

# Why Contractors Should Consider Errors & Omissions Coverage

By [Krissy Campbell, CIC , ACSR](#)

Contractors face several potential hazards in today's competitive and litigious society; customers are sometimes quick to allege negligence in a contractor's work.

Contractors Errors & Omissions insurance, also referred to as E&O insurance, provides coverage for things such as damages arising out of unintentional faulty workmanship, installed products, recall of their work and impaired or defective property.

Questions about contractors E&O insurance? Ask Allen. We're here to help.

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# Why You Need Employment Practices Liability Insurance

From [Karen Reed:](#)



Employment practices liability insurance (EPLI) provides coverage to employers against claims made by employees alleging discrimination, wrongful termination, harassment, or other employment-related issues such as failure to promote.

All businesses, regardless of size are vulnerable to employment claims regardless of the number of employees and statistics tell us the average cost for legal defense and compensation for this type of claim can quickly add up to \$70,000.

Protect your business by calling us today to obtain a quote for this very important coverage.

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## Tool Coverage 101

[By Patrick Chamberlin](#)

Contractors rely on their tools and equipment to get the job done. To protect these tools from theft or vandalism, there's Tools and Equipment Coverage.

Tools and equipment insurance can cover both large equipment and small hand tools.

Most commercial property policies cover buildings and personal

property at your premises or within a short distance. Tools and Equipment coverage is designed to cover movable property wherever it may be located.

Smaller items, generally with a value of less than \$1,000 can be covered on a blanket basis. You'll want to list higher-value items (generators, heavy equipment such as excavators) individually. It's also important to keep an inventory (with photos, if possible) and proof of purchase.

As always, there are some exceptions and limits to this type of coverage. Your insurance agent can explain more.

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# Commercial Auto 101

[By Sally Miles](#)

A commercial auto policy protects a business against losses incurred through the ownership, maintenance, or use of motor vehicles.

Most businesses need this kind of coverage because whether you drive a vehicle dedicated for business use or drive a personal vehicle for business because your vehicle may not be covered under a personal auto policy.

Commercial auto, as it is called, covers a variety of situations and policies can be tailored to meet the specific needs of a business. Coverage is available for a single vehicle or a fleet of vehicles; there is coverage for trailers or other mobile equipment, and there is coverage for drivers who work for your business.

Each business has its own set of unique exposures. Consult your agent to ensure your commercial auto policy is programmed to meet your needs.

*Sally Miles works with business across Maine for all their insurance needs.*

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# Construction Bonds 101

[By Kristina Campbell](#)

A construction bond, also known as a surety bond, protects a project owner if a contractor fails to complete a job, doesn't pay for permits or fails to meet other financial obligations such as paying for supplies or subcontractors.

Surety bonds are important, and quite common, in the construction industry. They typically come in three types:

- **A Bid Bond** is issued to the project owner to provide a guarantee that the winning bidder will honor the contract under the terms at which they bid.
- **A Performance Bond** guarantees that the contractor will perform the services as described in the contract. A bid bond is replaced by a performance bond when a bid is accepted and the contractor proceeds to work on the project.
- **A Payment Bond** guarantees that a construction company will pay its laborers (employees and subcontractors) and suppliers throughout the construction project.

A surety bond is a contract between three parties:

1. **The Principal** is the party purchasing the bond and undertaking an obligation to perform the job as promised.
2. **The Obligee** is the party requiring and receiving the protection of the bond.
3. **The Surety** is the insurance company or surety company that guarantees the obligation will be performed.

How do you know if you need a construction bond? The project owner will decide.

*Kristina Campbell has been working with contractors across Maine for their insurance and bonding needs for more than 15 years.*

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## **Allen Insurance and Financial Earns Diamond Achiever Award in Maine**

Allen Insurance and Financial has been named Maine's 2020 Diamond Achiever by [Patriot Insurance](#) Company. The annual award is presented to the highest performing agency based on set criteria including length of appointment, profitability, growth, and policy retention. Each year, the top Patriot Insurance Company agencies receive the "Diamond Achiever" award in recognition of their outstanding accomplishment.

Patriot Insurance Company President and CEO, Lincoln Merrill Jr. explains, "We are proud to present Allen Insurance and Financial with our Diamond Achiever award. Through their hard work and commitment to providing superior services, support and products, it is well deserved."

This recognition exemplifies their commitment to providing quality, professional insurance products and services to our mutual clients.

The results achieved by the team at Allen Insurance and Financial helped the agency become one of the most successful among Patriot Insurance Company's more than 115 independent agencies.

"The team at Allen Insurance and Financial is dedicated to providing the protection our clients need accompanied by the highest level of service. We are all very proud to be recognized by our colleagues at Patriot Insurance. Strong partnerships like ours benefit everyone in the industry – carriers, agents and clients," said Michael Dufour, executive vice president of Allen Insurance and Financial.

Allen Insurance and Financial has been licensed with Patriot Insurance Company since 1993 is recognized as one of the carrier's Preferred independent insurance agency partners.

## **About Patriot Insurance**

Patriot Insurance has been providing peace of mind for families and businesses in New England for over 50 years. Headquartered in Yarmouth, Maine, we are a regional carrier offering business, home, auto, life, and surety products backed by local, autonomous claims, loss control, and underwriting teams.

We work exclusively with independent agents who can give our customers the personal guidance and service they deserve. Since 2007, we have partnered with Frankenmuth Insurance, a longstanding company founded in Michigan in 1868. Patriot Insurance is financially sound, with an A.M. Best rating of "A" (Excellent).

