

Glossary

for the Builders Risk Plan Insured by Zurich



Whether you're a seasoned professional or new to the construction industry, this glossary aims to equip you with an understanding of key terms and concepts associated with course of construction and the Builders Risk Plan insured by Zurich.

A

Actual Cash Value: the cost to replace an insured item of property at the time of loss, subtracted from the value of physical depreciation.

Additional Insured: individuals or entities who are added to the policy but are granted no rights to cancel or alter coverage.

Additional Premium: premium that is added to the existing policy, often due to a change in the insured risk.

Annual Rate Reporting Form: reporting form rate ideal for large custom homes or other structures that will be in inventory for more than six months; requires the insured to report each location started during the previous month; any start will not be reported more than once per year.

Anticipated Completion Date: listed in the construction agreement as the date the project will be finalized, not the policy expiration date.

B

Builders Risk Insurance: also known as course of construction, this 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.

Building Start: either the first placement of permanent construction of a building on site, such as the pouring of a slab or footing, the installation of piles, the construction of columns or any work beyond the stage of excavation; or the placement of a modular home on a foundation. For a remodel, the actual start of construction means the first alteration of any wall, ceiling, floor or other structural part of a building, whether or not that alteration affects the external dimensions of the building.

C

Cold Testing (aka Building System Testing): provides coverage for testing of installed building systems and equipment that is intended to heat, cool or service the building, including but not limited to electrical, mechanical, hydrostatic and pneumatic; Hot testing is ineligible.

D

Deposit Premium Policy: for contractors averaging 25 or more residential or commercial new construction projects per year; the amount of premium that the policyholder pays to the insurer on a periodic basis during the term of the policy.

E

Earned Premium: refers to the premium collected by an insurance company for the portion of a policy that has expired or has been cancelled.

Endorsement: an amendment to an existing builders risk insurance contract that changes the terms of the original policy by enhancing coverage or limits.

Existing Inventory: buildings or structures where construction was started and more than 30% of the “total estimated completed value” was completed prior to the inception date of the policy.

F

Fire Protection Class: a grade given to a property by the city, based on the community’s firefighting abilities; used as a factor in determining insurance premium.

Frame Construction: exterior walls constructed of wood or other combustible materials such as brick veneer, stone veneer, wood and stucco on wood.

Fully Earned Premium: meaning no refund is due when coverage ends or the policy is cancelled; for more information, see coverage form HBIS-83.

H

Hot Testing (Testing Other Than Building Systems): testing performed by operating the machinery or equipment using fuel or other energy; coverage for this risk is not eligible under the Builders Risk Plan insured by Zurich.

I

Installation Policy: designed to protect one single aspect of the project, such as the installation of bathroom fixtures, windows, air conditioning, etc. Installation policies also protect materials and fixtures to be installed while they are in transit. Single project and blanket policies are available.

M

Model Home Contents Policy: for residential and commercial projects valued up to \$10M; to acquire coverage, the contractor must document the value of the contents for each specified model home by reporting it on the annual or monthly reporting form; coverage may also be secured if the contractor has an existing single structure (one-shot) policy.

Monthly Rate Reporting Form: reporting form policy rate best for structures built and sold in less than six months, depending on state rates; this form requires all structures in inventory be reported every month; not available in Florida.

N

Named Insured: the person(s) who purchases the insurance, appears on the declaration page and has ownership of the policy; owns the right to make policy changes and file claims.

O

One-Shot Policy: a type of builders risk insurance policy that insures a single new construction, remodeling or installation project.

P

Pro-Rata Cancellation: a cancellation on an insurance policy in which the policyholder is fully or partially refunded for premiums that have been paid in advance; pro-rata cancellations may be permitted based on state requirements or underwriting guidelines.

Purchaser Under Contract Policy: designed to protect a home where the builder collects rent while a buyer is waiting to close; this three-month policy is available for residential new construction risks that have been previously insured by Zurich.

R

Remodel Excluding the Existing Structure Policy: covers just the renovations.

Remodel Including the Existing Structure Policy: covers the existing structure and new renovations; if existing structure coverage is needed, renovation amount must be at least 20% of the existing structure value.

Renovation: repairs and updates to an area without changing its purpose; example: replacing old wooden window frames with new aluminum ones.

R

Restoration: restores a space to its original condition with replicas or original materials; example: removing the aluminum window frames and replacing them with the original wooden ones.

Replacement Cost: the amount of money needed to repair a structure at today's prices of building supplies or replace belongings at today's cost of a similar or like item; for additional information, see form HBIS-84.

Reporting Form Policy: for contractors who build five or more new homes per year with values of \$3M or less (up to \$1.5M for coastal properties); option to include remodeling without existing structure coverage; see Annual Rate and Monthly Rate descriptions noted above.

S

Scope of Work: the list of construction obligations, as well as work activities that all contractors, subcontractors, and suppliers are obligated to do, as written in the construction contract.

Site Work: any work done on a construction site, such as plumbing, drainage or surveying of the property, prior to actual construction.

Short-Rate Cancellation: occurs when a policyholder decides to terminate the insurance policy before the expiration date; available with a 10% penalty for Maryland, Montana and New Hampshire.

T

Total Completed Value: includes all the costs associated with the building and designing of the Covered Property including labor, "overhead" and materials and, if included, "profit."

U

Unsold Dwelling Policy: available to existing policyholders after two years of builders risk coverage if the new home construction is either near completion or complete and awaiting sale, as long as they intend to sell and not rent the completed structure.

W

Waiver of Coinsurance: also known as the Deletion of Coinsurance Conditions, this waiver is available for commercial projects valued up to \$10 million if the cost of the damage or repair is less than \$25,000; the loss will be adjusted without regard to the standard Coinsurance conditions.

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.

Contact Us

usassure.com

(800) 800 - 3907

8230 Nations Way, Jacksonville, FL 32256



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.