



DeWitt Stern

Insurance & Risk Advisory | Since 1899

# Construction Liability Overview

# Insuring Construction Risks

- What: Insurance Requirements
- Who: Owners, General Contractors, Subcontractors
- When: Prior to Commencement of Work

## What: Insurance Requirements

- Contract Riders (See Exhibit I)
- Hold Harmless Agreements

## Who: Owners, General Contractors, Subcontractors

- Owners
  - If Owner is Hiring Subcontractors Directly Additional Insurance May Be Required
- General Contractors
- Subcontractors

## When: Prior to Commencement of Work

- During Contract Negotiations
- Certificate of Insurance (See Exhibit II)

# Common Exposures

- Owners
- Contractors
- Others – Project Manager, Architects, Engineers

# Owners' Exposures

- Non-Construction, Premises Liability
- Uninsured Contractors

# Contractors' Exposures

- Bodily Injury
  - General Public
  - Workers – Third Party
- Property Damage
  - Existing Structure
  - Surround Buildings



# Professional Liability Exposures

- Project / Construction Managers
- Architects
- Engineers

## Commonly Required Insurance

- Liability – General and Excess
- Automobile Liability
- Workers Compensation

## Liability – General & Excess

- General Liability
- Excess / Umbrella Liability
  - Extends Over Scheduled Underlying Insurance Policies
  - Choosing Limits
  - Self Insured Retention / Deductible

# Automobile Liability

- Owned Autos
  - Licensed Motor Vehicles
  - Mobile Equipment Licensed for Road Use
- Hired Autos
  - Leased & Rented Motor Vehicles
- Non-Owned Autos
  - Employees Private Passenger Autos

# Workers' Compensation

- Bodily Injury to Employees
  - State Statutory Limits
- Employers Liability
  - Coverage for Damages the Insured is Legally Obligated to Pay for Employee Injuries Due to Insured's Negligence.
- Bodily Injury to Uninsured Subcontractors
  - Implied Employer/Employee Relationships

## Additional Coverages

- Per Project / Per Location Aggregate, Pollution, XCU
- Separate Policies – OCP, Railroad Protective
- Bonds

## Additional Policy Coverages

- Per Project Aggregate
- Per Location Aggregate
- Pollution Liability
- XCU (Explosion, Collapse, Underground)

## Separate Policies

- OCP (Owners & Contractors Protective Liability Policy)
- Railroad Protective Liability



# Bonds

- Wage & Welfare
  - Guarantees Payment of Wages and Contribution to Welfare Funds
- License & Permit
  - Required by Municipalities Before Granting of a License or Permit To Do Business.
- Performance & Payment
  - Guarantees Satisfactory Completion of the Project and Payments to All Subcontractors & Suppliers.

# Certificates of Insurance

- Carrier Ratings
- Additional Insured
- Ongoing and Completed Operations
- Per Project / Per Location Aggregate
- Waivers of Subrogation

## Carrier Ratings

- A.M. Best – Most Commonly Used (See Exhibit III)
- Moody's
- Standard & Poor

## Additional Insured

- Primary & Non-Contributory
- Additional Insured Forms Vary by Carrier and May Not Afford the Required Coverage

## Ongoing & Completed Operations

- Compliance With Guaranty Provision
- Extended Completed Operations

## Per Project / Per Location Aggregate

- Causes the General Aggregate Limit to Apply Separately To Each Of The Insured's Projects or Locations.
- Reduces Potential for Exhausting Limit of Liability.

## Waivers of Subrogation

- The Relinquishment By an Insurer of the Right to Collect From Another Party for Damages Paid on Behalf of the Insured.

## What To Do After Project Completion

- Owner's Insurance for Intended Use
- Vacant or Partially Occupied Properties



## Owner's Insurance

- Conclusion of Construction Liability Insurance
- Owner Occupied
- Lessor's Risk Only
- Tenant Insurance

## Vacant or Partially Occupied Properties

- Vacant Buildings Represent an Increased Liability Exposure That Ordinarily Requires Special Underwriting and Additional Premium.

# Contact Us

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