



ONE-MINUTE Insurance Manager

CONSTRUCTION COVERAGE SUMMARY

BEFORE YOU BUILD OR RENOVATE

“Must have” protection for Church and Charity Construction Projects

If your church is planning the construction of a new building, a building addition or a major renovation, you may need to consider some or all of the following four (4) insurance 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 (please refer to CONTRACTOR'S EQUIPMENT FLOATER coverage option below). It is extremely important to notify our office prior to commencing construction to obtain this coverage.

Conditions of Builders Risk coverage:

The project owner and/or General Contractor must ensure the following, otherwise the Builders Risk policy may exclude coverage in a claim:

- i) Removal of waste/refuse from the job site
- ii) Certificates of Liability insurance from roofing contractors doing any Hot Tar roofing or Torch-On applications, specifically for such work

Optional Coverages Available upon request:

- i) Soft Costs e.g. Loan Interest; Legal and Accounting Fees; Architectural, Design and Project Management Fees, Surveys, Tests, etc.
- ii) Equipment Breakdown e.g. Insurable loss or damage by electrical or mechanical breakdown, including testing and commissioning
- iii) Flood Coverage during the construction period, subject to availability depending on site location

(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) VOLUNTEER ACCIDENT BENEFITS

Provides “no-fault” benefits to church Volunteer Workers between the ages of 18 and 70 who are injured while participating in light construction and clean-up at the job site. Limited coverage is also included for Volunteer Workers age 70 up to 80. Coverage includes Accidental Death and Injury, Weekly Accident Indemnity (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.

(4) CONSTRUCTION LIABILITY

a. COMMERCIAL GENERAL LIABILITY (C. G. L.)

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 \$5,000,000 per occurrence/annual aggregate, however you may wish to consider a higher limit due to the increased risks associated with construction activities. Coverage is available through excess Umbrella Liability Coverage up to a maximum of \$15,000,000 per occurrence and in aggregate. If you are hiring a General Contractor who is providing proof of their Commercial General Liability coverage in an amount of not less than \$5,000,000 per occurrence/aggregate and including your organization as Additional Insured, then you most likely do not require this coverage.

OR

b. WRAP-UP LIABILITY

The standard CCDC2 construction contract requires the General Contractor to place liability insurance for the protection of themselves, the property owner (i.e. your organization) and any consultants. However the General Contractor, or the bank/finance source providing your bridge financing or mortgage financing for the project, may insist on a Wrap-Up Liability policy instead of General Liability, to cover ALL parties directly involved in the project, including sub-contractors. Although a Wrap-Up Liability policy is more expensive than Commercial General Liability coverage, the main advantage is

that it limits the possibility of legal and insurance disputes among the various parties involved in a construction project over who is at fault because of a liability claim mid-construction, thus reducing the likelihood of a project coming to a grinding halt, incurring additional interest charges, cost overruns and failing to meet completion and occupancy deadlines due to litigation.

NOTES:

- a) Builders Risk and/or Construction 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 Liability Insurance from them prior to commencement of construction in order to ensure that they have a minimum of \$5,000,000 Commercial General Liability coverage and that they have added the legal name of your organization as Additional Insured under their policy in order to protect your organization 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 Commercial General or Wrap-Up Liability coverage. You may also require a Volunteer Accident Benefit policy if you are using Volunteer Workers and a Contractor’s Equipment Floater if you have any owned or leased tools and equipment being used on the jobsite. Also ensure that all sub-trades hired provide your organization with Certificates of their Commercial General Liability Insurance confirming a minimum of \$2,000,000 coverage per occurrence/annual aggregate and naming your organization as Additional Insured. This should be specified in the tendering process and your contract with each sub-trade. A Certificate must be filed with your Project Manager or site supervisor 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.