



## Pop Up Drop Down Umbrella Coverage

If you are found liable for an injury to someone you don't employ or for damage to someone's property in the course of your contracting duties, you will likely have to turn to one of your liability insurance policies. It could be your general liability, pollution liability, professional liability, or business auto liability coverage. Whichever it is, there will be a limit to the amount it will pay out for legal expenses and damages or settlements.

If your liability exceeds that limit, you will be responsible for the rest. One good way to increase your limits of liability coverage is through a commercial umbrella insurance policy that pays excess costs. But what about

liability claims that are excluded from your other liability policies? Is there any way to get coverage for those?



In some cases, you can find "drop down" umbrella protection for contractors. They call it "drop down" because it doesn't extend the dollar amount of other coverages when they are exhausted but, rather, drops down to serve as a primary insurance policy for exposures that weren't insured at the primary level. It is important to determine exactly what exposures

such a policy will cover to make sure you don't have remaining gaps in your liability insurance.

Give us a call for a full review of your options for both excess liability and drop down umbrella commercial insurance.

## Stormy Weather Means Extra Precautions

Hurricane season has arrived for the coastal regions, and wildfires, heat waves, Santa Ana windstorms, haboobs in the Southwest, and floods are in the offing.

If your workers need to operate cranes, climb scaffolding or work on rooftops, the list of dangers could run the full page. All contractors that perform outdoor work face concerns about the weather's effects on their employees. Those concerns need to translate into action.

Protective measures need to be planned into the workday, and all employees need

to understand that it's part of their duties to take cover when bad weather strikes—even if it means some project delays.

When conditions permit work to continue but extra safety measures are needed, make sure someone is held accountable in a real way for the implementation and enforcement of safety protocols. The best companies tie safety performance to pay, either through bonuses or promotions.

Keep your workers safe and your workers compensation premiums down during this summer season.

## But They Were Bolted In



Today's thieves are bold and speedy. There is little at a construction site that isn't resalable, especially if it's high-end or made of a metal.

Many contractors will arrange delivery of installable appliances and piping for immediate incorporation into the building's structure. That eliminates the temptation of valuable items just sitting out waiting for a theft ring to lift and load them onto a truck in the blink of an eye. But even if you do install items as soon as they arrive on site, there's no guarantee they won't be purloined.

An installation floater's coverage may end once the item has been installed, even if it's easy to remove from the unfinished building. A builders risk policy may pick up the slack and cover your installed items before construction is finished, but policies vary. If you are working on a renovation project, it's possible the property policy would cover these items as a "permanent" part of the building.

To get the coverage you need for installed items in an ongoing construction project, talk to one of our agents about a quick review of your builders risk and installation floater insurance.

## Building Collapse During Construction

Arriving to the jobsite to discover that a portion of the structure has collapsed is a frightening feeling for the contractors involved in the project's construction.

A standard builders risk insurance policy is designed to cover damage to a building under construction caused by specific events such as fire or wind. An unendorsed builders risk policy, due to its restriction of additional coverage on collapse, doesn't cover damage caused by collapse resulting from the use of defective materials or methods. If a collapse occurs due to a reason that is not covered, the problem is further complicated because the policy will not pay consequential or resulting damage, such

as costs incurred due to delays.

Depending on the job, it may be possible to amend a standard policy to cover collapse and resulting costs caused by defective materials or workmanship. The CP 11 20 endorsement, Collapse During Construction, provides coverage for collapse that is caused by defective materials, poor construction methods, faulty design, bad plans, incorrect specs, and unsatisfactory workmanship.

An unendorsed ISO builders risk form also doesn't cover soft costs and rents, so coverage needs to be secured through a business income policy that is attached to your builders risk form.

## Sorry, We're Closed

Revenue that doesn't flow in. Prospects that head off to your competitor. Payroll that's not getting covered. Bills that are stacking up.

