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
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.
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.
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