**COMMERCIAL GENERAL LIABILITY INSURANCE**

**What is Commercial General Liability?**

 The Commercial General Liability Policy provides contractors insurance protection to pay damages resulting from your operations, to a third party (other people - not you or your employees) caused by an “occurrence” covered under the policy.

**What is NOT covered?**

(Refer to your policy for complete list and exclusions)

* **Prior Completed Operations Exclusion:** This insurance does not apply to “property damage” arising out of “your work” completed prior to the first date of coverage with Vinings Insurance Company. This is applied in limited circumstances; please discuss with your agent to confirm if applicable to your policy.
* **Faulty, Defective or Poor Workmanship Exclusion:** This insurance does not apply to a claim arising out of faulty, defective or poor workmanship in “your work”.
* **Land or Soil Movement Exclusion:** This insurance does not apply to any claim caused by any land or soil movement including sinkhole.
* **Limited Fungi or Bacteria Liability:** This insurance includes coverage for Fungi or Bacteria. However it does provide up $2,500 per Occurrence and Annual Aggregate, with a $2,000 per Occurrence deductible for some property damage.
* **Designated Professional Services Exclusion:** This insurance excludes professional liability from Contractors, Real Estate Agents and/or Brokers, Architects, Engineers or Surveyors.
* **Movement of Buildings or Structures Exclusion:** This insurance does not cover liability arising out of movement of any building or structure by an auto or mobile equipment
* **EFIS, Synthetic Stucco, Silica or Silica-Related Dust Exclusion:** This insurance excludes coverage for claims arising out of their use.
* **Construction Management Errors and Omissions Exclusion:** This insurance excludes coverage for preparing, approving, maps, shop drawings, opinions, reports, surveys, field orders, change orders or drawings and specifications by an architect, engineer or surveyor performing services on a project on which you serve as construction manager.
* **Additional Exclusions:** This insured excludes the following:

1. Liability arising out of the use of exterior insulation and finish system (EFIS).

2. Liability arising from condominium or community apartment projects.

3. Liability arising structures exceeding (3) stories.

4. Known Injury or Damages not disclosed on the application.

5. Pollution claims of any kind.

6. Discrimination/Wrongful Termination

7. ERISA fiduciary and employee benefit liability excluded

8. Any of your tools, equipment, or property

9. Employee injuries or death (that is work comp)

10. Your vehicles (you will need a Business Auto Policy)

11. Care, Custody & Control – All Real and Personal Property

**For copies of the actual endorsements:**

**1. Go to www.roeins.com and select “CONSTRUCTION INFO”;**

**2. Look under the General Liability heading for “BUILDERS INSURANCE GROUP ENDORSEMENTS”.**

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**YOUR POLICY IS AUDITABLE**

Note: All Work Comp and General Liability policies are subject to a premium “Audit” at the end of the policy term. Please be sure that your payrolls estimates are reasonably accurate.

**How to prepare for your annual premium audit** Most insurance policies have a provision that allows the insurance company to Audit your books at the end of the year to determine if any more or less premium is due.  Before you panic, there is good news here: many times if you estimated your payroll to be much higher than you actually had, then you may be entitled to a refund.  Unfortunately if you **under**estimated your payroll, then you may owe the insurance company a few dollars too.

**Why do the insurance companies do this?**
 Since your annual premium is based on either payroll, this ensures that everybody doesn't go around and say they only made "$132 last year".  This also keeps you from funding someone else’s premium that would otherwise underreport their payroll while you are being honest.

**So what typically happens in an audit?** A professional auditor will contact you in advance generally 1-2 weeks prior to the planned audit appointment date. Typically the named contact will receive a scheduling letter in the mail from the auditor. The purpose of this letter is to request your assistance with promptly scheduling an audit appointment and to advise you what records will be needed for accurate completion of your premium audit.  Beware that some auditors are better than others.  You may request a different auditor each following year until you find one you can work well with.  Usually that change cannot be made for the current year.

**How to get ready:** To assist you become even more prepared, we have compiled a list of commonly requested financial documents needed for a premium audit. Organizing this information throughout your policy year then having it ready for the auditor on the audit date, will help expedite the process. The auditor should be able to complete the audit at the initial appointment. As a helpful reminder, be sure to review the auditor's findings (payroll totals, subcontractor certificates of insurance, employee classifications, etc.) before his/her departure. Reviewing the audit with the premium auditor is very important for proper policy coverage and premium basis.

