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Coverage, Safety, Service: What Contractors Need to Know

You know that insurance is essential for your construction business, but did you know that not all construction insurance brokers are the same? If you tend to compare policies based solely on price and coverage, then you are missing vital services that only select brokers can provide—services that will save you time and money. An expert broker in the construction insurance industry knows that contractors need the right coverages and services that include superior risk control, claims processing and underwriting service.

Risk Control

Most, if not all, brokers offer some type of risk control advice as part of their agency's services. However, the quality and depth of their risk control offerings is the key differentiator. Many brokers will provide only general suggestions and generic safety programs. While those can be useful, a more comprehensive, in-depth risk control program is extremely advantageous for a contractor.

Rather than relying on general advice, brokers who specialize in the construction industry can give you tailored industry guidance. The most dedicated brokers will send a safety specialist to your worksite in order to observe your operations and create a customized risk control and safety program tailored to your unique business needs. Only after a broker understands your day-to-day needs and challenges can he or she provide meaningful solutions.

A good risk control program should emphasize safety as paramount. Worksite accidents are expensive, both in terms of claims costs and future premium increases—but also in hidden costs. You may not realize just how expensive an accident can be:

- **Loss of profits:** Accidents may interrupt work for a time period or even cause projects to run late. In addition, property damage involved in the accident may be time consuming and costly to repair.
- **Soft costs:** Accidents may also require manpower to be redirected away from completing construction work to manage other responsibilities, such as additional paperwork, meeting with law enforcement or following up on investigations.
- **Market image:** No one wants to hire a contractor prone to accidents, and one or two high-profile accidents could give your firm a bad reputation. Your safety track record is an important component to winning future bids.
- **Psychological impact:** Other employees often have strong reactions following a serious or fatal accident. They may blame the company for not protecting their co-worker or may simply need time to deal with the trauma they witnessed or were a part of. This could impact your retention and ability to hire quality workers in the future.

These examples show just how important an effective safety program is, and a good broker will help you develop comprehensive safety initiatives to address any and all risks your company faces. Remember, too, that certain safety initiatives are mandated by law. Plus, many construction insurance policies will only pay claims if you can demonstrate that your company follows strict health and safety guidelines.

Claims Processing

The aftermath of an accident can be a stressful and overwhelming time, and you need a broker who is quick, efficient and knowledgeable with handling claims and helping you manage the accident site. You may want to consider a broker whose agency has a local office, to ensure they are familiar with your geographic area and local nuances that can affect claims processing and settlement. In addition, your broker should have extensive experience with construction industry claims, so that your claim is properly handled. A local broker can also prove more responsive after an accident. You may have to deal with the media or law enforcement officials, and your insurance representative can help manage that situation. Some agencies will insist on waiting for a claim to be processed before visiting the site, but dedicated brokers will be there immediately to help with preserving evidence, serving as a liaison and managing the accident site.

Breadth of Coverage

There are many types of coverage that a contractor needs, and only agents that specialize in the construction industry will be able to ensure that you are fully covered. If your broker takes the time to learn and understand your business operations and the unique risks of your company, he or she will be able to put together a comprehensive coverage package. Beyond the standard general liability, commercial auto, workers' compensation and excess liability and property coverages, you may benefit from marine, professional liability, surety coverage and more.

Your broker should know how to coordinate your various policies to ensure that there are no gaps in coverage. When a claim occurs, a good broker will help liaise with the carriers to sort out who will handle the claim. Some policies may have exclusions that your broker should be aware of and can address with an alternative solution, such as a general liability policy that has a pollution exclusion. If you work in multiple states, that also may have implications for your coverages. Your broker must understand and manage all of these aspects to ensure that you are appropriately covered.

Another risk issue in the construction industry is subcontractors. You should be able to count on your broker to advise you on how to handle that relationship to best protect yourself. For instance, you may be sued for mistakes made by a subcontractor. So, in addition to including an indemnity clause in your contract, you may want to require the subcontractor to add you to their commercial general liability policy as an additional insured. A good broker will also assist you in handling any claims that arise due to a subcontractor's mistake, which can potentially be messy and confusing.

Underwriting Service

Underwriting can hold up the quoting process when putting together a coverage package. However, brokers who have relationships with carriers and underwriters they trust can work to ensure the quickest turnaround time for a quote. Though this behind-the-scenes exchange normally does not impact you directly, agents who work with reliable, responsive underwriters can save you time when quoting a renewal or new policy.

Obtaining insurance should be a strategic component of your business. Developing a comprehensive insurance program to support your unique business needs is not something just any broker can deliver. At Evergreen Insurance LLC, we specialize in construction insurance and our dedicated agents are committed to learning your business and developing a customized insurance and safety plan for you. Contact us today.

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