



Covered vs. uncovered projects

A collection of builders risk claims examined

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Disclaimer

The examples discussed in these slides and the accompanying presentation are purely illustrative and general in nature and are not meant for application to any specific policy or claim. Claims on Victor's book of business are adjusted and administered by our program's insurer[s].

**Frequent and easily
preventable claims**

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Claim #1

Jobsite theft

- ▼ A single-family detached ground-up, new structure was being built.
- ▼ The policy was issued for the correct, adequate completed value.
- ▼ A lumber package was delivered to jobsite.
- ▼ ...but the jobsite was not secure.
- ▼ The lumber package was left unattended for one week.
- ▼ The entire lumber package was stolen from the jobsite.



Claim #1

The result and risk factors

The Result

- This was a reoccurring issue for this subdivision due to lack of jobsite control.
- A number of large claims were paid.

Risk Factors

- This could have easily been avoided with basic loss control e.g.:
 - Adequate lighting of the jobsite at all times
 - Installation of surveillance cameras
 - Somebody checking on the materials daily or scheduling installation as soon as the lumber package was delivered to the jobsite.
- Always verify that theft of unattached building materials is covered in the form that you are selling.

Claim #2

Water damage

- ▼ A multi-story building was being renovated.
- ▼ Before leaving the jobsite for the weekend, a plumber left a water valve on which caused a sink within the building to begin dripping water.



Claim #2

The result and risk factors

The Result

- The sink leaked all weekend causing extensive damage to the floor being renovated as well as additional damage to the floors below.

Risk Factors

- The leak could have easily been mitigated if somebody had checked the jobsite over the weekend.
- Jobsites should be checked at the end of each working day and also on weekends.

Claim #3

Smoke damage

- ▼ A commercial building was being constructed.
- ▼ A small smoldering fire started in the insulation beneath the ground floor on Friday evening.
- ▼ The construction site was left unattended for the weekend.



Claim #3

The result and risk factors

The Result

- On Monday morning, the contractor arrived and the fire had burned itself out.
- There was very little damage from the fire, however there was significant smoke damage to the interior of the structure.

Risk Factors

- This could have been avoided if somebody had checked the jobsite on a daily basis.

Claim #3

Freeze damage

- ▼ A building was being constructed during winter.
- ▼ A hard freeze was predicted over the weekend.
- ▼ Before leaving the jobsite on Friday, the contractor failed to heat the building.



Claim #4

The result and risk factors

The Result

- The pipes froze resulting in extensive damage.
- This was an uncovered claim. The policy did not respond because adequate heat was not maintained and the water was not turned off before the contractor left the jobsite.

Risk Factors

- Certain builders risk policies will exclude this type of claim because of the contractor's failure to sufficiently heat the building or turn the water off.
- During cold, winter months, it's imperative that jobsites are adequately heated and/or water is turned off.

**Severe, weather
related claims**

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Claim #1

Tropical Windstorm

- ▼ A high value frame building was being constructed in a coastal territory.
- ▼ A windstorm severely damaged the building.
- ▼ The storm occurred before the building was fully enclosed.



Claim #1

The result and risk factors

The Result

- The storm caused significant damage to the interior and exterior of the building. This resulted in a large claim being paid.

Risk Factors

- Buildings are most vulnerable before they are enclosed.
- Always aim to enclose buildings as quickly as possible during wind season.
- When buildings are not fully enclosed, structures lack integrity which can increase the risk of collapse.

Claim #2

Severe hail storm

- ▼ A high value dwelling was being constructed in a hail prone area.
- ▼ When the structure was 95% complete, a severe hail storm completely destroyed the roof and the contents of the building.



Claim #2

The result and risk factors

The Result

- The dwelling was inadequately insured resulting in a coinsurance penalty.
- Due to construction delays, the project had cost overruns thus resulting in an under insurance situation.
- In addition, the project took longer than expected and the full value of the project was exposed to weather events for a longer period of time.