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# Who Needs Builder's Risk Coverage?

From [Karen Reed](#):



Builder's risk coverage is essential in helping to protect construction projects, but can be complex and often misunderstood. The bottom line is the materials, supplies and equipment on a building site need protection from theft, fire and other risks.

## Who Needs Builder's Risk Coverage?

Any person or company with a financial interest in the construction project needs builder's risk insurance. Some common people you may want to include on your policy as insureds include the:

- Property owner
- General contractor
- Subcontractors
- Lender
- Architects

The coverage amount needed is determined by the contract price

between the Property Owner and the Contractor. It should be determined prior to the start of construction or renovation as to whom will be responsible for providing this very important insurance coverage.

A builder's risk policy as part of a thorough risk management plan can boost a company's reputation, while protecting your business and providing peace of mind for the contractor and his or her client.

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# Why Should Your Insurance Agent Review Your Business Contracts?



By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

Clients often ask us to review contracts they are preparing to sign. This is actually the most important part because after they sign a contract there is not much point in our reviewing it. One of the first things we tell them is that we are not lawyers and they should call their own attorney – but we are

happy to review the insurance portions. Aside from limits of liability and mandatory coverages, nine times out of 10 there are three requirements which can significantly change their insurance coverage.

**Hold Harmless:** Commonly added to insurance clauses in contracts, this essentially promises to hold harmless from any and all claims the company you are doing business with. This provides a very broad exemption of liability and often can be reworded more favorably to include "in conjunction with your work under this contract." You should also demand the contract is reciprocal to both parties and that the other party holds you harmless, as well.

**Waiver of Subrogation:** Another common condition added to contracts, this essentially prevents your insurance company from collecting from the other party if they were negligent in the claim. If your insurance company pays for damage done to your vessel by the other party in the contract, a Waiver of Subrogation prevents the insurance company from suing the other party in the contract to recoup their payment. Again, if this is required, make sure the other party waives subrogation, as well.

**Additional Insured:** This clause allows the other party to share your liability limits if they are named in a claim related to the work being done in the contract. This means the liability limits are now cut in half, reducing your overall coverage limits – and that the other party in the contract is now getting liability coverage for free. We are seeing this requested more often these days and often an underwriter will want to know the relationship between the two parties, to explain the need to be added as additional insured.

Contracts are part of doing business and can be as simple or as complicated as the parties involved require. When it comes to

the insurance language in your contracts, be sure to reach out to your agent for a thorough review and advice on what you are about to sign.

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# Insurance Coverage for Construction Risk

[By Patrick Chamberlin](#)

As a contractor, you work hard every day – for your customers and to grow your business. [Specifically designed insurance solutions](#) can protect those efforts.

You start with General Liability, which covers you for claims involving bodily injuries and property damage resulting from your products, services or operations, resulting from your negligence. Then we recommend you build a more complete policy from there.

Among the coverages you should consider:

- **Builders Risk:** Carried by either the property owner or the contractor, this insures a project (property) during construction.
- **Workers Compensation:** A state-mandated coverage in Maine, designed to cover costs when a worker is injured on the job. Subcontractors need their own coverage or an approved predetermination of independent contractor status form.
- **Commercial Property:** This coverage pays to replace or repair the insured value of tools and equipment that are owned or have been borrowed or leased in the event of

damage due to a covered peril, such as a fire or theft.

- **Errors & Omissions:** This coverage can protect the value of your work if it is damaged due to unintentional faulty workmanship.
- **Commercial Auto:** This coverage is designed for vehicles used for business purposes. Coverage for hired and non-owned vehicles should also be considered.

It is important to regularly meet with an independent insurance agent to review your exposures and make sure that your policy will respond as expected.

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## Everyone Who Uses a Computer Needs Cyber Coverage



By Chris Richmond

Originally Submitted to [WorkBoat Magazine](#)

A recent policy review with a client found an interesting update. The client, who distributes seafood, had reduced gross revenues. This was not surprising, given the downturn in the economy. What was surprising was a sharp increase in retail sales. Further discussion revealed that they had a growing

online store with direct sales to consumers. They were in need of a cyber policy.

Whether or not you sell goods online, you really should consider a cyber policy. On daily basis, headlines in publications for every industry outline hacks, phishing schemes and other cyber crimes.

There are two important types of cyber liability to know about: First party and third party.

A first party cyber liability occurs when your own data is stolen. This can include your own employees' personal information or information about your customers. A cyber liability policy will provide credit monitoring services to assist the affected individuals which could help minimize the risk of identity theft. Included in the category of first party cyber liability are:

- Funds Transfer Fraud. Funds Transfer Fraud is an intentional, unauthorized instruction transmitted via email to a financial institution to transfer funds. If your computer system is compromised, a hacker can have access to your banking information and initiate fraudulent electronic wire transfers.
- Lost Business Income. Lost business income due to cyber theft, (a hack or data breach), is not covered unless cyber coverage is in place. Your regular business insurance policy covers you for things like fire, theft and wind, but not anything cyber-related.

Third party liability coverage can provide protection for damage caused by your business to third parties due to a hack. This could be confidential client information that you store in your system. Coverage included in this category are:

- Breach of Privacy: A client's personally identifiable information has been accessed by an unauthorized party.
  - Misuse of Personal Data: Personal data is stolen or misused and they suffer financial damages.
  - Transmission of Malicious Content: Failure to stop the transmission of virus, malware or other malicious content.
- Many liability policies come with limited cyber coverage but also they leave gaps in coverage. A stand alone cyber policy can cover these gaps and provide the insurance that a business needs today.