the contractor's faulty work was the cause of the snow getting through.

Note: This coverage only applies to bodily injury and property damage that occurs during the policy period. So, once you've closed your business or are uninsured, you may not have coverage.

General Liability Insurance

- ❑ **Property Damage** – if you accidentally damage someone's property while completing your work. This does not apply to damage to the work you were hired to perform.

Ex: A roofing contractor drops roofing materials or tools and equipment onto someone's car windshield.

Ex: A Landscaper is mowing and the mower kicks a large rock through the businessowners window.



General Liability Insurance

❑ **Advertising Liability**

- ❑ Slander or Libel of a person or company.
- ❑ Violation of a person's right to privacy.
- ❑ Use of another company's advertising themes or concepts without permission.
- ❑ Infringement of a person or firm's copyright or slogans



General Liability Insurance

☐ **Personal Injury Liability**

- ☐ False arrest, detention, or imprisonment.
- ☐ Malicious prosecution.
- ☐ Wrongful eviction or entry.



General Liability Insurance

Optional coverages to consider:

- ***Employment Practices Liability***- deals with claims of wrongful termination, sexual harassment, discrimination, invasion of privacy, false imprisonment, breach of contract, emotional distress, and wage and hour law violations.
- ***Employee Benefits Liability***- Provides coverage to an employer for errors or omissions in the employer's administration of its employee benefit program.
- ***Cyber Liability***- Covers financial losses that result from data breaches and other cyber events.
- ***Washington Stop Gap Employers Liability*** – provides coverage for work-related injuries arising out of exposures in which the employee has also sued the employer or in which workers comp finds the employer to be liable and is not covered on workers comp.

General Liability Insurance

Lethal exclusions and endorsements:

- ***Classification Limitation*** - Allows the insurer to provide coverage only for the classifications that are listed in the policy.
- ***Subcontracted work exclusion*** – Excludes coverage for work performed on your behalf by your subcontractors.
- ***Contractors warranty*** - This requires you to obtain certificates of insurance from all subcontractors showing minimum limits of liability, and failure to comply could cost you loss of coverage or increased premiums.

General Liability Insurance

Lethal exclusions and endorsements cont.:

- ***"Your Work" exclusion*** – "Property damage" to "your work" arising out of it or any part of it and included in "products-completed operations hazard"

Ex: You are an electrician who installed the wiring for a new commercial building. There winds up being a fire that takes out most of the restaurant and it is later determined that the fire was due to your wiring job. Your policy will pay for the damage that was done by the fire, except to your wiring. You will have to pay out of pocket to re-do the wiring.

General Liability Insurance

Lethal exclusions and endorsements cont.:

- ***Completed Operations*** – States there will not be coverage for any bodily injury or property damage arising after the job is completed and accepted by the owner or purchaser.
- ***Pollution Exclusion*** – Damages caused by an irritant or contaminant, whether in solid, liquid, or gaseous form, including, smoke, vapor, soot, fumes, acids, chemicals and waste.

General Liability Insurance

Rule of Thumb

Not Covered under CGL Policy

- -Cost of redoing the insured contractor's faulty work
 - Warranty obligations
 - Claims based purely on breach of contract, with no accompanying "property damage"
 - Cost of removing good work to repair or replace the contractor's defective work.
 - Bodily injury to you, your employees, or sub-contractors.
 - Damage to yours and your employee's property.
 - Loss of your income.
 - Claims based on your professional errors and/or omissions.

Additional Insured & Waiver of Subrogation Endorsements.

Additional Insureds:

- *Obligates an insurer to defend and possibly pay claims of another party, such as the Project General Contractor, Homeowner, City, etc.*

Waivers of Subrogation:

- *After payment of a claim, restricts an insurer's right to collect from the responsible party*

Additional Insured & Waiver of Subrogation Endorsements.

Additional Insured and Waiver of Subrogation endorsements can be added as a blanket endorsement, so you pay a flat fee per year, to have unlimited additional insured and/or waiver of subrogations. On a blanket endorsement, you must have a contract or agreement in place that requires the additional insured status or Waiver of Subrogation in order for the coverage to be triggered.

You can also schedule a specific person or organization as an additional insured or with a waiver of subrogation. Typically for an additional premium.

Professional Liability Insurance

Professional Liability Insurance: Helps protect you from unsatisfied clients. For example, if you miss a project deadline, make a crucial clerical error, make an omission in your work, or provide ineffective business advice, don't provide adequate instructions to a client, etc.

Professional Liability insurance covers your legal costs, including:

- Lawyer's fees
- Administrative expenses
- Court Fees
- Expert Witnesses
- Settlement costs
- Court Judgements

Contractors Professional Liability



Professional Liability Claims Examples

Design Delegation — The contractor subcontracts the design of a ventilation system to a mechanical engineer. The engineer, who did not carry errors and omissions (E&O) insurance, miscalculated the cooling needs of the building and specified an inadequate ventilation system. The building owner demanded \$180,000 to replace the poorly performing system.

