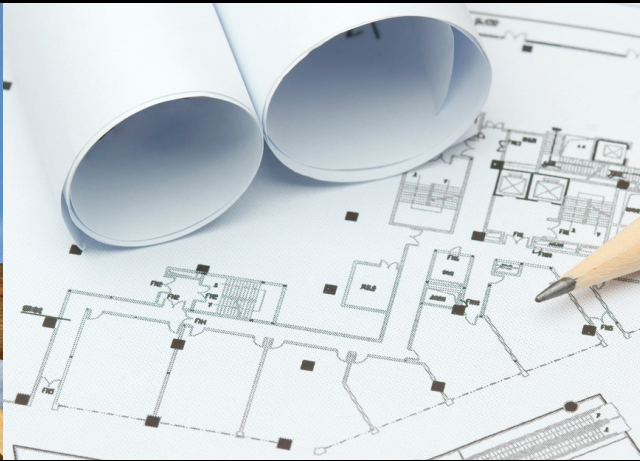




CAVALLO &
SIGNORIELLO



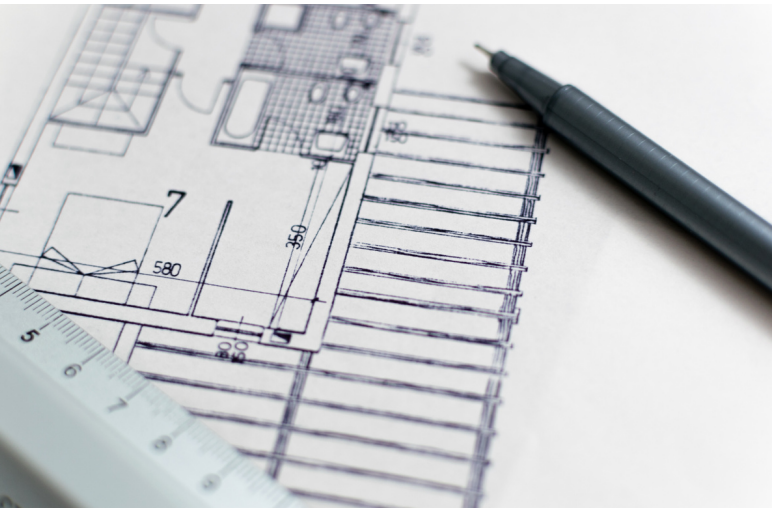
FACTORS THAT AFFECT
BUILDERS INSURANCE:
WHEN & HOW TO IMPROVE YOUR COVERAGE



CONTENTS

INTRODUCTION	1
JOB SITE RISKS & GENERAL LIABILITY EXCLUSIONS	2
RISK TRANSFER & SUBCONTRACTOR AGREEMENTS	3
SAFETY PLANS	4
DESIGN/BUILD PROJECT DELIVERY & CPL	5
YOUR EXPERIENCE	6
YOUR ONLINE PROFILE	7
MEET OUR AGENCY	8
TIPS FOR CHOOSING AN AGENT	9





INTRODUCTION

BUSINESS INSURANCE, SIMPLIFIED

For business owners, insurance may be one of the most frustrating operational costs that you encounter—year after year, no less. As far as “products” go, insurance coverage is already intangible, invisible, sometimes completely unused. Add to this the seeming lack of transparency or underwriting subjectivity surrounding premium increases, and it’s not difficult to understand why some businesses never quite feel confident about what they’re buying... or what it costs.

We hear you. And we get it.

So **this guide aims to unpack some of that uncertainty**. The following pages will lift the lid, so to speak, on today’s builders’ insurance needs and costs—outlining a series of factors that inform your program’s price tag along with the overall success of your insurance plan.

If you’re experiencing frustration—due to surprise audit premiums, claims hassles, non-covered claims, day-to-day service, or the overall uncertainty of rising insurance costs—it might be time to look for a new business insurance agent. This guide can help with that, too.

According to a
2019
Accenture
study,
many small
businesses
report feelings
of frustration
and distrust in
the insurance-
buying
process.





