



Builders Risk / Course of Construction Insurance

March 22, 2023

California 2022 & Marshall Wildfires

About United Policyholders (UP)

- Reputable, established 501(c)3 not-for-profit charitable organization, Platinum Guide Star rating
- A trusted information resource and respected voice for insurance consumers in all 50 states
- 30+ year track-record and expertise in disaster recovery
- Not for profit...not for sale
- Funded by donations and grants

Team UP

- Professional staff
- Government and nonprofit partners
- Volunteers
 - Fired UP Survivors - previous catastrophic loss survivors paying it forward
 - Consumer-oriented professionals
 - Damage and repair/rebuild cost estimators
 - Lawyers
 - Public Adjusters
 - Tax and Financial Planning experts
 - Construction and Real Estate professionals

Our Three Programs

Roadmap to Recovery[®]

- *Guidance on insurance, restoring assets and getting back home after a catastrophic loss*

Roadmap to Preparedness

- *Helping households and communities reduce risk and be resilient to disasters and adversity*

Advocacy and Action

- *Fighting for insurance consumer rights and protections*

Disaster Insurance Help Libraries

uphelp.org/recovery/disaster-recovery-help

- State Specific Resources with Step-by-Step Guidance
- One Click Links to Sign UP for Events And Email Notifications
- Links to Pro-consumer Professional Help
www.uphelp.org/findhelp
- Sample Letters & Claim Forms
www.uphelp.org/samples
- Survivors Speak Tips
www.uphelp.org/survivorsspeak
- Upcoming Workshops and Resources
www.uphelp.org/events

The screenshot shows the United Policyholders website interface. At the top, there is a navigation bar with links for HOME, ABOUT, MEDIA, RECOVERY HELP, GET PREPARED, ADVOCACY, and EVENTS. The RECOVERY HELP link is highlighted, and a sub-menu is visible with 'ROADMAP TO RECOVERY™' and 'DISASTER RECOVERY HELP' (the latter is circled in red). Below the navigation, there is a banner for 'DISASTER RECOVERY HELP' with a breadcrumb trail: Home >> Roadmap to Recovery™ >> Disaster Recovery Help. The main content area displays six disaster recovery help libraries, each with a representative image, a date, and a status:

- 2022 Hurricane Ian – Insurance Claim and Recovery Help Library**: SEP 28, 2022 – ACTIVE. Hurricane Ian made landfall as a Category 4 Hurricane and caused extensive damage in late September, 2022 in regions throughout Florida and neighboring states.
- 2022 California Wildfires – Insurance Claim and Recovery Help**: JUL 29, 2022 – ACTIVE. This library will help those affected by the Alex, McKinney, Yeti, Mill, and Fairview fires.
- 2022 Oak Fire – Insurance Claim and Recovery Help**: JUL 22, 2022 – ACTIVE. The Oak Fire in Mariposa County has burned nearly 19,000 acres and destroyed over 190 structures so far during what is predicted to be an exceptionally challenging wildfire season in California due to drought conditions.
- 2022 Yellowstone Flooding in Montana**: JUN 10, 2022 – ACTIVE. "1-in-500 year event" in June 2022 brought catastrophic flooding to Montana communities along the Yellowstone River.
- March 2022 Louisiana Tornado – Insurance Claim and Recovery Help**: MAR 23, 2022 – ACTIVE. On March 22nd, 2022 an EF3 tornado touched down in the Lower Ninth Ward, Timberlane, and other areas of the Lower Ninth Ward.
- 2022 Tornado – Insurance Claim and Recovery Help**: JAN 1, 2022 – ACTIVE.

Marshall Fire survivors

**Please take a moment to complete
our Marshall Fire One-Year Survey**

www.uphelp.org/survey

When you complete our surveys, you help UP be an even more effective advocate for disaster survivors and a strong voice for fair insurance practices. Thank you!

The Fine Print

- This workshop is intended to be general guidance only, not legal advice
- We don't endorse or warrant any of the sponsors listed at www.uphelp.org or speakers at our workshops
- Our speakers are volunteering their time as educators



Today's Presenters

Valerie Brown

Deputy Executive Director, United Policyholders

Helmut Mundt

Builders Risk Insurance HBA Program

Annie Barbour

Roadmap to Recovery[®] Coordinator & 2017 Tubbs Fire survivor

Goal of today's presentation: To help you understand what is builder's risk/course of construction insurance and why it matters:

- Why do I still need to insure my property since there isn't a building on it?
- What does umbrella coverage protect?
- What is builders risk insurance?
- What does it cover?
- How it works?
- Who secures it and why?
- Who normally pays for the policy?

