

## CUMMINGS INSURANCE ASSOCIATES

*All Forms of Insurance*



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### Wrap-Ups for Large Projects

Are you looking at a project of \$100 million or more? Do you want to control the coverage and limits of all contractors involved in the project? Are you seeking ways to encourage and facilitate participation by subcontractors who meet Minority Business Enterprise and Women Business Enterprise requirements and may not otherwise have the breadth of coverage necessary to bid on the project? And would you like to save on premium costs?

Then perhaps a wrap-up is for you. If you are a sub, you may be required to participate in such a plan for that new job on which you are bidding.

What is a wrap-up? Essentially, it “wraps



up” all the workers compensation and general liability insurance for all on-site contractors (including the general contractor or construction manager) and owners of the project site

into a single coverage package. The intent is to provide all of the above benefits while eliminating or minimizing the need for each entity involved in the project to provide and coordinate separate policies, additional insured provisions, hold-harmless agreements and coverage limits. Under the right circumstances, a wrap-up pol-

icy can greatly simplify an insurance program.

To explore in more detail the advantages, costs and possible problems in wrap-ups, talk with your insurance provider.

### You May Need Pollution Coverage

When the words “pollution coverage” appear, you might immediately think of waste treatment facilities, oil tankers, and other EPA-regulated industries. But many typical general contractors need to make potential exposure to pollution liability a key part of an effective risk management program.

For example, in your contracting operations, do you:

- Use chemicals that may end up in the air, soil or groundwater
- Do site preparation work

- Use materials that emit fumes
- Use portable above-ground storage tanks for refueling equipment or vehicles
- Engage in demolition/renovation activities that may disturb asbestos or lead-based paint
- Use subcontractors?

Any or all of these can represent a significant need for pollution liability coverage. Talk to your insurance provider today about ways to effectively address such exposures existing in your contracting business.



## Photo Log of Job Sites



How do you determine and prove that a project is meeting contract, performance and quality standards? Consider pulling out that video or other camera and creating a photo log from day one.

Begin with the pre-site condition, including existing landscaping, terrain, project layout and other details. Then document and photograph each field inspection and phase completion. Create photo logs of correct as-built conditions, then include certifications by the structural engineer and other design professionals of compliance with plans, specifications and codes.

At the completion of the project, collect all inspection results and photos into a project documentation book and save indefinitely.

You'll create not only an ongoing record for review of satisfactory performance, but also a valuable well of ideas for improved safety, superior processes and other possibilities for better management of future projects and the risks involved.

## Create a Code of Standard Practices

It's every homeowner's nightmare: The contractor who arrived to fulfill the dream of that new addition, remodeled kitchen or shiny new paint job has left behind a nightmare of destruction—damaged floors, stained carpets, paint splatters on furniture and enough dirt and dust to choke the central furnace and AC for the next two years.

Contractors need to be aware that such careless workplace behavior is also a major safety concern. The subcontractor or employee who isn't paying attention to workplace quality and service issues is also highly unlikely to be adhering to common-sense safety procedures.

What you need is a COSP: Code of Standard Practices. Such codes include key workplace considerations, such as safety

guidelines for operations, instructions for proper tool use and procedures for protecting client property from construction hazards. For example, guidelines might include covering floors with construction paper and drop cloths, containing work areas with plastic to keep the spread of dust to a minimum, and shutting off the central air system while working to keep the dust from circulating to other areas of the house.

Your goal is to properly prepare the site, keep things as clean and safe as possible, and make the project a positive experience overall for all parties involved. The best contractors provide their code of practices to all workers and to the property owner, and they follow up with supervision and enforcement.

## On-Site Fire Prevention

Have you developed a comprehensive guideline and procedure for addressing fire safety at your worksites? If not, or if it hasn't been updated in some time, maybe now is a good time to work up or touch up a fire safety checklist and make sure your employees and subcontractors are well versed in its contents.

To get you started, here is a list of ideas from a broader "Contractors Worksite Checklist" provided by [Toolboxtopics.com](http://Toolboxtopics.com):

- Clearly label all flammable liquid containers
- Properly store all flammables
- Make sure fire extinguishers are readily accessible and serviced
- Make hydrants clearly accessible for fire department personnel
- Chain gas cylinders upright with valve caps securely fastened
- Properly segregate flammable gasses
- Clearly label fuel cylinders as full or empty
- Keep heaters at a safe distance from combustibles
- Ensure adequate ventilation for all heating devices.

