

# 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.