When do I need this type of additional insurance protection?

Your home is damaged and needs repairs.

Your home is destroyed and needs to be rebuilt.

(Non-disaster, you are remodeling your home)

Why do I still need to insure my property?

My home was damaged, but I still have homeowners insurance. Why do I need Builders Risk insurance?

My home was destroyed. Why do I still need to insure my property since there isn't a building on it?

How do I protect myself from liability and theft during construction?

Options include:

- Builders Risk insurance (sometimes called Course of Construction insurance)
- Umbrella policy

What do I need to know NOW?

Who takes the policy out?

How long should I take my policy out for?

- What if I cut it too short and I have to extend it?
- What happens if it is finished before that date?

Pros and cons

BUILDERS RISK

Builders Risk

What is builders risk insurance?

What does it cover?

- Acts of nature and theft of any components that are used to build your house.
- Does it also cover liability for the builder and subs?

What is typically covered?

A. COVERAGE

We will pay for direct physical loss or damage to Covered Property from a Covered Cause of Loss described in this Coverage Form.

1. **Covered Property**, as used in the Coverage Form, means:

Property which has been installed, or is to be installed in any "commercial structure" or any one to four family dwelling, private garage or other structure that will be used to service the "commercial structure" or one to four family dwelling at the location which you have reported to us. This includes:

- a. Your property;
- b. Property of others for which you are legally responsible;
- c. Paving, curbing, fences and outdoor fixtures;
- d. Trees, shrubs, plants, grass, lawns and landscaping materials installed by you or on your behalf;
- e. Completed single family dwelling which is being used as a model home when reported to us as such on monthly reports with an amount shown; and
- f. Foundations of buildings and foundations of structures in the course of construction.

What is typically NOT covered?

2. Property Not Covered

Covered Property does not include:

- a. Existing buildings or structures to which an addition, alteration, improvement, or repair is being made, unless specifically endorsed;
- b. Plans, blueprints, designs or specifications, except as provided in paragraph **A.4. Additional Coverage** of this Coverage Form;
- c. Land and water;
- d. "Existing inventory", unless specifically endorsed;
- e. Contractors' tools, equipment, machinery and property of a similar nature not designated to be a permanent part of the location which you have reported to us; and
- f. Outdoor trees, shrubs, plants, grass, lawns and landscaping materials that existed prior to the policy's effective date at a location which you have reported to us.

How long are you covered?

3. When Coverage Begins And Ends

We will cover risk of loss or damage from the time when you are legally responsible for the Covered Property on or after the effective date of this policy if all other conditions are met. Coverage will end at the earliest of the following:

- a. Once your interest in the Covered Property ceases;
- b. Ninety days after initial occupancy of the Covered Property unless:
 - (1) That building is being used as a model home;
 - (2) That building is being remodeled and is a single family dwelling; or
 - (3) That building is being used as a "model home leaseback".
- c. When the Covered Property is leased to or rented to others:
 - (1) For a single family dwelling, when the building is leased or rented to others;
 - (2) For a two, three or four family dwelling, when 50% or more of the units in the structure are leased to or rented to others; or
 - (3) For a "commercial structure", when 75% or more of the square footage space is leased to or rented to others.

This does not apply to pre-leases established prior to construction.

- d. When you abandon the reported location with no intention to complete it;

How long covered (continued)?

- e. At the end of 12 months from the month when you first reported the location to us unless you report the location again and pay an additional premium. If the location is reported again and the additional premium is paid, coverage will end at the end of 12 months from the month when you re-reported the location to us as described in the **Reporting Provisions** Additional Condition. You have the option to report the same location a third time at the end of the second 12 month period, provided the required additional premium is paid. Coverage for this third 12 month term will end at the end of 12 months from the month you re-reported the location for a third term; or

For coverage on existing buildings or structures that are being or have been remodeled, at the end of 12 months from the month when you first reported the location to us unless you report the location again and pay an additional premium. If the location is reported again and the additional premium is paid, coverage will end at the end of 12 months from the month when you re-reported the location to us as described in the reporting provision below. There is no option to report a third year.

