

## Full and fair insurance payouts foster safe and sound construction

As anyone who has been involved in a major construction project will tell you, construction supervision is critical. Contractor overhead and profit is what pays for that supervision, and it is a necessary expense of any project that involves multiple trades that have to be coordinated. This expense is generally referred to as “O & P”.

Yes, some insurers looking for ways to reduce claim costs apparently approached the Colorado Division of Insurance for permission to exclude those costs from their benefit calculations. Their idea was to convince the Division to withdraw a [longstanding bulletin](#) that specifically requires payment of benefits to cover O & P. The Division initially agreed and issued a notice that it was going to withdraw the bulletin. Colorado-based volunteer **Damian Arguello** agreed to represent UP in filing comments opposing the proposed withdrawal and supporting the value of the bulletin. Executive Director **Amy Bach** discussed our concerns directly with Division Director **Michael Conway** earlier this year.

In response to opposition from policyholder advocates including Merlin Law Group, United Policyholders, contractors and trade associations and others, the Colorado Division of Insurance decided not to withdraw the bulletin that would have changed the state’s rules on insurance payouts for a category of construction costs that are routinely incurred:

To read the comments UP filed with the Division, click [here](#). To read Merlin Law Group’s comments and **Chip Merlin**’s recent blog on this topic, click [here](#).

For more on the topic of insurance payments for Overhead and Profit, use the search box on this website.