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To our valued clients:

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INSURANCE REQUIREMENTS & OPTIONAL COVERAGES

Recent transactions have highlighted the issue of matching your insurance coverages to project specification requirements. While we cannot replace your ultimate responsibility for compliance with the specifications, we welcome the opportunity to review the insurance requirements with you if you are not sure of your conformity. Too many times, however, this review is the result of the Cert Holder rejecting a Certificate of Insurance because of missing insurance, and the solution is added coverage and additional expense after the Contract Price has been set. The best time to bring us into the review is as soon as you pull Plans.

Current Specifications for DCAM projects, as an example, point out possible areas where coverage may be lacking. DCAM insurance requirements include:

- Additional Insured for Owner on General Liability, Auto, Pollution, and Umbrella.
- Waiver of Subrogation for Owner on General Liability and Builders Risk/Installation Floater.
- Builders Risk/Installation Floater on an "all risk" basis, including collapse, earthquake & flood.
 - Coverage to be in the name of the Owner, Contractor, and Subcontractors of any tier.
 - Coverage Limit of Insurance to equal Contract Price.
 - Stored Materials, both on and off site, to be covered.
 - Include coverage for reasonable compensation for Architect & Contractor expenses resulting from loss.
(While on this subject, if you are not the one providing the Builders Risk/Installation Floater [it is provided by the Owner or Prime Contractor], you should ask for a Certificate of Insurance that lists you as Certificate Holder so that you know your interest in the project is insured, and you should be notified of any cancellation of coverage.)
- Umbrella has a floating Limit requirement from a base of \$2 million increasing to \$25 million if the Contract Price is greater than \$10 million.
- Pollution coverage is required with Limits \$1 million Occurrence / \$3 million Aggregate.

The above are examples of insurance requirements you might find outside your normal insurance program. Another common supplemental policy is an Owners or Contractor Protective Liability (OCP) policy. This is a liability policy the contractor is required to purchase in the name of the Owner. Because these examples present potential additional insurance expense, they should be investigated prior to bid.

Pollution and Mold Insurance

While Pollution Liability and insurance coverage for it have been a topic for discussion for years, the requirement for such coverage is being found in Specifications with increasing regularity. As a sub-topic to Pollution, Mold liability has become the buzz word of the current decade. It is reported that insurers paid out more than \$3 billion in mold claims last year. That figure is up from zero in 1999! With most insurers now excluding mold coverage from Property and Liability policies, this exposure has been transferred to the property owner and you the contractor. Once the legal responsibility for mold is attached, the door is open to replacing condemned property and potential long term serious health issues. Understand the insurance exclusion means you not only lack coverage, but you must also fund your defense costs which by themselves could become substantial.

Be alert to increasing Pollution and Mold exposures and insurance requirements. Consideration should be given to purchasing proper protection to fill gaps in your coverage and to protect your assets. Please call us should you like to discuss.

Very truly yours,
DeSanctis Insurance Agency, Inc.