

Answering Agents' Top Builders Risk Questions: Commercial New Construction

There's no doubt, commercial accounts require more time and resources to learn the business, underwrite and often service after the policy is issued. These complex course of construction projects need a unique set of coverages to protect exposures fully, as well as expertise to underwrite the risk. It's important agents understand how commercial differs from residential construction and key factors to take into consideration when issuing builders risk insurance.

As the nation's number one builders risk program, we receive questions from agents and brokers across the country on the topic of insuring commercial construction projects. In this resource, we answer some of the most common questions so you can confidently advise clients and help ensure their vision is protected throughout the course of construction.

Nuts and Bolts



Q: What types of projects are appropriate for commercial builders risk insurance?



A: Commercial builders risk coverage is not just for small shops or offices. Common businesses and entities eligible to secure builders risk insurance include warehouses, wastewater treatment facilities, municipal buildings, institutional properties, stadiums, bus stations and more. Commercial builders risk insurance can also provide coverage for installation of light poles, benches and playground equipment at city parks, to name a few.

Although apartment buildings and condominium buildings typically operate as residences, these structures are considered commercial properties when more than four units are involved. In addition, when the property under construction will be used for business and residential purposes, insurers may often consider it a commercial project.



Q: What kinds of clients can be covered by a builders risk insurance policy?



A: Agents are often surprised to learn that the client purchasing commercial builders risk insurance can be the builder, owner, municipality, retailer or anyone else with an insurable interest.

The policy can also be written in a name other than the contractor or the owner. For example, a school might want the builders risk policy to reflect the name of the school district or the specific school itself.

Answering Agents' Top Builders Risk Questions: Commercial New Construction



Q: What considerations should be made when securing a commercial builders risk insurance policy?



A: Not all builders risk policies are the same. The scope of coverage varies from provider to provider and there are important distinctions between policies even within the same provider.

For example, the US Assure Builders Risk Plan insured by Zurich offers two options for policy issuance, which vary depending on project value, scope of coverage needed and project term. Our automated form allows agents to issue a policy entirely online in minutes when risks do not exceed \$10 million. To tailor the terms and coverage even further, agents can submit online then work directly with our underwriters who will manually review the risk and issue the policy when valued up to \$75 million. Contrary to a common misconception, clients who encounter delays can potentially extend the policy term.

Other considerations include whether coverage can be issued for projects that are already underway and what type of policy limits are available. The US Assure Builders Risk Plan insured by Zurich provides coverage for course of construction projects valued up to \$75 million, offers many optional coverages and may provide coverage for projects that have already started.

Coverage and Policy Options



Q: What payment options are available?



A: Payment options vary from provider to provider, so agents should fully understand available choices. As is the case with most commercial builders risk policies, the US Assure Builders Risk Plan insured by Zurich offers direct billing, where the client is invoiced directly and responsible for submitting the premium payment(s). As an alternative, wholesale billing arrangements may be available, allowing the agent to submit premium payments on behalf of their client. The option to pay in installments is also commonly available.



Q: What policy types are available?



A: Commercial builders risk insurance can be purchased under a single policy form—designed for a single construction project—or under a reporting form policy. Reporting form policies allow the policyholder to cover more than one new construction project with the same insurance policy. Another option is installation builders risk coverage, which provides for installation of materials and equipment.

Answering Agents' Top Builders Risk Questions: Commercial New Construction



Q: Can flood and earthquake coverage be included?



A: Most commercial builders risk insurance policies exclude losses that result from floodwaters or earthquakes, but policyholders may be able to add an endorsement to ensure coverage for these common causes of loss. This added protection is subject to underwriter approval, and may be available for the full policy limits or a sub-limit.

Some commercial builders risk providers have limited capacity to offer coverage for flood and quake. Where coverage is available for a given risk, it is crucial to offer it to the insured. Even if their commercial construction project is not in a designated flood zone, they could nevertheless sustain high losses if a flood or earthquake occurred.



