

FALL 2017

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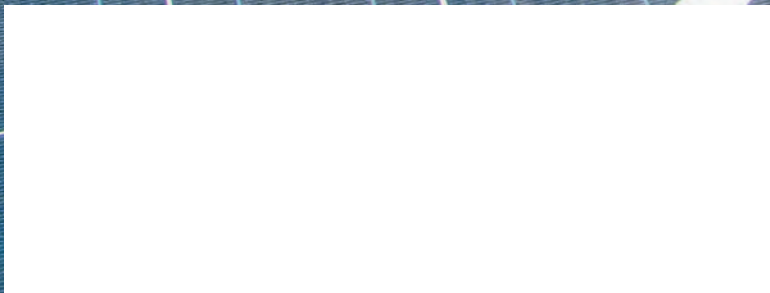
FLORIDA HOME BUILDER

Official Magazine of the Florida Home Builders Association

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CASE STUDY

FAULTY WORKMANSHIP - EDGE Covers.

Others, Not So Much

FHB Insurance (FHB) has recently launched its new, exclusive EDGE program. Here at FHB, we are confident in EDGE being the best coverage and value in the insurance marketplace.

In the short time that EDGE has been on the market, FHB has received two real world examples of losses that were not covered by FHB's key competition in Florida. These losses would have been covered by EDGE.

Standard Commercial General Liability (CGL) policies include coverage for damage caused by the faulty work of a subcontractor. The coverage is actually a giveback within an exclusion. There are FHB competitors who remove that coverage by using an endorsement to remove the giveback. Other competitors add an endorsement that excludes coverage for Faulty Workmanship.

It is important to note that each claim is unique and would need to be submitted to be sure of coverage. However, EDGE does not have exclusions similar to those caused in the Case Studies found below. Here are the actual incidents:

CASE STUDY #1: WATER INTRUSION

A Panhandle agency owner called to say the cautions FHB gives actually became reality for one Residential General Contractor (RGC) client.

The RGC experienced a water intrusion loss on a project where a subcontractor had inappropriately installed windows and doors. Heavy rains and winds made this inferior job obvious.

The RGC had a policy with the endorsement that removes the giveback, as mentioned previously. The subcontractor's policy was not going to respond due to a particular residential work exclusion. As a result, there was a large loss and no insurance coverage for the RGC.

The agency principal was concerned about the Insurance Agent Professional Liability Policy. This was estimated at \$100,000 for the loss itself, including the resulting damages. Some insurance companies

use this exclusion believing that it is more appropriate for the subcontractor to be responsible for their own negligence. However, professional claims adjusters have noted that majority of the time the subcontractors insurance will not respond. In some cases, the subcontractors are out of business. In other cases, the insurance didn't exist, or if it did then the coverage was inadequate.

CASE STUDY #2: SOIL MOVEMENT

The second incident, from Central Florida, resulted from a big player in construction defects - soil movement. Unfortunately, there was no insured third party warranty on this loss.

The insurance company denied the \$70,000 claim based on the Faulty Workmanship exclusion. It was uncontested that the frame in this home was not square, possibly resulting from soil settlement.

The denial of this claim is disturbing, as Florida is a state where Faulty Workmanship claims should trigger the insurance policy. And yet, this particular FHB competitor removed the Faulty Workmanship exclusion in Georgia, but will not remove it in Florida. This company notes they will, however, cover the resulting damages.

How is your current policy working for you? Don't wait until it's too late to find out.

To learn more about EDGE, contact your local agent. If your agent doesn't represent FHB, call us and we will put you in touch with local agents who do. www.fhbinsurance.com | 888.513.1222 info@fhbinsurance.com 





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