



COVERAGE INSIGHTS



Provided by Winters-Oliver Insurance Agency

The Basics of Builders Risk Insurance

Building and construction projects are complicated with no shortage of things that can go wrong. With everything that can happen during the construction process, it is essential to have the proper insurance in place. Of all of the different insurance coverages to consider, builders risk insurance is one of the most essential for companies in the construction industry.

While builders risk insurance, also sometimes referred to as course of construction insurance, is important, it is also very complex and easily misunderstood. This Coverage Insights examines what you need to know about builders risk insurance and how it can protect your company.

What Is Builders Risk Insurance?

Builders risk insurance is a specialized type of property insurance that is intended to provide protection for buildings and structures that are under construction. These policies protect project owners, general contractors and subcontractors against direct physical loss or damage to covered property.

In many instances, builders risk policies also provide coverage for materials and supplies that are on-site, in transit and being stored temporarily at off-site locations if they are intended to become a permanent part of a building or structure. What's more, builders risk policies can be written to include coverage for loss of income and additional expenses. This coverage would apply if the completion of a project is delayed due to property damage caused by a covered cause of loss.

Builders risk coverage is a temporary form of insurance. Coverage applies only during the course of construction, erection and fabrication. In most cases, builders risk coverage stays in force until a construction project is accepted by the project owner or once construction is considered complete. Once construction is completed, it is up to the owner of the building or structure to secure traditional property insurance.

Another thing to keep in mind is that there is no standard form of builders risk insurance. Policies can vary between insurance companies, and, in many instances, the coverage terms of a builders risk policy can be negotiated. In most cases, builders risk policies are written on an "all risk" basis. This means that coverage applies for all causes of loss except those specifically excluded by the policy.

What Am I Protected From?

Builders risk insurance can cover a wide range of causes of property damage. The exact parameters of your policy may vary, but in general, builders risk insurance includes coverage for the following causes of property damage:

- Fire
- Wind
- Hail
- Theft



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- Lightning
- Explosion
- Impact by vehicle or aircraft
- Vandalism

It is important to comb over your policy carefully in order to make sure you are aware of what is and isn't covered under your builders risk insurance. Builders risk policies often do not provide coverage for property damage caused by flaws in design, planning or workmanship. Other specific exclusions may be included in your policy. While exclusions vary from policy to policy, the following cases of loss are typically not covered under builders risk policies:

- Property damage caused by employee dishonesty or theft
- Property damage caused by earthquakes
- Acts of war
- Government actions
- Mechanical breakdowns

Talk to Your Broker

Builders risk insurance is necessary coverage for many businesses. Remember, we're here to help you with all of your construction industry insurance needs. Protect your project, your wallet and your company by contacting Winters-Oliver Insurance Agency to discuss builders risk insurance today.