- f. When permanent property insurance applies; or
- g. Once the Covered Property is accepted by the owner or buyer and:
 - (1) The contractor has been paid in full; whether procured by any insured hereunder or by the owner or purchaser; or
 - (2) The transfer of ownership has taken place.

What does it cost?

Proposed Policy Period **From** 11/28/2022 **To** 11/28/2023
(12:01 a.m. Standard Time at your address as stated herein)

Coverage and premium information

This is intended only as a brief outline and does not alter any of the coverages, conditions, exclusions or provisions contained in the policy.	Type of coverage	Total Premium (all locations)*
	Builders Risk	
	Proposed Policy Premium*	\$2,226.00
	State Taxes & Surcharges	\$0.00
	Total fully earned policy premium*	\$2,226.00

* Premium quotation valid for 30 days from the date on the first page of this proposal.

Policy is fully earned

What does it cover (CO)?

Zurich Programs Builders Risk and Installation



Primary Builders Risk Coverages	Deductible	Total Limits	Premium
Coverage Limit at Any One Building or Structure	\$1,000	\$880,000	
All Covered Property at all Locations	\$1,000	\$880,000	\$2,024
Additional Coverages:			
Back-up or Overflow of Sewer, Drains or Sumps	None	\$25,000	\$0
Claim Preparation Expense	None	\$10,000	\$0
Contract Penalties	None	\$25,000	\$0
Debris Removal	None	\$50,000	\$0
Fire Department Service Charge	None	\$25,000	\$0
Ordinance or law	\$1,000	\$880,000	
Loss to the undamaged portion of the building	\$1,000	Included	
Demolition cost	\$1,000	\$880,000	
Increased cost of construction	\$1,000	\$880,000	
Combined Aggregate for Demolition Cost and Increased Cost of Construction	\$1,000	\$880,000	\$0
Pollutant Clean-Up and Removal	None	\$25,000	\$0
Rewards	None	\$25,000	\$0
Re-erection of Scaffolding	None	\$25,000	\$0
Scaffolding, Construction Forms and Temporary Structures	None	\$50,000	\$0
Property at a Temporary Storage Location	\$1,000	\$44,000	\$0
Property in Transit	\$1,000	\$44,000	\$0
Valuable Papers and Records	None	\$50,000	\$0
Coverage Extensions	Deductible	Total Limits	Premium
Profit		If included	
Contract Change Order Coverage	\$1,000	\$88,000	\$202

What does it cover (CA)?

BUILDERS RISK COVERAGE SUPPLEMENTAL DECLARATIONS

Policy Number:

Policy Type: Reporting Form (continuous policy) OR One Shot (non-reporting form/single structure policy)

ADDITIONAL COVERAGES (COVERAGE FORM)

LIMIT OF INSURANCE

a. Collapse	Included
b. Scaffolding, Construction Forms And Temporary Structures	\$ 50,000
Re-erection Of Scaffolding	\$ 25,000
c. Debris Removal	\$ 50,000
d. Back-Up Or Overflow Of Sewers, Drains Or Sumps	\$ 25,000
e. Fire Department Service Charge	\$ 25,000
f. Valuable Papers And Records	\$ 50,000
g. Pollutant Clean-Up And Removal	\$ 25,000
h. Ordinance Or Law – Direct Damage	
Loss To The Undamaged Portion Of The Building	Included
Demolition Cost	\$ 150,000
Increased Cost Of Construction	\$ 150,000
Combined Aggregate For Demolition Cost And Increased Cost Of Construction	\$ 150,000
i. Preservation Of Property	Included
j. Rewards	\$ 25,000
k. Property At A Temporary Storage Location	\$ 25,000
l. Property In Transit	\$ 25,000
m. Claim Preparation Expense	\$ 10,000
n. Contract Penalties	\$ 25,000

Will my homeowners insurance write a builders risk policy for me?

It depends, ask your agent.

If that company has had a lot of loss in your area then they may not be willing to write a new policy for you. Shop around.

Total loss vs partial loss

UMBRELLA POLICY

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What about adding an Umbrella policy?

An Umbrella policy provides liability coverage but won't kick in until you have reached the amount that would normally be in your homeowners policy

With an umbrella policy, am I responsible for my contractor's loss?

Am I responsible for my contractor's tools if stolen from the job site?

