

Answering Agents' Top Builders Risk Questions: Remodeling Projects

Do you struggle with understanding the coverage options available for renovations? Do the distinctions between new construction and remodeling coverage confuse you? You're not alone. Whether your clients are renovating a residential or commercial structure, the sometimes-unique circumstances can muddy the water for any insurance professional.

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

Nuts and Bolts



Q: What type of renovations can be insured?



A: The types of renovations covered by builders risk insurance can vary from provider to provider. When researching options for your clients, be sure to understand and confirm what the provider and proposed policy cover.

Clients can use the US Assure Builders Risk Plan insured by Zurich to cover basic home remodeling like replacing cabinets, as well as complex structural change renovations such as moving load-bearing walls or adding a story onto a residential home or commercial building. Consult with an underwriter for specific project details.



Q: Who is the ideal client for this coverage?



A: The ideal client for any type of builders risk coverage, including those remodeling or renovating an existing structure, can be individuals or businesses with an insurable interest in the project.

Homeowners frequently purchase coverage for remodeling. However, the client could also be a real estate investment company or a contractor conducting the project work.

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Q: Can you provide coverage on the existing structure being remodeled? If so, how will it be valued?



A: In many cases, builders risk insurance can protect both the existing structure and the remodeling work. This can provide valuable coverage in situations where the existing structure would not otherwise be insured. US Assure values the existing structure at actual cash value; renovations are valued at replacement cost.

If the structure is being insured, occupancy can be allowed when the policy is for the homeowner with a residential, single-dwelling only.



Q: What is the difference between renovation and restoration?



A: The US Assure Builders Risk Plan insured by Zurich offers insurance coverage for renovations.

A renovation, in builders risk insurance terms, means that an existing structure is being remodeled and changed, replacing old pieces with new. This includes additions, alterations, improvements or repairs — modifications that are often performed to keep up with the latest design trends.

In contrast, a restoration refers to returning an existing structure to its original condition. If you have a client whose project may fall under the category of “restoration” rather than a “renovation,” discuss coverage options with an underwriter.

Coverage and Policy Options



Q: What policy types are available?



A: Builders risk insurance for residential or commercial renovations must be purchased under a single project / structure policy form.

Unlike residential and commercial new construction projects, the reporting form option is not available for renovations, due to the high risk of loss remodeling projects bear. So, a client with multiple renovation projects will have a separate policy for each project.



Q: Does the client have to take out a 12-month policy?



A: Remodeling policy options for the US Assure Builders Risk Plan insured by Zurich include six, nine or 12-month terms. This allows clients to purchase coverage for a shorter time period when it is anticipated that their renovations will not take an entire year to complete.

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Q: How does the client get an extension if the project is not complete?



A: In most cases, the policy can be extended prior to the expiration of the policy with underwriter approval. When requesting a policy extension for remodeling projects, the policy term can be for less than six months.

Misconceptions



Q: If the existing structure is covered elsewhere, is builders risk coverage available to cover just the renovation?



A: Builders risk policies can insure just the renovations, excluding existing structures.

This is an important point because, although a client may have a homeowners insurance policy or other property policy already in place, renovations may be limited or specifically excluded under those policies.

When clients purchase builders risk insurance for renovations, they can purchase coverage to complement what they already have protected under permanent property policies.



Q: Can the owner perform the construction work?



A: The US Assure Builders Risk Plan insured by Zurich requires that a general contractor or a remodeling contractor with at least two years of project-related experience oversee the construction.

If the property owner has the appropriate project experience, he or she is considered qualified to perform the work. However, clients should know that the project may be subject to other underwriting guidelines when the property owner is performing the work.



Q: Can coverage for ordinance or law be purchased on any builders risk policy?



A: Unfortunately, ordinance or law coverage is not available for remodeling or renovation projects under the US Assure Builders Risk Plan insured by Zurich.

Because building code standards for existing structures change over time, changes in ordinance or law could require the insured to address code standards that are beyond the scope of the remodeling project insured under the builders risk policy.

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Conclusion

Chances are that many existing clients for whom you have secured homeowners or other lines of insurance in the past are considering remodeling or renovating their existing structures. The information we shared here will help you qualify accounts and better understand the underwriting requirements involved when insuring remodeling projects.

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.

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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.

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