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Guiding Financial Conversations About Builders Risk Insurance

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Builders risk insurance is essential for securing both construction projects and the financial interests of lenders. This guide offers actionable tips for agents to foster relationships with lenders, navigate common insurance challenges, and elevate the value they bring to their clients. By understanding the needs of construction clients and loan officers, agents can establish themselves as trusted partners in risk management.

Developing Lender Relationships

1. Identify the Constuction Appetite

Banks have varying appetites for construction project financing. Start by reaching out to loan officers who already service your clients rather than cold-calling new prospects. Research and focus on local institutions that fund construction projects. This could be national and regional community banks or even credit unions. Make sure they align with your agency and target clients.

2. Newtwork Within Your Community

Establishing rapport with local business and trade organizations enhances your visibility and builds trust over time. Identify associations and groups (i.e. chamber of commerce, young professionals, etc.) lenders and your target accounts might be involved in. If you're consistent, this approach could help you make connections and generate revenue for multiple lines of business within your agency.

3. Play a Role in Their Success

When your agency and a lender share the same target accounts, opportunities for collaboration increase. Align your goals with lenders by sharing useful information, like updates to policies that affect construction loans. Relationships are a two-way street, so don't just look to financial institutions to send you leads. Create a partnership where you both can benefit from shared clients and knowledge.

Tackling Common Hurdles During the Loan Process

1. Coverage

Construction projects are managed in phases, from pre-design to post-construction. Securing the right coverage based on the project type and construction timeline is essential. If materials aren't onsite, explain to lenders it may not be the right time to secure builders risk insurance.

2. Policy Terms

Under the **Zurich builders risk policy**, coverage should begin when the policyholder is legally responsible for the covered property. For conventional loans, this may occur at closing. However, construction loans with draw schedules do not need coverage until materials are onsite. Help lenders understand this to avoid unnecessary costs or activating a policy prematurely.

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Showcasing Your Expertise

1. **Protect the Lender's Investment**

   Lenders want to safeguard their financial stake in construction projects. Educate lenders about coverage options that directly protect their interests, such as a soft costs endorsement. This coverage includes more than just labor and materials. It also covers costs like interest on construction loans if a claim is made. By promoting these coverages, you also shield the lender from financial loss.

2. **Offer Solutions**

   If construction hasn't started or materials aren't secured, it might be premature to obtain builders risk insurance. Teach lenders and loan officers about the policy terms that could void coverage if no work begins within the time allowed. Suggest an alternative, like a **vacant land premises liability policy**, until the project moves forward.

3. **Go Above and Beyond**

   Building lasting relationships requires continuous engagement. Consider hosting virtual lunch-and-learns or sending quarterly emails with updates on construction insurance trends. Personal touches like dropping by with coffee or snacks can help maintain relationships between formal meetings. Proactive engagement sets you apart from competitors and keeps you in regular contact with lending teams.

Wrap Up

Navigating construction loans requires careful coordination between project timelines, insurance coverage and loan disbursements. By understanding these elements and partnering with financial institutions, you can influence decisions and position yourself as a valuable resource in the insurance field.

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About US Assure

US Assure distributes, underwrites and services construction and property insurance products across the U.S. for "A" rated carriers — and we've done so for more than 45 years. Our expertise lies in builders risk coverage, exclusively backed by Zurich. From single-family homes to commercial projects valued up to $75 million, we've got you covered during construction, from the time the ground is cleared to the installation of the final finishes. Additionally, we supplement this with products for premises liability, vacant structures and rental homes. We offer quick access to our products, provide online policy issuance and expect no minimum volume commitment to get started. For more information, visit **usassure.com**.

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