JOB SITE RISK

& GENERAL LIABILITY EXCLUSIONS

Most contractors are aware of their general liability needs; they understand the purpose of general liability coverage, and feel comfortable securing a policy that protects against bodily injury and property damage. But general liability policies are typically *hundreds* of pages long—plenty of room for one or more harmful forms to go unnoticed. Too often, even veteran insurance agents overlook these exclusions, wiping out key protection that owners assume they have.

For builders and contractors, common examples of hidden exclusions and forms include damage to “your work”, injury to subcontractors, and classification limitations which restrict coverage to just “your line of work.”

Working with a partner like C&S Insurance connects you with experienced construction risk managers, who are prepared to identify both the common and the subtlest examples of general liability gaps. Our experts study policy language on a daily basis, specifically advocating for companies like yours. We know where to look for potential areas of concern, and we know how to address tricky omissions, thanks to longstanding relationships with our diverse set of partners.



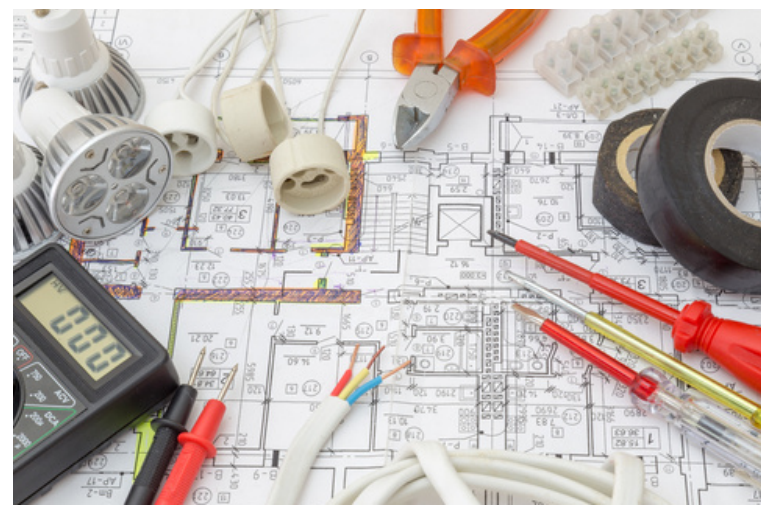
2 RISK TRANSFER

& SUBCONTRACTOR AGREEMENTS

Your trade contractors are valuable partners and often key drivers in the successful completion of a big job. You benefit greatly from maintaining positive relationships with subs, and yet you can't afford to let them bring added, unaddressed risks to your job sites. If a subcontractor causes bodily injury or damages to a third party's property on your site, the prime contractor (i.e. you) shoulders responsibility for that claim.

Enter the invaluable tool of **subcontractor agreements**. We talk to plenty of new clients who tell us they already have these agreements drafted. They assume, therefore, they're all set in the risk-transfer strategy department. But contract law is constantly changing, so unfortunately, important provisions could be missing when you are using agreements designed five years ago. Agreements may even contain outdated requirements that your sub's insurance cannot comply with, potentially creating a contract breach. Other agreements may be drafted in a faulty manner in the first place (missing "hold harmless", indemnification, additional insured language, for example).

Risk transfer via sub agreement is a critical component of your insurance program, which should be reviewed regularly by a knowledgeable builder's insurance agent and only used after your attorney's review.. By following best practices here, you can ensure you have the right protection and—more often than not—secure more favorable rates from carriers who recognize your effort.





SAFETY PLANS

POLICIES & COMMUNICATION

Your company's track record for safe operations is directly tied to your insurance premium. More important (and slightly less obvious) is the fact that safe companies don't just happen by luck. Having a lower experience modification factor—and, by extension, a lower worker's comp premium—is the result of having a clear, comprehensive safety program in place.