**ACH AUTHORZATON**

**I hereby authorize the use of the checking account provided for automatic withdrawals of my workers’ Compensation, general Liability, premium payments, and administrative fees.**

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_



**American Builders Insurance Company**

**National Builders Insurance Company**

**Workers Compensation Premium Audit Agreement**

 *The purpose of this agreement is to help you understand the premium audit rules and requirements of your policy.*

* Your initial policy premium is based on payroll estimates provided at policy inception. This audit ensures that your risk exposure (payroll, class codes, and business type) accurately reflects your operations throughout the policy period.
* Your signature below indicates that you understand the following premium audit rules that will be used to determine your final audited premium payment.
* **Subcontractor (subs), (Insured vs. Uninsured)** - The utilization of subs can pose a financial risk to you, and may impact your premium. Some important guidelines:
* **Insured Subcontractors -** Should present a valid Certificate of Insurance (COI) for Workers Compensation (WC) coverage prior to commencing work. The COI should cover the full period of time they are working for you. It is a good practice to confirm the coverage with their agent or carrier to avoid gaps in coverage that could be charged to you. It is your responsibility to maintain copies of the Subcontractors’ COI’s. Any missing COIs, or gaps in coverage will result in additional premium charged to you on your policy at final audit.
* **Uninsured Subcontractors** – Any work performed by Uninsured Subcontractors will result in an additional premium charge to you based on the Subcontractor’s role and applicable class code.
* **Contract Laborers** – (non-employee, 1099, or cash labor) are covered under the principal or general contractor’s policy and are classified as if the work were performed by the principal’s or general contractor’s own employees.
* **WC Class Codes** - are determined utilizing the NCCI Scopes Guidelines. Final class codes are based on the representation of roles and responsibilities at the time of audit.

 Some employees may perform duties directly related to more than one classification. It is your responsibility to:

* **Maintain payroll records** which show the proper class code for each individual employee. (Estimated or percentage allocation of payroll is not permitted.) If payroll records do not show the actual payroll applicable to each class code, the entire payroll of the individual employee shall be assigned to the highest rated classification that represents any part of his or her work.

* **Multi State Work** - Any construction laborer must have their payroll tracked if the individual works in another state either 14 consecutive days or 25 total days during a policy period. Work completed in states other than where you are headquartered requires that you keep track of the payroll so it can be assigned to the correct jurisdiction. Failure to do so may result in the entire employee payroll being assigned to the highest rated state and classification.
* **Professional Employment Organization (PEO)** - A subcontractor providing a COI in a PEO leasing arrangement presents a potential gap in coverage. WC coverage extends only to the employees specifically listed with that PEO. Laborers or uninsured subcontractors not reported to the PEO represent additional exposures and will be treated as your statutory employees and charged to your final audit.
* **Exempt individual subcontractors** - in FL or TN contractors can only exempt themselves as an individual from WC coverage. Any exemption MUST be filed with the state, and the valid exemption period MUST pre-date coverage.

**As the exemption only extends to the individual contractor, any employees, laborers or uninsured subcontractors hired by the exempt contractor may pose a financial risk to you and may impact your policy premium.**

Exempt contractors with compensation over $100K during a policy period must either furnish a WC certificate of insurance or verification of any labor/materials used by the exempt contractor for audit consideration. Failure to provide this information may result in a portion of the contractor’s payments being included on the final audit.

Should you have any premium audit questions or concerns you can always visit our Audit website at<http://www.bldrs.com/premium-audits.php>for assistance, contact us directly by e-mail audits@bldrs.com or call 800-883-9305, option “7.”

**I have read both pages 1 as well as 2 of the agreement and understand the above rules used to determine the premium for my workers compensation policy.**

Principal Name: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Title: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

Insured: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**DO YOU HIRE SUBCONTRACTORS?**

If you subcontract work it is important to understand that under Florida law, you are ultimately responsible for the actions and work performed by your subcontractor. Should a subcontractors operations or products give rise to a liability claim (and this is where MOST come from) you may be named in the ensuing lawsuit - meaning that your insurance company will be called upon to defend you. Additionally if the subcontractor carries “inadequate” insurance, your insurance company may be asked to pay the claim anyways. To protect yourself, any subcontractor of yours is should maintain liability insurance as follows:

* General Liability Limits of $1,000,000 per occurrence, $1,000,000 general aggregate.
* Subcontractors must have coverage for General Liability Completed Operations.
* Subcontractors General Liability policy must list you as an Additional Insured (see sample below).
* Work Comp policy covering their employees.
* Work Comp exemptions are only permitted for the individual named on the exemption. If the sub brings anyone else on the jobsite they are required to provide you with proof a Work Comp policy. You must confirm that the name on the exemption matches the sub’s worker on the jobsite.
* A written Subcontractor agreement that includes these insurance requirements and an indemnification clause. A sample of that agreement will be provided with your policy.
* The following must all be issued in the Sub’s corporate name:
	+ Subcontractor Agreement.
	+ Certificate of Insurance or Exemption
	+ All checks issued to Subcontractor.

