

Builders Risk Application Tip Sheet

Getting every bit of an insurance application correct might be one of the most important responsibilities you have as an insurance advisor. But, who has time to memorize submission forms from hundreds of providers? Not you! Instead, you can leverage the pointers outlined in this resource to assist you as you complete an application to secure a course of construction policy with the Builders Risk Plan insured by Zurich. Whether the project is residential or commercial or in the name of the contractor or owner, you'll find general guidance for any application.

General Application Tips for All Policy Types

- ✓ Insure the most accurate total completed value (TCV), so your client isn't underinsured.
 - As stated in our coverage forms, "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 TCV costs include but are not limited to:
 - Materials such as windows, landscaping and pools.
 - Design expenses like architect fees, site lighting, existing facilities analysis and zoning modifications.
 - Overhead payments such as payroll, utilities and administrative charges.
 - Consider scheduling a checkpoint during the policy term to validate the TCV. Rise in material costs or contract change orders are just two examples that could modify the project value. If TCV has increased, you can endorse the policy through the same channel it was issued.
- ✓ Assess all the available optional coverage endorsements based on the project type, and offer the appropriate choices to your client. [Download our Coverage Summary by Policy Type chart](#) for a list of optional coverages.
- ✓ Know how percent deductibles are calculated for each coverage form.
 - 40471 coverage form is calculated on total completed value.
 - 40660 coverage form is calculated on the values at risk at the time of the loss.
- ✓ Remember, any project over 30 percent complete at the time of submission will require additional underwriting review.
- ✓ Refer to the 40471 or 40660 coverage form to grasp "when insurance begins and ends" in its entirety, and educate your client on the topic.
- ✓ Ask your client to sign the completed application. Save it in your records because Zurich might request a copy during a claim investigation.
- ✓ Keep in mind, most policies are fully earned.
- ✓ Don't forget—renewals are not automatic. If the project is not completed within the policy term, coverage may be renewed with additional underwriting review.

Remodeling Policy Application Tips

- ✓ Consider the difference between new construction and remodeling.
 - New construction is built from the ground up, where there was no previous existing structure before the project work began, and it has yet to be put to its intended use.
 - If there is an existing structure that will be modified in some manner (including adding a new addition to an existing structure), the project is considered remodeling rather than new construction. Additionally, if the structure was demolished but the foundation remains, the project can be considered remodeling in some cases.
- ✓ Inquire about the scope of work being performed, so that you can properly classify it.
 - *Basic:* Remodeling of interior finishes, exterior painting, replacement of interior fixtures, cabinets, flooring, etc.; no structural changes
 - *Minor structural:* Remodel work as listed above and minor changes to exterior (doors, windows, skylights, etc.); roof replacement, ground floor additions and all non-structural changes, such as HVAC, plumbing and electrical
 - *Major structural:* Repair, replace or removal of load-bearing walls; adding additional stories, stairways or elevators; structural retrofitting or foundation work, such as underpinning and / or dewatering; stamped engineering plans must be provided; all structural changes will hold for underwriting review
- ✓ Choose the remodeling policy option in the application process even when the project is renovations only (excluding existing structure coverage).
- ✓ Review the Inactivity Clause on the HBIS-37 coverage endorsement when an existing structure is included.
- ✓ Determine if your client needs a six, nine or 12-month policy term.
- ✓ Calculate Actual Cash Value but no more than market value. Zurich does not provide a calculation tool.
- ✓ Don't skip renewal conversations. Policies are automatically non-renewed due to the nature of the project. In most cases, the policy can be extended prior to the expiration of the policy with underwriter approval.

Reporting Form Policy Application Tips

- ✓ Educate your client about reporting requirements (using the resources below), and determine which reporting option (monthly or annual) will be most appropriate for them. You can also compare rates for each by calculating both the monthly and annual rates based on the average length of the builder's projects.
 - [Reporting Form Accuracy](#)
 - [Reporting Form Guidelines](#)
- ✓ Validate that you have captured all the states where construction work will take place.
- ✓ Remember, the policy term is continuous until cancelled.
- ✓ Factor in total completed value when reporting inventory.
- ✓ Only report eligible risks. Renovation only (excluding existing structure) projects can be insured on reporting form policies. However, coverage for existing structures does not apply on this policy. You must issue a one-shot policy if your client needs existing structure coverage during remodeling.

Before You Click Submit ...

Builders risk isn't complicated! However, these tips don't guarantee a perfect application. That's in your hands, but we'll help you every step of the way.

It's up to you to review our coverage forms and conduct investigative conversations with your client and our dedicated builders risk specialists at **(800) 800 – 3907** before you issue a policy.

Once you [register to become a producer with US Assure](#), you can access all of our builders risk coverage forms when you [log in to usaassure.com](#). Under My Policies in the top navigation, select Forms Library from the dropdown menu.

Check Out Our Resource Center

Download tools to boost your know-how and enhance the expert value you bring to the table.

- Checklists
- Tip Sheets
- Customer-Facing Collateral
- On-Demand Webinars

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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.



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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.

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