Construction Management — A contractor failed to detect the faulty workmanship of a masonry contractor who placed hollow concrete block without proper re-bar reinforcement as specified in the plans. Once discovered, the structure had to be torn down and rebuilt at a cost of approximately \$1 million plus resulting delays in project completion.

What is the legal basis for a professional liability lawsuit?

To make their case, the plaintiff will have to establish that:

- Your work needed to uphold certain professional standards, either loosely defined by your industry's standards, a client's reasonable expectations, or explicitly defined in a contract (completion date, use of certain materials, etc.).
- Your work did not meet these minimum standards.
- The plaintiff suffered damages.
- Your work caused these damages. If the plaintiff would have lost money regardless of what you did or didn't do, you can't be held liable.

COVID-19 & Professional Liability

What if I am sued over a project that I wasn't able to finish or a deadline that I missed due to the coronavirus?

Many policies have exclusions for communicable diseases, virus & bacteria, so as long as you do not have these exclusions, your Professional Liability insurance may provide coverage. However; if your contract has a "Force Majeure Provision", you may be excused from certain performance expectations during this time.

Property Insurance

Commercial Property Insurance:

1. Building property, as follows:
 - a. Buildings and structures identified in the declarations
 - b. Completed additions
 - c. Fixtures (indoors and outdoors)
 - d. Permanently installed machinery and equipment
2. Business personal property located on or in the described building or structure or in the open or a vehicle within 100 feet of the described premises, as follows:
 - a. Furniture and fixtures
 - b. Machinery and equipment
 - c. Stock
 - d. All other personal property owned by the insured and used in the business
3. Personal property of others in the insured's care, custody, or control, located on or in the described building or structure or in the open or a vehicle within 100 feet of the described premises

Property Insurance

Other Types Commercial Property Insurance:

- Installation Floater
- Equipment Breakdown
- Inland Marine
- Business Income

Property Insurance

Installation Floater:

Installation Floater - The installation floater is purchased by the contractor (you) and is generally designed to cover equipment, supplies, materials, etc. that have been purchased, sent to the job site, but have not been installed or accepted by the GC or project owner. Think of a large boiler or HVAC compressor that you are going to install that is sitting on the job site. Should something happen to any of these materials, such as a large crane was to fall on them, you may be able to file a claim and receive a check to replace the damaged items.

Property Insurance

Equipment Breakdown Insurance (Boiler or Machinery Insurance)

Coverage for loss due to mechanical or electrical breakdown of nearly any type of equipment, including photocopiers and computers. Coverage applies to the cost to repair or replace the equipment and any other property damaged by the equipment breakdown.



Inland Marine Insurance

Inland Marine Coverage: AKA – tools & equipment

- *Mobile Equipment*
- *At Shop*
- *On Job-sites*
- *In Transit*
- *Hired, Borrowed and Rented*
- *Crane Overload*



Inland Marine Insurance

You'll want Inland Marine coverage if you...

- Move equipment, goods, or supplies from one location to another.
- Have off-premises risk exposures.
- Own or lease mobile equipment.

Inland Marine Insurance

Most Inland Marine policies will protect against:

- Fire
- Theft
- Wind damage
- Lightning strike
- Collision
- Earthquakes
- Can also cover property of a third party that is in your temporary care.

Business Income Coverage

Provides coverage for "direct Physical loss or damage to covered property at the premises described in the declarations caused by or resulting from any covered cause of loss shown in the property section of your insurance policy.

Ex: You have building coverage and due to a fire or other covered cause of loss, your building is under restoration. During the restoration period, you are not able to operate at full capacity, and therefore are experiencing a full or partial loss of income.

Builders Risk Coverage

What is Builders risk insurance? Builders risk insures a structure while under construction. It protects a person's or organization's insurable interest in materials, fixtures and/or equipment to be installed during the construction or renovation of a building or structure should those items sustain physical loss or damage from a covered cause.

Typically, Builders' Risk Insurance covers loss or damage due to...

- Fire.
- Lightning.
- Windstorm.
- Hail.
- Vandalism.

Builder's Risk Coverage

Common Optional Coverages:

- Materials in transit and at temporary locations.
- Back up of sewers, drains or sumps.
- Debris removal.
- Fire department service charge.
- Ordinance or Law.
- Pollution clean up.
- Scaffolding re-erection.
- Scaffolding, construction forms, etc.
- Valuable papers

Builder's Risk Coverage

Common Exclusions:

- Design
- Faulty or Defective Workmanship
- Wear and Tear

Commercial Auto Insurance

Why use commercial auto insurance instead of personal auto insurance?

- ❖ Your personal auto insurance may not cover business use.
- ❖ A commercial auto policy can offer higher liability limits, usually up to \$1,000,000 and sometimes higher.
- ❖ A commercial auto policy can include additional insured and waiver of subrogation endorsements, if required.
- ❖ A commercial auto policy can extend liability to vehicles you hire and when your employees are driving their vehicles for business purposes.

Questions and Comments



Thank you for your attendance and participation!
For additional questions please feel free to email or
call.



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