Next month is National Fire Prevention Month. It has its roots in the Great Chicago Fire, which occurred in October 1871, killing hundreds and destroying about four square miles of the city. It is a reminder that fire can spread rapidly and can quickly race out of control. Some simple precautionary actions can protect your business and save lives.





## Mobile Computers

Mobile devices, such as laptops, smartphones and tablet computers are now as prevalent at the typical construction site as any other business location. Yet while there is a constant barrage from the media about computer protection from viruses, worms, foreign hackers and network gremlins, what about the plain old wear, tear and everyday stress imposed on all types of construction equipment?

Along with digital considerations like virus software and backup procedures, have you included physical protection of your increasingly critical computing devices into your overall risk management considerations? Here are three tips from experts:

- **Tough Tech** For really rough



wear-and-tear scenarios, consider a “toughened” device. Many computer manufacturers now offer laptops, phones and tablets with customized keyboards, shells and screens specially designed to take far more punishment than “off-the-shelf” offerings.

- **Hard Shells** Get a tough case

to hold your device. Standard cases are often designed more for convenience and looks than real protection and durability. Look for a case custom-designed for your device that protects it from the type of potential harm most likely to occur in your workplace, such as dropping from a height, spilling of liquid or exposure to the elements.

- **Continuous Cover**

Consider a case that is “always on.” This simply means that when you open the case, you also open the computer. This makes it easier to work without having to separate the case from the computer, and it allows you to get work done more efficiently, all while providing protection for your important investment.

## Waivers of Subrogation

Adding additional insureds to commercial liability policies is a standard construction industry practice. Often included with the request for additional insured status is a request for a waiver of subrogation. This may seem like a redundancy, but there are details you should understand.

Subrogation in an insurance policy is typically defined as the right of an insurer to recover the amount of the paid loss from the entity that is legally liable for that loss. By asking for a waiver of subrogation, the additional insured is trying to prevent the insurer from coming after it to get some portion of the claim payment reimbursed.

When combined with a hold-harmless agreement (which prevents the insured from coming after the additional insured), the policy would cover a loss and eliminate further actions among the insured parties against each other.

But simply stating these arrangements in a contract is not enough. The insured contractor must be certain his liability policy will respond to the contractual requirements as intended. Under standard liability forms, this requires adding the proper endorsements to modify policy language to meet those requirements. For example, additional insureds must be added by the appropriate endorsement.

Although most states have common law or court decisions that automatically prohibit an insurer from recovering against its own insureds, including those added by endorsement, that is not true in every jurisdiction. So an abundance of caution suggests it may also be advisable to add a broad waiver of subrogation endorsement, such as the ISO CG 24 04 or its equivalent.

When dealing with contractual requirements for additional insureds, waivers and hold-harmless agreements, include your insurance advisor in the discussion to be sure your coverage matches your needs.



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## Insurer Risk Management Programs

Contractors don't have to go it alone when it comes to managing their business risk. Both your insurance representative and your insurance company offer risk management advice and solutions as part of your relationship with them.

Your carrier can provide a wealth of information about loss trends, loss control methods, and claims services. And your carrier is very interested in working with you to reduce losses and minimize claims. Many carriers employ medical professionals, engineers, safety coordinators and other experts to focus on risk mitigation to protect their policyholders, all with the goal of reducing the insured's total cost of risk.

Talk with us about building and monitoring loss control programs to help mitigate your risk so you can focus on what you do best: your own business.



## Have we got you covered?

Fill out this form and fax it in.

Or give us a call today.

We'd like to provide you with further information about your business insurance needs and other special coverages. And don't forget your friends! We'd be happy to provide them with the same great service.

Name of someone you'd like us to contact:

Name: \_\_\_\_\_

Phone: \_\_\_\_\_

E-mail: \_\_\_\_\_



## Construction

My name: \_\_\_\_\_

E-mail: \_\_\_\_\_

My preferred number: (\_\_\_\_) \_\_\_\_\_

Best time to call: \_\_\_\_\_

### Please call me about:

- ☐ Builders risk coverage
- ☐ General liability insurance
- ☐ Employment practices liability insurance
- ☐ Safety and risk management issues
- ☐ A free appraisal of my insurance situation
- ☐ Other: \_\_\_\_\_