That sounds like a contractor's nightmare. Indeed, it could be a reality for contractors that don't maintain their equipment properly and insure against certain mechanical breakdown losses. Financial losses can include a cessation in business income, the expense of having to repair or replace broken equipment, and the cost of repairing your physical plant for damage that was caused by a failing or failed piece of machinery.

An equipment breakdown policy can help. It typically covers business income losses as well as the costs of repairs or replacement of the machinery and correction of damage caused to other property by equipment failure. It can be bought as a stand-alone policy or, in some cases, added as an endorsement to a standing policy, such as a business owners policy or commercial property package.

Keep in mind, though, that equipment breakdown policies won't cover costs arising out of lack of maintenance. Regularly inspect mechanical parts to identify impending problems, then make repairs before an equipment failure occurs. Some insurers provide a maintenance clause in the insurance contract as well as specialized inspections and repairs.

With good maintenance, other very expensive consequences from equipment failure can be prevented. Those include fuel spills, pollution release, and illness or injuries to employees or others. These are usually not covered under your equipment breakdown policy.



## Hiring Day Laborers

According to the Labor Fairness and Protection Act, those employing day laborers must provide them with workers compensation insurance coverage. Businesses that fall under the confines of the act include contractors, subcontractors and third-party employers.

A day laborer's wage must be at parity with full-time permanent employees performing similar work, and they must be paid one and a half times the hourly rate for each hour over eight hours worked in one day and for the first eight hours worked on a seventh consecutive day in a workweek. The minimum daily pay must be at least four hours of work at the regular rate of pay for each day worked. There are other regulations on wages and hours that you must also be aware of.

A breach of your wage and hour responsibilities could open you up to a claim for compensation. If you are sued for damages, expect legal defense costs



and possible payouts to settle the case. Without employment practices liability insurance, you will be paying these fees on your own.

Following the law on hiring day laborers is critical to your company's financial welfare. Violations are frequently spotted, and the costs aren't

worth it. To defend against unfounded allegations, to protect day laborers who get injured on the job, and to guard your assets against honest mistakes you make when employing day laborers, talk to one of our insurance professionals about best practices and the best products.

## Property vs. Equipment Insurance

Is equipment that is damaged or stolen covered by your commercial property insurance policy or your equipment insurance policy? The answer could be both. If that's the case, and since you probably already have a commercial property insurance policy for your business location, why purchase an equipment insurance policy?

Here's why: Standard commercial property insurance policies typically cover items used in your business. This includes equipment. However, this policy covers items only if they are damaged while on or close to your business location. Limited or no coverage applies if something

happens to the equipment while on the jobsite or stored elsewhere.

An equipment insurance policy may cover equipment while damaged at any location and can be

**Equipment insurance may cover flood damage and pay the full cost to replace damaged equipment.**

tailored to offer better coverage and limits. For example, the equipment insurance policy may cover flood damage and pay the full cost to replace damaged equipment, while

the commercial property insurance policy may not cover flood damage and may only pay actual cash value.

So what happens if the equipment is damaged while at your business location? Does that mean you get to collect twice for the same loss? No. Keep in mind that, while multiple insurance policies may cover the same loss, policies are designed to work together to ensure that you receive no more than the value of the damaged property. The terms of the specific policies will determine what each policy pays for and how much will be paid. Check with us on the details.

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the same great service to  
all of your friends and  
business associates

## Toxic Mold Claims

Toxic mold claims are on the rise across the U.S., and so are the costs. The issue is further complicated for contractors by the fact that many standard general liability insurance policies are limiting or in some cases eliminating coverage for claims stemming from toxic mold. Claims could be made for property damage, construction defect, negligence, faulty products and many other reasons.

Many contractors are also at risk of such claims stemming from work performed by a subcontractor. With this increased exposure, the importance of reviewing your current general liability policy for potential gaps in coverage concerning toxic mold has never been greater. Reliance on subcontractor liability policies to provide coverage should also be questioned. A policy that does not adequately cover this exposure could cause great financial harm if such a claim is brought against you.

The good news is that many insurance companies offer liability insurance products designed to cover a variety of toxic mold claims.