**Certificates of Insurance**

 The certificate should indicate your company as the certificate holder. It is suggested you periodically check with the subcontractor's insurance carrier to be sure the policy remains in effect. The certificates must reflect coverage for the same time period that your policy was in effect. That frequently means that you will need to provide certificates that reflect two years of coverage for the subcontractor.

**Non acceptable**

 The certificates of insurance that show a different named insured than to whom the payment was made. For example, the check was made out to Jim Smith but the certificate of insurance reads Smith Plumbing, Inc. This is not acceptable as the coverage is afforded for the corporation, not for Jim Smith as a sole proprietor or entity. **Note:** As mentioned above, in some instances it may be necessary for you to obtain two Certificates of Insurance from a subcontractor whose policy effective date overlaps your effective date. For example: If your policy date is July 1, 2008 to July 1, 2009 and the subcontractor's policy renewed on January 1, 2009 then you will need certificates for the January 1, 2008 to January 1, 2009 and the January 1, 2009 to January 1, 2010 policy terms.

I understand that failure to maintain these standards or failure to collect proof of insurance from subcontractors will cause additional charges.

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_ Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**Sample Certificate of Insurance You Should Receive From Subs.**

|  |
| --- |
| 10/26/2018**CERTIFICATE OF LIABILITY INSURANCE DATE (MM/DD/YYYY)**  |
| **THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.**  |
| **IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) must have ADDITIONAL INSURED provisions or be endorsed. If SUBROGATION IS WAIVED, subject to the terms and conditions of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to the certificate holder in lieu of such endorsement(s).**  |
| Roe Insurance Inc. 9851 State Road 54 New Port Richey FL 34655 PRODUCER  | Melanie HillNAME: CONTACT  |
| (727) 376-0030(A/C, No, Ext): PHONE  | (727) 376-2262(A/C, No): FAX  |
| melanie@roeins.comE-MAIL ADDRESS:  |
| **INSURER(S) AFFORDING COVERAGE**  | **NAIC #**  |
| American Builders Insurance CompanyINSURER A :  | 11240  |
| Subcontractors Name & Address INSURED  | Auto Owners Insurance Co.INSURER B :  | 18988  |
| **INSURER C :**  |  |
| **INSURER D :**  |  |
| **INSURER E :**  |  |
| **INSURER F :**  |  |

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**IMPORTANT DISCLAIMER**

The abbreviated outlines of coverages used throughout this proposal are not intended to express any legal opinion as to the nature of coverage or be a complete analysis of your current or proposed insurance coverage. Neither is it intended to provide a binder or legal evidence of insurance. The specific insurance contracts should be consulted for details on coverage, conditions and exclusions. They are only visuals to a basic understanding of coverages.

**COMPENSATION DISCLOSURE**

Acting as an independent insurance agent, we are able to offer you competitive prices because we can access insurance coverage, in most cases, from more than one insurance company. Our compensation comes from the insurance company writing your policy, in the form of a sales commission, which is determined by the insurer and is part of—but not in addition to— the premium you pay. That premium is subject to review by state regulators and cannot be inadequate, excessive or unduly discriminatory. We do not charge you anything for the placement of your policies.

 We are compensated solely by the insurance company in the manner previously described. However, we may charge certain fees specifically authorized by statute, such as to cover the cost of obtaining a motor vehicle report or for credit card convenience fees. Our agency does business with a variety of competing insurance companies, and we will attempt to obtain quotes from among those insurers that we believe to be suitable, based on the preferences and needs you have communicated to us. For more specific details about compensation relating to your policy, please contact your agent. Thank you for to serve your insurance and surety needs.

THIS PROPOSAL IS VALID FOR 30 DAYS.

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**NO KNOWN CLAIMS STATEMENT**

To whom it may concern:

As of this date we are not involved in, nor are we aware of any incidents, situations, or occurrences during the prior five years that may give rise to a claim under this or any related insurance policy. Furthermore we do not have any current outstanding claims with any other insurance or carrier.

**OTHER COVERAGES RECOMMENDED**

• **General Liability:** Provides coverage for bodily injury and property damage to a third party caused by your negligent acts. We recommend concurrent limits with Automobile Liability and Workers Compensation.

• **Employment Practices Liability:** Provides protection against lawsuits by employees alleging wrongful discharge, discrimination, or other employment related exposures.

• **Pollution Liability:** You’re General Liability and Automobile policies exclude coverage for most costs related to pollution losses. If you are liable for pollution, the cost can be staggering for cleanup. Even bankruptcy cannot shield you from liability.

• **Professional Errors and Omissions:** The standard General Liability coverage is triggered by an occurrence caused by a covered peril. Professional coverage is used to pay for costs that result from your legal obligations to make good faulty work, materials, products or design caused by a negligent act, error or omission made while performing your services.

• **Property Coverage:** For your real, personal property, and property of others in your custody.