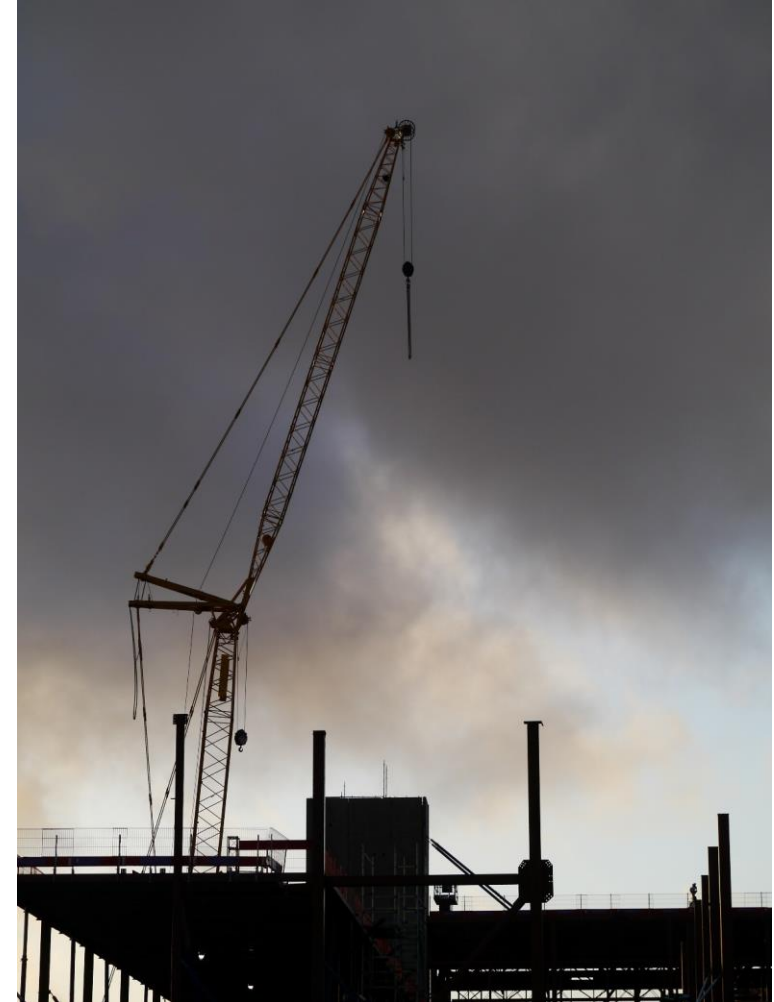
Risk Factors

- It's imperative that roofing materials meet all current building codes.

Claim #3

Convective storm

- ▼ During the framing stage of a warehouse build, a large beam was being placed by a crane.
- ▼ During the procedure, a severe thunderstorm blew the beam into the structure resulting in severe damage to the building.



Claim #3

The result and risk factors

The Result

- The storm caused significant damage to the structure of the building.
- The project was delayed resulting in a large claim.

Risk Factors

- The contractor should have been aware of the impending storm and delayed the placing of the beam.

“Pass through” risk

What is a “pass through” risk?

A “pass through” risk is any case submitted into V² that does not generate an underwriting hold and flows from quote to bind to issue.

If your client does not need to increase the limit of automatic additional coverages or add any optional coverages, and you can answer, “yes,” to the following questions in your V² submission, your quote will not generate an underwriting hold and you will receive your quote in minutes.

Q. Is the project ground-up, new construction?

Q. Is the project less than 30% complete?

Q. Does the project type fall within protection classes 1-7?

Q. Is this a new construction project with a completed value of:

- \$1.5 million or less (coastal)*

- \$3 million or less (inland)*

Q. Does the builder, remodeler, owner or general contractor have at least 2 years’ experience?



Your experienced builders risk team



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Thank you



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