Who would be responsible for that loss?
(Equipment floater for contractor)

Deep Breath



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Who should secure the policy?

We know that either the builder or the homeowner can secure the policy but what is the advantage of the builder securing it?

The builder will set the limits and therefore be responsible if he has more than the limit amount on the property.

If you, the homeowner, sets the limits then you are responsible for anything over the limits.

Who normally pays for the policy

It can be purchased outright and either paid by the homeowner or the builder, who would then include it in the contract for the rebuild.

What will void a builders risk policy?

- Builder or homeowner walks away from the build
- Homeowner placing any of their contents inside the home before getting final occupancy. Policy can have an occupancy endorsement that will allow you to place contents in house 30 days before occupancy.

NOTE: You will not have a homeowners policy so your contents will not be insured but it will not void out your Builders Risk Insurance. Example: house burns down, it is covered, but no coverage for contents.

Question 1.

Should the homeowners name be added to the policy if the builder secures the policy and why?

Question 2.

Does Builders Risk cover any liability?

Question 3.

Can I get Builders Risk insurance if I reuse my foundation?

Stay informed – Sign UP

To be added to our mailing list for notices of future events and updated guidance:

- Encourage friends to sign up:
www.uphelp.org/signup
- To request a copy of today's slides or video,
email: **info@uphelp.org**

Stay connected to other disaster survivors – S2S Forums

- Great source of information about:
 - Insurance and rebuilding
 - Negotiation and financial strategies
 - Referrals and warnings re: professionals
 - Important source of emotional support
 - No one else understands your challenges and emotions like another survivor
- Find upcoming Survivor 2 Survivor Forums and register at: <http://www.uphelp.org/events>



COLORADO

Department of
Regulatory Agencies

Division of Insurance

Colorado Division of Insurance Our Mission is Consumer Protection

Assistance available Monday-Friday

8:00 a.m. to 5:00 p.m. MT

Phone: 303-894-7499 | Toll free outside the
Denver Metro Area: 800-930-3745

Email: dora_insurance@state.co.us



CALIFORNIA DEPARTMENT OF INSURANCE



**Wildfire resources
and insurance
information**

**FOR FREE, PERSONAL ASSISTANCE WITH YOUR
CLAIMS OR UNDERINSURANCE ISSUES**

CALL US AT: 1 800 927 4357

OR GO ONLINE: insurance.ca.gov


Upcoming Roadmap to Recovery[®] Events


EVENTS

Home » Events

UPCOMING EVENTS

Contents Pricing Party for wildfire survivors

 Saturday, January 21, 2023
10:00 a.m. PT

 Zoom

 All wildfire survivors



VIEW+

www.uphelp.org/events
Register for upcoming events.
View recordings of past events and related resources.

Ask an Expert Forum

www.uphelp.org/ask-an-expert

The screenshot shows the 'Ask an Expert' forum page on the United Policyholders website. The page features a navigation bar with links for 'LOG OUT', 'MY QUESTIONS', 'ASK AN EXPERT', and a search bar. Below the navigation bar is a menu with options: 'HOME', 'ABOUT', 'MEDIA', 'RECOVERY HELP', 'GET PREPARED', 'ADVOCACY', 'EVENTS', and 'SUPPORT UP'. The main heading is 'ASK AN EXPERT'. Below this, there are links for 'HOME' and 'ACCOUNT'. A note states: 'NOTE: THIS FEATURE IS CURRENTLY IN BETA TESTING. Thanks for your patience as we work out the bugs.' Below the note, it says: 'You Need Answers. Use this forum to get them. Search for answers or post a question about your insurance issue or the loss recovery process. Expert volunteers include professionals in construction, insurance claims and insurance law plus people sharing their own disaster recovery lessons learned.' There are social media icons for Facebook, Twitter, LinkedIn, Instagram, and YouTube. On the right side, there are sections for 'EXPLORE CATEGORIES' with a dropdown menu showing 'Additional Living Expenses (ALE)' and 'FREQUENTLY USED PUBLICATIONS' with a link to 'Top Ten Insurance Claim Tips'. At the bottom left, there is a search bar with the text 'WHAT DO YOU WANT TO KNOW?' and a search icon.

- Register. It's free.
- Write in your questions.
- Get an answer from an expert in construction, insurance, laws and disaster recovery.

Thank You to Our Funders

