

# What does builders' risk insurance cover?

A builders' risk insurance policy protects a construction project and almost everything that's part of the process as soon as it's on location, including the actual structure and even building site necessities such as porta potties.

The biggest difference between policies is what they protect against, like fires, explosions and falling objects.

**Builders' risk insurance policies will fall into three different forms of coverage: basic, broad and special.**

- **Basic:** Protects against fire, lightning, wind, explosions and more.
- **Broad:** Protects against everything included in basic, as well as several additions like falling objects, water damage and a few more.
- **Special:** Protects against theft and everything else.
- **Exclusions and claims not covered:** The three forms of coverage will not protect against accidents, injuries and liability risks, as well as certain natural disasters like floods and earthquakes. Also, any peril that is specifically excluded from the policy will not be covered.

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## Builders' risk insurance for

# homeowners

If you're building a new home or remodeling an old home, builders' risk insurance should be provided to have proper protection for all parties involved. Most of the time your lender will require proof of builders' risk insurance. If there is not a lender, then the homeowner should be requesting this of their builder.

Having a builders' risk policy in place for your home building project will do two things. First, it will ensure that none of the claims that could arise during a build-out will fall under your responsibility. Second, the policy will also protect the builder from having to come out of pocket to pay for any claims.

You can see that this is a beneficial insurance policy for everyone. Contacting your independent insurance agent to go over details of your builders' risk project is the first thing to do.

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## **Is builders' risk insurance mandatory?**

The majority of the time financing is involved in a building project and most financial lenders require a builders' risk policy to be in place prior to any work being performed.

However, there is the off chance that the project is fully funded by either the builder or the building owner and no proof

of builders' risk insurance is required. Having it as part of your practice is a wise decision and usually an inexpensive one at that.

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## **What is builders' risk insurance?**

Builders' risk insurance is a policy that will help pay to repair, replace or recover the current value of a construction project. This includes a number of different claim types such as fires, theft, labor costs and natural disasters.

As a builder or building owner, having the proper builders' risk policy in place could save your project and you thousands of dollars in expenses.

Finding the right local independent insurance agent that is experienced in the different types of builders' risk policies is key to a project staying on track.

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## **Does business insurance cover lawsuits?**

Business insurance covers lawsuits, as long as you have the appropriate business liability insurance for your situation and

enough liability coverage to pay your legal costs.

To ensure that enough liability coverage is in place for extreme circumstances like a lawsuit that exceeds \$1 million in damages, many businesses buy a commercial umbrella liability policy.

Certain liability exclusions also apply, such as if an injury or damage was expected, or was caused intentionally. Some policies also have something called a “workmanship” exclusion, and some exclude coverage of punitive damages.

Liability insurance is available in many different forms, including:

- General liability
- Professional liability, errors and omissions and malpractice
- Directors and officers liability
- Product liability
- Premises or property liability
- Employers’ liability
- Employment practices liability
- Environmental and pollution liability

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## **What is a business owners policy?**

A Business Owners Policy (BOP) is insurance that allows a business (that meet certain criteria) to combine coverage from multiple policies into one convenient package. BOPs are created for businesses that face similar risks and often appeal to small

and medium-sized businesses. However, larger companies can purchase a commercial BOP package and customize it to fit their needs. These days, there's a BOP for most mainstream businesses, from hair salons to hardware stores, which makes the process easier.

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## **What is errors and omissions insurance?**

Errors and omissions insurance (or E&O) is a form of professional liability insurance. It covers a business for services rendered that did not have the expected or promised results, or that result in a loss or personal injury suffered by the person receiving those services. It also covers situations where the individual or company failed to render services at all. Engineers, stockbrokers, accountants, insurance agents, and lawyers may be covered by E&O.

Malpractice insurance is also a form of professional liability insurance. Malpractice insurance covers healthcare professionals, physicians, dentists, pharmacists, and others.

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## **Does business insurance cover**

# **flood damage?**

In order for your business insurance to cover flood damage, your company must carry a separate flood insurance policy or endorsement. A typical commercial property insurance policy covers specific water damage situations but excludes flooding.

The wording and water damage exclusions vary from one insurance company to another. Be sure to review your policy carefully and discuss your specific risks and concerns with an independent insurance agent who can help you get the coverage you need.

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# **Does business insurance cover embezzlement?**

If your business carries commercial crime/theft coverage, your business insurance will cover employee fraud and embezzlement.

There are several different forms of employee dishonesty coverage. You can purchase several types of fidelity bonds to protect the business in the event of dishonest acts by all employees, or by named employees.

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# What business insurance do I need?

Depending on the nature of your business and any insurance that you are legally obligated to carry, the following types of business insurance should be considered essential:

- **General liability insurance:** Coverage against accidents, injuries and negligence claims.
- **Product liability insurance:** Coverage against product defects.
- **Professional liability insurance:** Covers professionals against malpractice, negligence or errors.
- **Commercial property insurance:** Covers against damage to your business property, such as from a fire or a severe storm.
- **Business interruption insurance:** Protects your business if you are no longer able to conduct your business because of a loss.

Some businesses need specialty coverage for equipment, shipping and other risks. Because commercial insurance needs to be tailored to each business based on risks, it is critical to work with an agent, who will get to know your company and ensure that your coverage adequately protects your business investment.