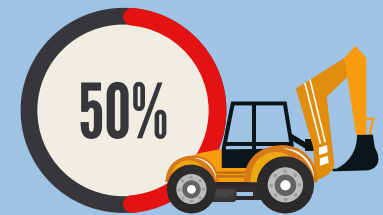
Meanwhile, your insurance agent should be selling your safety program to prospective carriers. Why? Because underwriters are the gatekeepers to the best insurance rates and terms. Underwriters look at hundreds of applications every month. If your application looks only so-so (or worse), don't be surprised if you find yourself with less than ideal pricing.

Safety is a key piece of your company's "narrative" (i.e. your business story). Work together with your insurance partners to tell it well. Now is the time to review basic safety—and beyond—with your agent. What will you do to mitigate loss events? What kinds of trainings and protocols might you be willing to implement? Be sure to choose an agent who understands builders' unique risks (falls, electrocution, crane and hoist safety, sun and cold stress, etc.).

By the way, our team at C&S routinely provides insightful workers' comp loss analysis to help our clients identify trends in losses with employees, body parts injured, and a forecast of their increased premiums due to losses/or how much they save by being safe.



In 2018, nearly one-fifth of all fatal work injuries were construction related.



Companies with 10 or fewer employees, and those who are self-employed, account for nearly half of all deaths on construction sites.



One in every 10 construction workers is injured annually.
Sources: BLS, CDC, OSHA, respectively



4 DESIGN/BUILD &

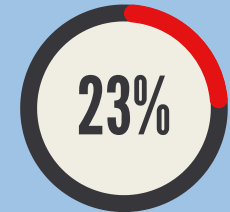
CONTRACTOR'S PROFESSIONAL LIABILITY

As more builders adopt a design/build project delivery method (versus the traditional design-bid-build method), claims surrounding design risk and design liability are on the upswing. This concern is relevant whether your firm handles all the design itself (with architects on staff), or farms out design work to a licensed design professional (as part of a joint venture). More expressly, contractors who take responsibility for the design and construction of home/building projects now face a unique set of exposures—risks that are not covered by a standard, general liability policy. In these cases, professional liability (i.e. design error liability) can't be addressed via risk transfer, either—not even with all the right elements in your subcontractor agreements.

Instead, design-build firms and co-ventures require **contractor's professional liability (CPL)** coverage. CPL is designed to cover damages arising from the negligent acts, errors, and omissions related to the professional (design) services performed by or on behalf of the insured. For example, accepting architectural plans on behalf of your homeowner/building clients creates a guarantee that the completed construction of the plans will work as expected. If those architectural plans require the use of unsuitable materials, which go on to create damage (e.g. deflection in a beam cracks a ceiling), a professional liability exposure is created.

Our team can help you bring into focus the blurred lines of your design/build roles, responsibilities, and unaddressed risks.

WHY CPL?



From 2014 to 2017, CPL claims rose by nearly 23 percent. The majority of these claims (60 percent) related to construction management issues including safety challenges, the mismanagement of subcontractors, poor inspection of work and misidentification of environmental hazards.





YOUR EXPERIENCE

WHAT UNDERWRITERS LOOK FOR

When it comes to securing commercial insurance, some owners are surprised to learn that underwriters are investigating management competency and credentials. Insurers want to know how long you've been in the building industry, and how much experience you have at the helm of a business. They may do some online research to corroborate any professional designations or association memberships you've listed on your application.

If you are a new business founder, or an owner trying to distance himself from any black marks (low credit score, citations, etc.), you should definitely have a conversation with your builder's insurance agent. By adding supplemental application materials—like a one-page cover letter, a polished resume, a business narrative, or even a quick video of you and your team that outlines your commitment to a successful operation—you may be able to offset any negative business data.





ONLINE PROFILES

YOUR WEBSITE & SOCIAL MEDIA ACCOUNTS

Your website is like a digital storefront. Before any company writes your insurance, they will almost certainly review your website and your social media accounts. With this in mind, builders should make sure their digital profiles are sparkling—and consistent with the information included in their insurance application. Make a habit of “self-Googleing” your company name, and see what pops up. Often, the only way to bury negative online mentions is to publish and promote your own content—e.g. blogs, guest articles, and social posts.

