



Top **NINE** Insurance Pitfalls to Avoid

*Where Insurance
in Florida Can
Be Hazardous to
Your Business*

Florida is the land of sunshine and white sandy beaches; enticing thousands of tourists and transplants each year. Yet, locals know all too well that Florida is also home to many unique threats, including hurricanes, sharks, and the iconic alligator. Surprisingly, insurance can be equally hazardous for those in the home building industry.

Here are the Top Nine Insurance Pitfalls to avoid when building in the Sunshine State:

VULNERABILITY OF ATTACK FROM PLAINTIFF LAWYERS.

Two examples:

1. Florida's implied warranty laws (Florida Court Cases), which can subject a contractor to Tort litigation

based on the theory that the 'expert' builder is required to impliedly warrant construction.

2. Schemes similar to the Assignment of Benefits (AOB) loophole, ultimately designed to increase insurance premiums in the state. AOB works like this: homeowners sign over their property insurance rights to a third party. When a pipe bursts causing a flood, the third party sues the insurer, which usually settles to avoid protracted and expensive litigation. The insurer is liable to pay attorney fees if the final payout is \$1.00 more than the original damage assessment. This provision led to 28,200 AOB cases in 2016, compared to only 405 cases a decade ago. ►

There are many perils that can endanger your business, and ultimately your assets.

SHOTGUN LITIGATION FROM TRACT-HOME DEVELOPMENT.

The revenue side of tract-home work is intoxicating, but it may lead to litigation, which can last for years. In many cases, it is 'shotgun' litigation: everyone involved in the development is sued then years later the list of true culprits is narrowed down. The process is distracting, terribly time consuming, and very expensive.

VARIOUS FORMS OF THE RESIDENTIAL WORK EXCLUSION.

Beware of the loopholes in insurance policies. Ask your insurance agent if a Residential Work Exclusion or something similar is a factor in your current coverage. If so, find new coverage right away. Or a new agent.

HEIGHT LIMITATIONS.

Many insurance companies avoid exposures above a certain number of floors.

THE CG2294 SUBCONTRACTOR WORK EXCLUSION.

This exclusion is infamous and used by many companies in Florida. Let's say you do nothing wrong, but someone working on your behalf did. You need to be covered for their

mistake. You might not be if this exclusion is included in your policy.

FAULTY WORKMANSHIP EXCLUSION.

Does Faulty workmanship trigger coverage under the General Liability Contract? Is Faulty Workmanship a business loss or an Insurance loss? Florida falls into the group of States more likely to provide a covered General Liability claim. Some insurance companies actually exclude this.

MULTIFAMILY OR CONDO EXCLUSIONS.

Many insurance companies have no intention to cover such work. If you work on condos or multi-family projects, look closely at your coverage.

THE WORKERS COMPENSATION EXEMPTION.


If an incident happens to an employee, you want this matter to be a Workers Compensation claim, and handled accordingly. Taking the 'exemption' can save some initial dollars, but could lead to a General Liability claim, which would otherwise have been a Workers Compensation matter. This exposure is not worth the risk.

AGENTS WHO ARE NOT EXPERTS IN YOUR AREA OF EXPERTISE.

You need a construction insurance pro working on your behalf. Avoid agents who specialize in personal lines, willing to design a professional commercial package policy for your building business. FHB has over 300 agents who specialize in General Liability, Workers Compensation, Builders Risk, and related coverages. They know construction.

There are many perils that can endanger your business, and ultimately your assets. At FHB, we specialize in educating our clients on these exposures, while providing products and services that assist in that protection.

For over 20 years, hundreds of Florida agencies and thousands of home building customers have relied on FHB. Today, we have more resources and products than ever to ensure your business insurance is a help not a hazard.

If your agent doesn't represent FHB, call us and we will put you in touch with local agents who do. 



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