



Mind the gap!

Builders risk vs. permanent

property insurance

October 20, 2023

Builders Risk Program Manager, Jeff Benson

Permanent property insurance

Permanent property (also known as “homeowners”) coverage is designed to cover an existing residence for:

- dwelling (garages, sheds, etc.)
- personal property
- loss of use
- personal liability exposures.



Builders risk insurance

Builders risk coverage (course of construction) is an inland marine line of business designed to cover:

- a structure being built (ground-up new).
- a structure being renovated or remodeled.



Who is your insured?

Contractor or
Owner?

Who is responsible
for providing
coverage for the
construction
project?

Is there a
Mortgagee?

Unique exposures of a construction project



Unoccupied buildings



Multiple entities with a financial interest



Building materials not yet installed



Building materials in temporary storage offsite



Building materials in transit

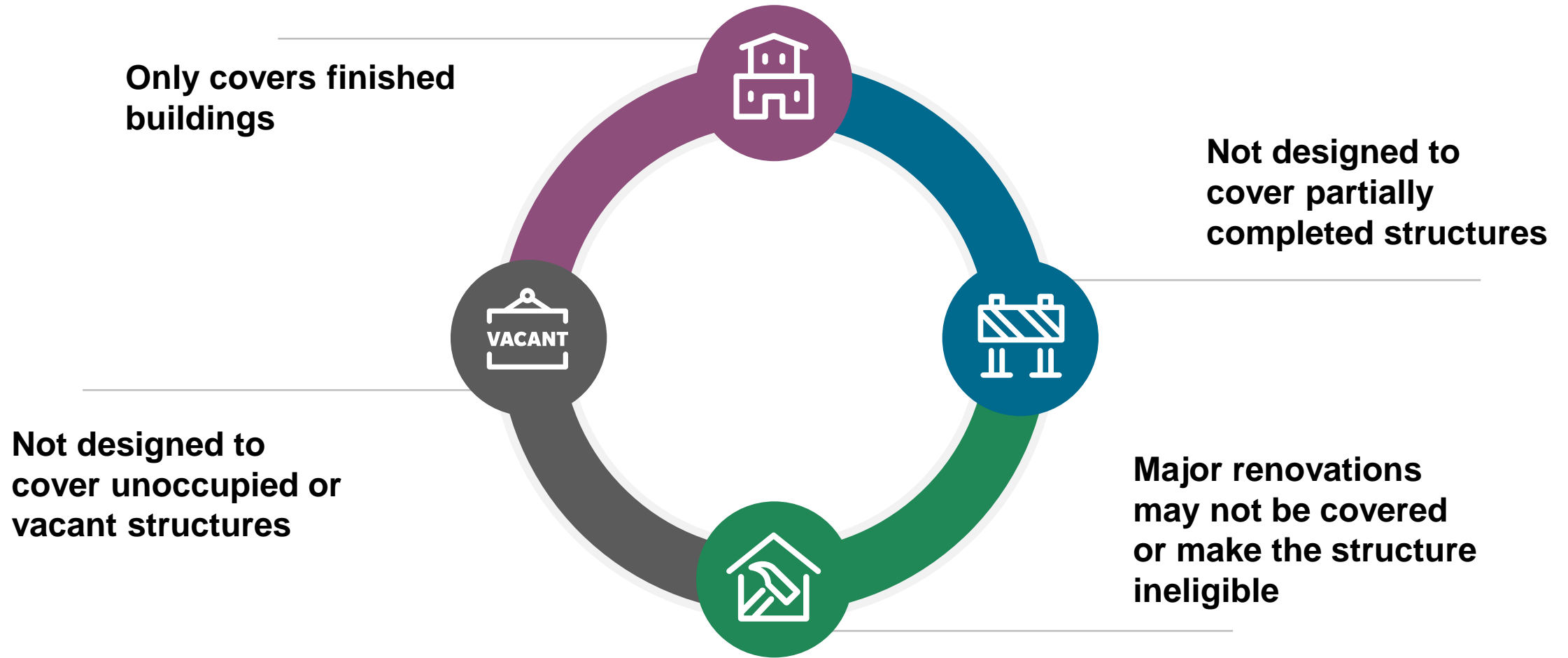


Soft costs

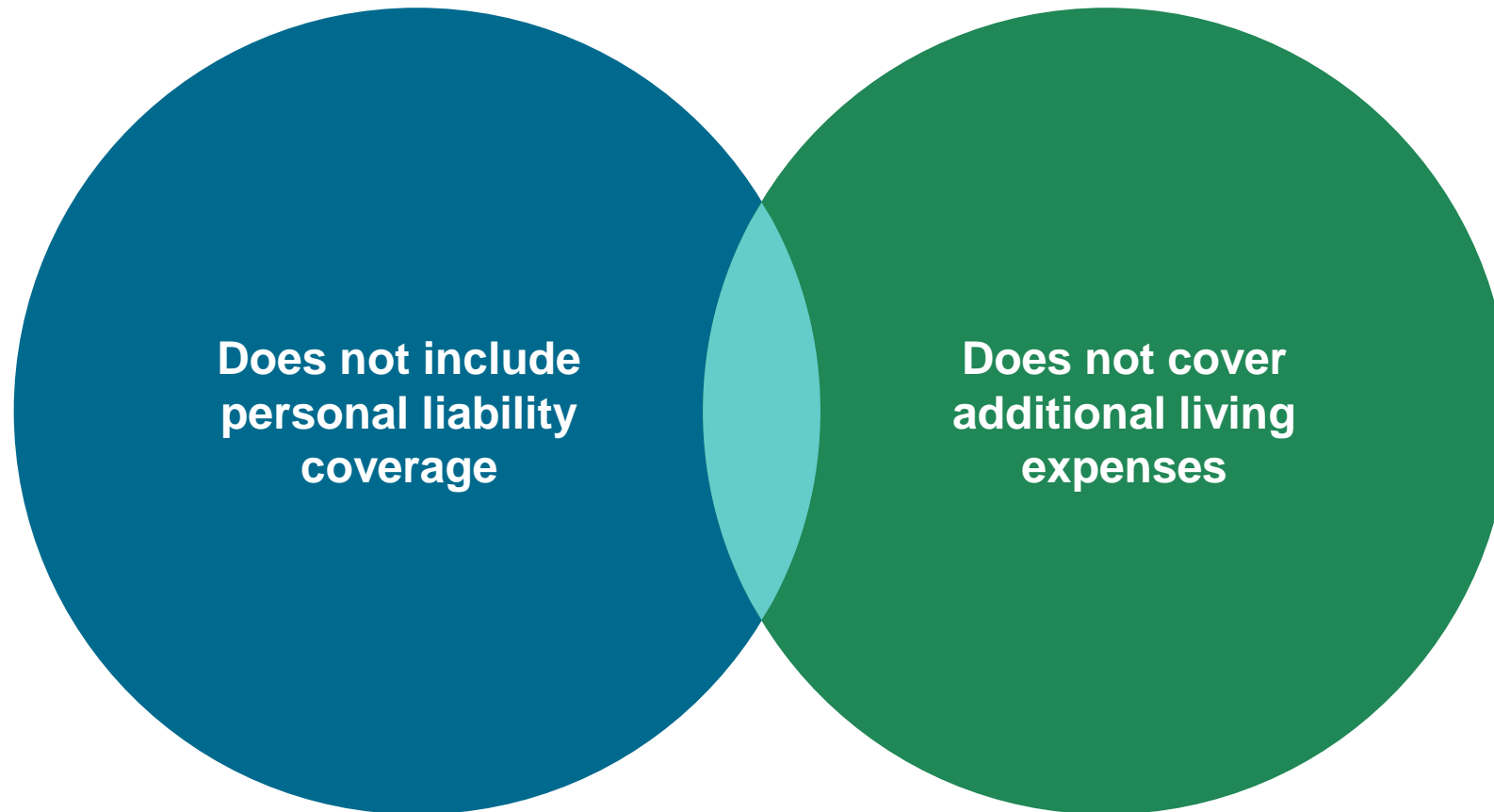


Theft / vandalism

Limitations of a homeowners policy



Limitations of a builders risk policy



Additional automatic coverages included in a builders risk policy



Scaffolding



Debris removal



Property at temporary storage location



Property in transit



Expediting expense



Soft costs

Claim examples



Contractor vs. owner perspective

How do uncovered claims affect both the builder and the owner of a project?



Unique construction project exposures

What happens when a residential construction project is covered under a homeowners policy?

Which coverage and when?

1

When new structure is being built or an existing structure is renovated/remodeled, builders risk coverage should be obtained.

- Comprehensive policy covering labor, materials, overheads, profit and soft costs all under a single policy.

2

Once project is completed and builders risk coverage ceases, permanent property coverage should be obtained.

- Policy designed to cover existing residence for dwelling, personal property, loss of use and personal liability.

“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?



Q & A

Your experienced builders risk team



Jeff Benson

Senior Underwriting Manager

jeffrey.benson@victorinsurance.com

(904) 607-4916



Donna Berry

Senior Underwriter

buildersrisk.us@victorinsurance.com

(800) 944-7472

General telephone: (800) 944-7472

General email: buildersrisk.us@victorinsurance.com



Thank you



This document is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the program described. Please remember only the insurance policy can give actual terms, coverage, amounts, conditions and exclusions. Program availability and coverage are subject to individual underwriting criteria.

Victor Insurance Services LLC in MN | DBA in CA and NY: Victor Insurance Services | CA Ins. Lic. # 0156109