

# The Best 101 Guide to Builders Risk Insurance

Whether you're new to construction insurance or a seasoned professional, learn about coverage options, policy types, and more.



# Introduction

If you're new to the insurance industry or maybe just new to insuring construction-related risks, there is no better time to learn builders risk.

As a trusted insurance professional, your clients rely on you to provide risk mitigation advice and to recommend a superior solution for their needs concerning loss exposures.

Sold by a multitude of global, national and regional insurers, builders risk, also known as course of construction insurance, is easy to obtain. However, ensuring the proper coverage, limits and policy type are in place requires a fundamental understanding of the industry and the associated risks likely to occur during the course of construction. The basic concept of builders risk is relatively simple to learn, even for the newest insurance professional. In this guide, we use the 40+ years of insight our company has accumulated as the exclusive administrator of the Builders Risk Plan insured by Zurich to teach you the very basics.



## Get started today with no minimum commitment.

Register online in four easy steps at [usassure.com](https://usassure.com) to access the nation's number one builders risk policy insured by Zurich for residential and commercial new construction, remodeling and installation projects.



# What is builders risk insurance?

**Builders risk insures a structure while under construction.**

Its coverage protects a person's or organization's insurable interest in materials, fixtures and / or equipment to be installed during the construction or renovation of a building or structure should those items sustain physical loss or damage from a covered cause.

The policy is often required to comply with government regulations or as a condition to meet banking or other contractual arrangements. A standalone builders risk policy does not provide coverage for workplace accidents and injuries or liability coverage.



## When do builders and owners purchase builders risk?

Demand for a builders risk policy is often time sensitive.

Most purchases occur prior to or on the date of construction when the contract is finalized, which means you'll need to act promptly when your client requests coverage. With benefits such as online policy issuance, responsive service, direct access to a dedicated team of underwriters, and a program insured by a financially stable carrier, US Assure is prepared to help you secure coverage quickly.

In some cases, your client might begin construction without securing builders risk coverage. You will need to provide the percentage of construction completed during the application process, in addition to the total completed value. Projects greater than 30 percent complete are eligible through our program, but subject to additional underwriting review.

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## Who buys builders risk insurance?

Given the broad scope of potential clients, the term can be misleading.

Individuals or entities, including contractors, business owners, homeowners, or financial institutions are often your primary builders risk clients. Depending on the terms of the construction contract, the contractor or project owner will be required to purchase builders risk coverage.

The Builders Risk Plan insured by Zurich allows for the policy to be purchased in the name of the owner or builder. Contractors and other parties of interest may also be protected under an additional named insured clause.

Should your client choose to add the builder or owner as an additional named insured, be sure a waiver to subrogate is clearly outlined in the construction contract or agreement. This will protect the interest of additional named insureds should property damages occur during the course of construction.

## The US Assure Builders Risk Plan insured by Zurich can accommodate a wide range of client types, including but not limited to:

- ✓ Owners
- ✓ Builders
- ✓ Contractors
- ✓ House flippers
- ✓ Development companies
- ✓ Investment companies
- ✓ Retail companies
- ✓ School districts

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## How do you determine the project value?

Before choosing the right policy or coverage options, you should work with the builder or owner to determine the total completed project value.

“Total estimated completed value” means all the costs associated with the building and designing of the Covered Property including labor, “overhead” and materials, and if included, “profit.”

**Examples of covered costs for total estimated completed value include but are not limited to:**

- Materials such as windows, landscaping and pools.
- Design expenses such as architect fees, site lighting, existing facilities analysis and zoning modifications.
- Overhead payments such as payroll, utilities and administrative charges.

Changes to the completed value commonly occur during the course of new construction. Because coverage is based on total completed value, any changes that occur during construction to increase the value of the structure should be reported, and the policy should be endorsed to reflect the correct value. The US Assure Builders Risk Plan offers a change order endorsement at 10, 20 and 30 percent of the completed value to provide proper coverage for upgrades and other structural enhancements to reduce co-insurance penalties, and errors and omissions claims by your client. This change order endorsement may be purchased at policy inception or during the course of construction.

Changes to the completed value are highly likely to occur during the course of new construction. Because coverage is based on total completed value, any changes that occur during construction to increase the value of the structure should be reported, and the policy should be endorsed to reflect the correct value.

# How to choose the right policy for your client?

Whether your client's construction project is a multimillion-dollar commercial renovation, starter home or roof installation, the US Assure Builders Risk Plan offers a policy that will meet the very specific needs of the project. In general, construction can be categorized into three projects types: new construction, remodeling or installation.

Here are four common policy options offered through the US Assure Builder Risk Plan insured by Zurich.

1

Single policy for contractors or owners with new construction, remodeling or installation project

2

Reporting form policy for contractors with multiple residential and commercial new construction projects

3

Blanket deposit premium policy for contractors with residential or commercial new construction averaging 50\* or more builds a year

4

Blanket installation policy for trade contractors with residential and commercial projects

\*As few as 25 new project starts a year can be considered

## Matching your client's project with the right policy type

The table below summarizes the target customer and eligible project types for each policy option.