• **Crime Coverage:** This coverage insures against loss of money and securities, forgery or alteration, employee dishonesty, computer fraud, extortion, kidnap or ransom.

• **Flood Coverage:** Property insurance excludes damage by flooding to your building and contents. Flood coverage will provide protection for damage due to rising water.

• **Automobile coverage:** Needed whether you have owned, non-owned or hired vehicle. We recommend concurrent limits with General Liability and Workers Compensation.

• **Inland Marine:** This policy provides coverage for equipment, tools and materials while on the job site, in transit or in storage.

• **Builders Risk:** This policy provides coverage for a building under construction for which you may be responsible. It may also include materials on the job site not yet installed.

• **Umbrella coverage:** This policy provides higher limits of liability protection.

• **Named Insured:** Are you aware that you must report any new Joint Ventures or entities in order for coverage to apply? And if you wish coverage for any past operations, report their names also. Please note that the first named insured on your policies is responsible for premium payments and is the only one who has the authority to make changes or cancel coverages?

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

• **Data Breach / Hacker Insurance:** This is intended to provide protection against damages from “hackers” who gain unauthorized access into your computer systems. Coverage includes cost of restoring your system, extra expenses related to continuing operations, and value of loss down time.

• **Aircraft exposure:** Ownership of an aircraft is excluded from all of your policies. If you own or have an interest in an aircraft, you should purchase a separate policy to insure this exposure.

• **Transfer of Title:** Did you know that if you sell a vehicle, which you can be held liable for negligent

acts of the new owner until the new certificate of title is issued? Did you know that when you buy a vehicle, which your insurance coverage might not apply until, a new certificate of title is issued? Please verify that a certificate of title is duly issued immediately after sale. We can provide you with a form and suggest you mail it certified return receipt to the State of Florida proving sale of the vehicle.

• ***WORKERS’ COMPENSATION & EMPLOYERS’ LIABILITY***

There are few exceptions to the statutory requirement that all employers be insured for Workers’ Compensation.

The absence of a statutory requirement to insure, however, does not mean that you are exempt from liability for injuries to employees. Generally, all other forms of liability insurance exclude injuries to employees, so the only way to be protected from this potential loss is through Workers' Compensation.

*We believe Workers’ compensation coverage is needed by every business.*

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_

**BUILDERS RISK**

**Our Recommendation is that the Builder provides Builders Risk coverage**

 It has come to our attention that when a builder allows a buyer to provide the builders risk insurance on the home, that the builder is exposed to suits from the buyer and/or their insurer for damages to the home, and you have no insurance to protect you. Example: Buyer purchases builders risk policy with State Farm (or any insurer), during construction a fire occurs causing $40,000 damage. State Farm pays the claim and then subrogates (sues) the builder alleging the fire was due to faulty wiring by the electrician (you can try and get your sub to step in, but the builder is first in line). Your General Liability excludes damage to property while in the construction phase (this is why you normally purchase builders risk), leaving you defend and pay the claim out of pocket. We recommend that the builder always provides the builders risk policy, and we will list the buyer as an addition insured on your policy. If your buyer insists on providing the policy, then we recommend you demand that:

1. The builder must be listed as an “additional named insured” on their policy

2. The buyer and insurer must “waive subrogation rights” against the builder (must be received in writing)

3. The buyers contract specify these requirements along with wording that the buyer agrees that if these provisions are not met they agree to allow the builder to provide the builders risk policy.

We have found that many insurers will not agree to these conditions.

**Leaseback Models: Are you properly covered?**

When you lease back a model, it is recommended that you provide the insurance on the completed model in lieu of the owner. This prevents you from being sued by the owner’s insurance company for damages for which you are negligent. If requested, you can list the buyer as an additional insured with respects to that specific model.

We recommend that the builder always provide the insurance on lease back models, and we will list the buyer as an additional insured on your policy. If your buyer insists on providing the policy, then we recommend you demand that:

* The builder must be listed as an “additional named insured” on their policy,
* The buyer and insurer must “waive subrogation rights” against the builder (must be received in writing),
* The buyers contract specify these requirements along with wording that the buyer agrees that if these provisions are not met they agree to allow the builder to provide the insurance coverage. We have found that many insurers will not agree to these conditions.

**Proper valuation of completed values.**

 The “total estimated completed value” should include all costs associated with the building and designing of the property covered including labor, “overhead”, and materials and if coverage is desired, “profit”. The “overhead”should include those business expenses, other than materials and labor, incurred either directly or indirectly dueto the construction of a dwelling or structure, “Profit” should include the difference between the value of thecompleted structure (selling price of that property and structure, including labor) and your financial interest inthe property and the completed structure. If you do not have a signed contract for the sale of the completedstructure and property, the allowance for “profit” will be limited to no more than 20% of the cost of the property and completed structure.

Signature: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_