Meanwhile, showcase your best projects with high-quality photos (not stock images, which sometimes display safety violations). Highlight your team's education and training in order to beef up the biographies of key employees, including yourself. Invite customers to compliment your building services on platforms like Google, Facebook, and Yelp. As your business grows, remember that negative reviews could actually affect a carrier's willingness to rewrite your policy. Try to respond to criticisms about your service, offerings, or appearance with thoughtful and timely clarifications. If you were in the wrong, explain how you are working to resolve raised issues.

MASTER THE WEB



According to Forbes contributor, Carlton Smith, a high-quality, small business website shouldn't cost more than \$1K - \$2K. Meanwhile, NOT having a website can cost today's contractors a whole lot more in lost carrier opportunities or less-than-favorable pricing.



MEET C&S INSURANCE

AN AGENCY SET APART BY MARKET STRENGTH

Despite the many in-depth factors we've touched on so far, we understand that business owners are sometimes chiefly concerned with bottom-line numbers. We don't blame you for that. When faced with limited options or incomplete information, it's no surprise that some builders make a habit of going out to bid every four or five years.

Luckily, C&S Insurance clients don't have to question the competitiveness of their premiums, nor self-manage the recurring chore of shopping their policies. We've eliminated these concerns because **our agency has access to ALL the markets that best represent today's contractors and builders.** That's not hyperbole; it's a fact.

As trusted advisors and dedicated partners, we make it our responsibility to evaluate and reevaluate your full list of carrier options—at least every three years—on your behalf. Having relationships with dozens of commercial insurance companies helps us stay in tune with market trends, while securing the lowest rates available in the market. Interested in how C&S compares to your current agency? The following section offers some advice on when and how to choose a new insurance partner.

"Brian came highly recommended by a local builders' association. At our first meeting we felt like we were in good hands. He quickly set to work analyzing our current insurance, and found ways to save us money, plus extend our coverage in areas we lacked. Most impressive was Brian's follow up. He continuously checks in, making time to review our current positions as we expand our business. Having Brian on board, looking out for us, allows us to focus on what we do best."

Paul MacDougall Jr., Principal, MacDougall Plumbing & Mechanical, LLC



Brian Robertson CIC, CRIS



TIPS FOR CHOOSING AN AGENT

WHO UNDERSTANDS YOUR BUSINESS AND ITS GOALS

1 If you're going to look for a new insurance agent, start the process at least 90 - 120 days prior to your renewal. This ensures a prospective agent has time to meet with you and understand your business—along with its unique risks—before recommending coverage/carriers. The agent should be willing to spend time with you, to fully understand how your business operates.

2 Your business is important; protecting it should be a top priority. Take the time to meet a prospective insurance agent, and trust your gut reaction as to how well he or she “gets” your concerns. A simple test? Ask the question – “What does this insurance do for me?” If you don't get a straight answer in relevant terms (minus the insurance jargon), you're probably not a good fit.

3 Does the agent only write a handful of contractors, or does the building world define his entire book of business? Choosing an agent who is immersed in the construction industry has several benefits: a.) he will understand how to cover your risks properly; b.) he'll be poised to negotiate the lowest rates with underwriters; c.) he'll be better suited to advocate for you during a claim. Here at C&S, we're not only members of Massachusetts' leading builders' associations, we actually teach courses (on workers' comp and general liability) for member audiences.

4 When you pick an agent and get placed in a good, competitively-priced program, don't shop around every year. Insurance carriers keep track of the companies that shop around every year. The high likelihood you'll soon take your business elsewhere makes a lot of carriers less than enthusiastic. Ultimately, you may miss out on entry into a great program because of this.

5 Your insurance agent should be a trusted partner of your business. He can serve you better if you loop him into important conversations and decisions. To make sure your company is insured properly, involve your agent any time you make changes in operations, personnel, property acquisitions, etc..