Q: Is occupancy allowed?



A: With commercial construction projects, clients are typically motivated to begin using the constructed facilities as soon as they can do so. When a commercial builders risk policy includes an occupancy clause, clients may be able to use the portion(s) of the structure that are completed while construction on other sections is still underway.

For example, a client building a strip mall may want to allow one tenant to begin operations as soon as their space is ready, even if the rest of the mall has yet to be completed. With the US Assure Builders Risk Plan insured by Zurich, policies issued on our automated form include a 90-day occupancy clause, and manually underwritten policies include a 60-day occupancy clause. Additional days can be extended with underwriter approval, and the occupancy endorsement can be added onto the policy after it is already in effect.



Q: What additional coverages can be added to the policy?



A: As with any type of insurance, it is important to tailor coverage to meet the client's specific needs. A variety of optional endorsements are available for commercial builders risk policies, including business income and extra expense, soft cost coverage, water intrusion and more.

To read a complete list of these robust coverage options for our single project and reporting form policies, download our resource, [Coverage Summary by Policy Type](#).

Answering Agents' Top Builders Risk Questions: Commercial New Construction

Misconceptions



Q: Are protective safeguard warranties, such as 24-hour surveillance, fencing and fire extinguishers required?



A: In most cases, the Builders Risk Plan insured by Zurich does not require protective safeguard warranty. However, some insurance companies do include protection warranties in their policy forms, requiring policyholders to take actions that can lower or mitigate the risk of loss. If a claim occurs under one of these policies and the policyholder did not follow what the policy specified, the claim may be denied.



Q: Can site work be excluded for commercial structures?



A: Cost-conscious commercial builders risk clients may be interested in excluding site work from coverage. Site work refers to work such as landscaping, underground piping, installing sprinkler systems and similar activities for which clients don't feel they need the full protection builders risk insurance offers.

Under the US Assure Builders Risk Plan insured by Zurich, site work may be excluded, depending on the coverage form selected.

With that said, agents should always discuss the potential ramifications and risks of excluding coverage with their clients. If site work is excluded and a loss occurs, the client won't be able to collect claims dollars for the cost of the excluded site work.



Q: I don't have all the specifics on the project, can I still get a quote for my client?



A: Complete details on the full project scope are not required to obtain a premium indication.

When you submit basic information about the project, including its location, limit and construction type, one of our dedicated commercial builders risk underwriters can provide a non-binding estimate you can review with your client. Specific coverage quotes and decisions to issue policies depend on the receipt of fully completed applications.

To learn more about the materials you should gather prior to quoting and issuing a policy, review [**Getting Started Online: Checklist for the Builders Risk Plan Insured by Zurich.**](#)

Answering Agents' Top Builders Risk Questions: Commercial New Construction

Conclusion

Commercial builders risk accounts can be time consuming from beginning to end. But with the answers to these common and crucial commercial new construction questions at the ready, you'll be well equipped to handle clients' challenges.

To learn more about the Builders Risk Plan insured by Zurich, contact our dedicated team of more than 50 specialists at **(800) 800 - 3907**, or visit usassure.com.

[Request a Consultation](#)

About US Assure

US Assure is a premier program administrator and insurance services provider. With 40 years of experience in the construction industry, US Assure exclusively manages, distributes and services the Builders Risk Plan insured by Zurich, and other property products, throughout the United States and Canada. Agents interested in partnering with US Assure to access the Builders Risk Plan insured by Zurich can register online in four easy steps for instant access with no minimum commitment. Registered US Assure agents are equipped to provide a comprehensive range of builders risk products for projects of any size and value. For more information, visit usassure.com.

Start doing business online today when you register
in four easy steps at usassure.com.

Register Now



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. The policy is the contract that specifically and fully describes coverage. The description of the policy provisions gives a broad overview of coverages and does not revise or amend the policy.

© 2017 US Assure. All rights reserved.