Policy Type	Customer Type	Project Types
<b>Single / One Shot</b>	Owners and builders with four or fewer starts per year	Residential up to any size and value, and commercial structures up to \$10 million in value; new construction, remodeling and installation
<b>Single Structure / One Shot – commercial projects valued over \$10 million</b>	Owners and builders with four or fewer starts per year	Residential up to any size and value, and commercial structures up to \$10 million in value; new construction, remodeling and installation
<b>Reporting Form - Residential</b>	Contractors with multiple new construction projects per year	New construction and renovation projects with no existing structure
<b>Reporting Form - Commercial</b>	Builders typically developing similar commercial structures (e.g. schools, strip malls)	Large commercial projects over \$10 million
<b>Blanket Deposit Premium</b>	Builders with 50* or more project starts per year	Residential or commercial structures
<b>Single or Blanket Installation</b>	Trade contractors	All types of residential and commercial installation

\*As few as 25 new project starts a year can be considered

To determine the right policy for your construction client, you'll need to assess their portfolio.

- What types of projects are your builders targeting?
- How many starts is the builder expected to take on in the next 12 to 18 months?
- Where is the construction being performed?

These are all factors you should consider during the policy selection process.

## How do you select the right coverage for the risk?

Fire, wind and theft can be devastating, but not adequately insuring your client's construction project can be even more severe when you consider the potential loss involved for all parties associated with the project. During the course of construction, a structure is exposed to many perils.

The US Assure Builders Risk Plan insured by Zurich offers protection for a wide range of named perils, including but not limited to:

- ✓ Property damage
- ✓ Theft
- ✓ Vandalism
- ✓ Fire or lightning
- ✓ Arson
- ✓ Collapse
- ✓ Windstorm or hail

The following additional coverages are also standard to the Builders Risk Plan coverage form. In most cases, your client has the option to purchase increased limits where appropriate and depending on the project type.

- ✓ Materials in transit and at temporary locations
- ✓ Ordinance or law
- ✓ Debris removal
- ✓ Fire department service charge
- ✓ Scaffolding, construction forms, etc.
- ✓ Back up of sewers, drains or sumps
- ✓ Pollution clean up
- ✓ Scaffolding re-erection
- ✓ Valuable papers

Depending on the coverage form, project type and total completed value, your client may purchase a number of other endorsements — including flood and earthquake in some states — to expand the already extensive coverage offered on the Builders Risk Plan form, subject to underwriting guidelines.

Keep in mind, the coverage form for the Builders Risk Plan insured by Zurich is very broad. Unless a peril or risk is excluded, it's considered covered. Coverage forms are not standard in the marketplace and vary by the insurance provider. It's important that you have an understanding of any exclusions when advising your construction client on the policy type and coverage offering. When you are a registered producer with US Assure, builders risk coverage forms are available to you for reference during the client consulting process.

## How do you choose a provider?

Partnering with a construction expert that also offers financial stability and reliability is the best place to start.

Offering a provider with a proven track record of favorable claims history is also a critical factor when advising any client. Providers like US Assure and Zurich — that practice sound and consistent underwriting, have expertise in construction, and remain consistent with respect to appetite and pricing — are proven reliable partners.

## What do you need to get started?

You can expect to provide the following basic information to begin a builders risk application online with US Assure:

- ✓ Insured name and mailing address
- ✓ Builder information, including name, years of experience, number of structures built or remodeled in last 12 months, projected number of structures built or remodeled for the next 12 months, and loss history
- ✓ Property information, including the project address, total completed value, type of construction material, fire protection class, square footage, and number of stories

# Is there more you need to know?

Construction projects are complex, and every project is not the same.

While simply reading this guide will not make you an expert, we've provided information to help you develop a basic understanding so you can speak confidently with your clients about builders risk insurance.

You can learn much more about builders risk insurance from our dedicated team of specialists and by reading the builders risk coverage forms, which includes topics such as when coverage begins and ends, coverage definitions and policy terms. These forms, our online policy issuance platform and other resources are available at [usassure.com](https://usassure.com) when you become a registered producer with US Assure. Our dedicated team of more than 50 specialists is also available to assist you at (800) 800 - 3907.



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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 40 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](https://usassure.com).

## Contact Us

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US Assure is an independent, third-party administrator managing policy processing for certain builders risk policies issued by Zurich and its affiliated companies. US Assure does business as US Assure, Inc. and US Assure Insurance Services of Florida, Inc. In California, US Assure operates as InLink Insurance Services (CA license # OD44490).

This is intended as a general description of certain types of insurance and services available to qualified customers. Any description of policy provisions is meant to give a broad overview of coverages and does not revise or amend a policy. Refer to the policy coverage form for a complete representation of the scope of coverage, terms, conditions, exclusions and more. The policy is the contract that specifically and fully describes your coverage. Some products may not be available in all states and may only be offered on a non admitted basis. Product availability is subject to change.