

SUMMARY OF CHURCH CONSTRUCTION COVERAGES

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INSURANCE ISSUES FOR CHURCHES AND CHRISTIAN CHARITABLE ORGANIZATIONS

If your church is involved in the construction of a new building, a building addition or a major renovation, you may need to consider some or all of the following coverages.

(1) BROAD FORM BUILDERS RISK

This provides coverage for loss or damage to the building while it is under construction and the coverage amount should be based on the completed value of the building or renovations. Covered perils include (but are not limited to) the following; fire, smoke, explosion, windstorm, hail, water damage, vehicle impact, vandalism and the theft of building supplies and materials from the construction site. A Builders Risk does not include loss or damage to tools and equipment. It is extremely important to notify our office prior to commencing coverage.

(2) CONTRACTOR'S EQUIPMENT FLOATER

This coverage should be added if the church is planning to purchase, rent or borrow any tools and equipment for use on the construction site. The amount of coverage should be based on the replacement value new for all tools and equipment. Floaters can be scheduled by providing a complete list of the items to be covered or issued on a blanket limit for the total replacement value of all tools and equipment. Please note that any sub-trades that are hired are normally responsible for arranging coverage on their own tools and equipment.

(3) CONTRACTOR'S GENERAL LIABILITY

Protects the church against legal liability arising out of negligence for bodily injury or damage to third party property because of construction operations and activities. The minimum coverage amount is \$2,000,000. however you may wish to consider a higher limit due to the increased risks associated with construction activities. Coverage is available up to a maximum of \$12,000,000. per occurrence and in aggregate.

(4) VOLUNTEER ACCIDENT BENEFITS

Provides no-fault benefits to church volunteer workers (between the ages of 18 and 70) who are injured while participating in construction at the job site. Coverage includes Accidental Death and Injury, Weekly Disability (maximum of 52 weeks) and Accident Medical and Dental Expense Reimbursement subject to the standard policy limits. Premiums are based on the total estimated number of volunteer hours.

NOTES:

- a) Builders Risk and/or Contractors General Liability coverage "may" not be required to be carried by the church if you have hired a General Contractor who is responsible for providing insurance. Please check your construction contract carefully to determine which party has assumed responsibility for each coverage.

- b) If you are using a General Contractor, make sure to request a Certificate of General Liability Insurance from them prior to commencement of construction in order to ensure that they have a minimum of \$2,000,000 coverage and that they have added the legal name of the church as additional insured party under their policy in order to protect the church against legal liability arising out of the negligent operations of the general contractor.
- c) If you are not hiring a General Contractor and are instead using the services of a qualified site supervisor or project manager, you will need to arrange Builders Risk and General Liability coverage, as well as a Contractor's Equipment Floater (if you have any tools and equipment) and Volunteer Accident Benefits (if you are using any church volunteer labour). Also please ensure that all sub-trades hired provide the church with certificates of Liability Insurance confirming a minimum of \$2,000,000 coverage and naming the church as additional insured. This should be specified in the tendering process and/or your contract with each sub-trade. A Certificate must be filed with the church by each sub-trade before they begin work on the construction site.

This summary is not intended as a complete description of insurance coverages, limits, terms and conditions. Consult the policy wordings for full policy terms and conditions.

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