

Builders' Risk From Chubb Insurance For Commercial Contractors

General Contractors may bear the financial burden of the risks that come with each new project they undertake. For instance, an unexpected windstorm destroys the recently completed framework on an office building under construction. Or, vandals break into a nearly completed warehouse and steal racking systems that were to be installed the next day. Chubb's two products, designed specifically for the commercial builders market, can help protect general contractors against these and other exposures to risk.

Target markets

Chubb's **commercial project builders' risk insurance** is designed to provide project-specific insurance for an individual construction project requiring a separate policy. We are interested in a wide variety of new construction projects, including high-rise offices, warehouses, municipal buildings, institutional properties, industrial structures, road projects and engineered risks.

Chubb's **commercial open builders' risk insurance** is designed to provide "blanket" or "open" style insurance for all projects initiated by a contractor during the policy period. We are primarily interested in contractors who build homogenous, low- to moderate-hazard projects in a consistent geographic territory.

Coverage Highlights

Builders' Risk offers a tailored insurance product including the following insurance coverages that address the concerns unique to this market.

- Built-in insurance for Temporary Construction Works (falsework, forms-work, scaffolding erection costs and temporary structures), provided the full cost is charged to the project and included in the contract value declared.
- Ensuing loss or damage by a covered peril is granted for faulty or defective workmanship, materials, maintenance or construction.
- Permission is granted to waive the insured's rights of subrogation in writing prior to loss (except to common carriers/ warehousemen).
- No coinsurance is required.
- Recoveries from salvage or subrogation accrue to the insured's benefit *first* to make up the deductible or inadequate limit, *before* it accrues to Chubb's benefit.
- Landscaping, meaning trees, shrubs, plants, lawns and seeds that are planted as part of the construction project, as long as they are used for decorative purposes or to control erosion, is granted specified perils protection with no sublimit.
- *Additional Coverages* Also automatically included in our form is insurance for contract works in transit to the job site and while awaiting delivery; temporary contract works, debris removal expenses and pollutant cleanup.

By Endorsement

We can also add the following broad features:

- *Soft Costs* The Insured is protected, normally after a waiting period from a covered loss, for loan origination fees, realty taxes, architects & engineering fees, legal & accounting fees, interest expense and other necessary expenses incurred to expedite repair.
- *Effects of Law* After a covered loss, in order to comply with the minimum standards of an ordinance or law enacted subsequent to construction, we will pay expenses incurred to demolish undamaged contract works, replacement cost of undamaged contract works, and the increased cost to repair or reconstruct contract works.
- *Other Features:* The General Contractor is often required by the construction contract to provide unique protection. Additional endorsements are available to help tailor our contract wording to meet the specific demands of an individual project.

Residential Builders' Risk From Chubb Insurance For Homebuilders and Residential Developers

Residential developers and homebuilders may bear the financial burden of the risks that come with each new project they undertake. For instance, an unexpected windstorm destroys the recently completed framework on several homes in a development. Or, vandals break into a nearly completed home and steal a sub-zero freezer and a chef's stove that was to be installed the next day. Chubb's two new products, designed specifically for the residential builders market, can help protect developers and homebuilders against these and other exposures to risk.

Target markets

Chubb's Residential Project Builders' Risk is designed for the semi-custom and custom home builder, typically constructing single-family homes in excess of \$500,000, who is looking for superior insurance protection and quality service.

Our Residential Open Builders' Risk product is designed for the semi-custom or large home builder or developer. These projects are typically building developments of single family homes in the \$200,000 to \$500,000 per home range on one-half acre or larger lots. This customer is also looking for exemplary benefits from their insurer.

Coverage Highlights

Residential Project Builders' Risk and Residential Open Builders' Risk offer a tailored insurance product including the following insurance coverages that address the concerns unique to this market. (*Note: All "Project" limits apply to*

the scheduled project only. "Open" limits apply to any one "insured construction project.")

- *Soft Costs* This broad feature automatically gives the insured protection, after a seven day waiting period from a covered loss, for loan origination fees, realty taxes, architects & engineering fees, legal & accounting fees, interest expense and other necessary expenses incurred to expedite repair. Limits are \$10,000 the Project Builders Risk policy; \$50,000 for the Open Builders' Risk policy.
- *Effects of Law* After a covered loss, in order to comply with the minimum standards of an ordinance or law enacted subsequent to construction, we will pay expenses incurred to demolish undamaged contract works, replacement cost of undamaged contract works, and the increased cost to repair or reconstruct contract works. Limits are \$50,000 the Project Builders' Risk policy; \$100,000 for the Open Builders' Risk policy.
- *Construction Trailers & Scaffolding, Valuable Papers & EDP Media* Our definition of covered property goes beyond the typical builders' risk covered property definition which only addresses property intended to become a permanent part of the project. We add additional important items necessary to construct the project which allows us to more effectively protect the interests of the homebuilder. Limits for Construction Trailers & Scaffolding are \$10,000 for the Project Builders' Risk policy; \$50,000 for the Open Builders' Risk policy. Limits for Valuable Papers & EDP Media are \$10,000 for the Project Builders' Risk policy; \$25,000 for the Open Builders' Risk policy.
- *Free Standing Household Appliances* Refrigerators, ovens and even hot tubs are exposed to a potential loss while in transit to the job site, while in temporary storage at the job site and while waiting on the job site for installation into the dwelling. We provide all-risk replacement cost protection for such property. Limits are \$25,000 for the Project Builders' Risk policy; \$100,000 for the Open Builders' Risk policy.
- *Landscaping* Semi-custom and custom homes are not complete without aesthetically pleasing trees, shrubs, plants and lawns. We provide specified perils protection for this property as long as it's included as part of the contract value – an important extension for a newly constructed dwelling. Limits are \$25,000 for the Project Builders' Risk policy; \$100,000 for the Open Builders' Risk policy.
- *Model Home Coverage* This endorsement for the Residential Open Builders' Risk policy form insures model homes and their contents for replacement cost.
- *Additional Coverages* Also automatically included in our form is insurance for contract works in transit to the job site and while awaiting delivery; temporary contract works debris removal expenses and pollutant cleanup.

Selling features

The following features can help agents and brokers sell Chubb's two new products in a competitive situation:

- Built-in insurance for Temporary Construction Works (falsework, forms-work, scaffolding erection costs and temporary structures), provided the full cost is charged to the project and included in the contract value declared
- Ensuing loss or damage by a covered peril is granted for faulty or defective workmanship, materials, maintenance or construction.
- No exclusion for steam boiler explosion or electrical injury to contract works
- Permission is granted to waive the insured's rights of subrogation in writing prior to loss (except to common carriers/warehousemen).
- No coinsurance required
- Recoveries from salvage or subrogation accrue to the insured's benefit *first* to make up the deductible or inadequate limit, *before* it accrues to Chubb's benefit

For promotional purposes, Chubb refers to member insurers of the Chubb Group of Insurance Companies underwriting coverage: Vigilant Insurance Company, Chubb National Insurance Company, Chubb Indemnity Insurance Company, Federal Insurance Company, Pacific Indemnity Company, Great Northern Insurance Company. Not all insurers do business in all jurisdictions. This literature is descriptive only. The precise coverage afforded is subject to the terms and conditions of the policies as issued. Coverage may not be available in all jurisdictions.