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Official Magazine

WINTER 2018

FLORIDA HOME BUILDER

Builders Association

# **BUILDING MORE THAN HOMES**

A Quick Q&A with  
Sen. Tom Lee

Top Eight  
Renovation  
Trends for  
**2018**





# SPECIALIZED CONSTRUCTION AGENTS:

## Where Best-In-Class Construction Insurance Starts

"I'm a good businessperson and I know what I'm doing when it comes to my business, but this insurance stuff...well, it's like trying to read a foreign language!" Do you ever find yourself saying that? When it comes to insurance, how does a business owner know if they have the right coverage?

The answer to that question starts with the right, experienced agent; not necessarily one who has been in business the longest.

Every business has specific insurance needs, and the coverage contractors and subcontractors require are extremely precise. Make sure your agent specializes in construction, not personal auto or homeowners insurance. Below are two simple tips on how to determine if your agent is offering you the best coverage for your construction business.

### TALK TO YOUR AGENT

Take time out of your busy schedule and make an appointment with your agent to go over your coverage. Your agent should be able to fully explain how the policy covers you and the areas that may cause you concern. Have them point out endorsements to the policy that either broaden or restrict coverage - Endorsements are added forms that customize a policy to fit your needs and to the company's underwriting guidelines. Here are a couple important discussion points:

How does my policy respond if one of my sub's work causes a loss after the structure is complete?

One of the most important coverages that a contractor can have is "Completed Operations" coverage: protection you need once the project

is complete and the structure is being put to its intended use (i.e. someone now lives in the home you built for them). This coverage takes away the worry of wondering what happens if work done by you or one of your subs was incorrect and causes damage to the home. Should you be without this coverage, and something go wrong, you could be at risk of losing your business.

"Completed Operations" coverage can be severely impacted if you use subcontractors to do some or all of your work. Certain insurance companies are not comfortable with this type of exposure. As a result, their policies either have modified wording in what's called the "Your Work" exclusion or they use an endorsement to remove important givebacks in the industry standard form that companies use. ►



Ask your agent how your policy responds if, for example, the electrician improperly wires the structure and the wires short-out, causing a fire after the homeowner has moved in. You want to make sure all of that damage, including the damage to the electrician's work, is covered.

### HOW DOES MY POLICY RESPOND TO CONTRACTS I ENTER INTO?

It's not uncommon for contracts to be signed between the project owner and the general contractor (GC). Many times, these contracts require the GC to be responsible for all liability, including that caused solely by the project owner. However, coverage found in an industry standard form is as broad as it gets when it comes to liability assumed in a contract, so any endorsement used

to modify the policy in this area only restricts it.

An unmodified, industry standard liability policy covers tort liability assumed in the contract. Because some insurance companies do not like this exposure, they modify the contractual liability coverage in the policy to remove coverage for the sole negligence of the project owner.

If you're a subcontractor, the same rules apply. If you do work for large regional or national builders, you can be caught up in class action litigation. Make sure you have the broadest form of contractual coverage available.

### MAKE YOUR PURCHASE WISELY

You haven't made it this far without making wise business decisions. So, why stop when it

comes to the price of ensuring your business for the long term? The old adage is true: you get what you pay for. Impress upon your agent that price must never be the first line of comparison when determining the best security for your business. The bitterness of no coverage is remembered long after the sweetness of low price is forgotten.

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](http://www.fhbinsurance.com) | 888.513.1222 [info@fhbinsurance.com](mailto:info@fhbinsurance.com) 



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