



What Does Your Policy Really Cover?

In today's highly litigious environment, homebuilders need to be keenly aware of the insurance program protecting them and what their General Liability policy does or does not cover.

Following are two checklists:

Page 1 outlines elements and coverages of a good insurance program,

Page 2 outlines elements and coverage exclusions or limitations often found in residential construction insurance programs

Homebuilder Coverage Program & Coverage Extensions	NSM Homebuilder Coverage Program	YOUR POLICY
Insurance Carrier financial strength rated at least A- (Excellent) by AM Best	A+, XV	
Policy is written on an Occurrence Form	YES	
Policy is written on Admitted paper	YES*	
Policy provides a General Aggregate and a Completed Operations Aggregate	YES	
Per Location Aggregate Limits provided	YES	
Definition of BI includes "Mental Anguish"	YES	
Contractual Liability including Assumed Tort Liability	YES	
Independent Contractors Protective Liability	YES	
Blanket Additional Insured endorsement for State or Political Subdivisions for Permits	YES	
Blanket Additional Insured Endorsement for Mortgagees	YES	
Limited Job Site Pollution Coverage with \$100,000 Occurrence / \$300,000 Aggregate limits	YES	
Pollution Exclusion exception for Building Heating, Cooling & Dehumidifying Equipment and Hostile Fire	YES	
Medical Expense or Payments - \$5,000 limit for accidents regardless of fault	YES	
Employees as Insureds	YES	
Incidental Medical Malpractice Liability coverage	YES	
Off Premises Care Custody or Control Coverage	YES	
Voluntary Property Damage Coverage	YES	
Broadened definition of Mobile Equipment for equipment up to 1,000 lb used for snow removal, road maintenance & street cleaning	YES	
Knowledge of Occurrence	YES	
Notice of Occurrence	YES	
Unintentional Failure to Disclose Hazards	YES	
Liberalization Clause	YES	

* Except in AK AZ CA CO MD MS SC

Disclaimer: Coverage descriptions are included herein for the sole purpose of providing a quick reference tool concerning the general nature and types of coverages found in insurance policies today. The descriptions contained herein are not intended to be complete descriptions of all terms, exclusions and conditions in the subject policies, but are solely provided as general descriptions of the coverages. Descriptions contained herein are not intended to be relied upon by potential insureds. Anyone interested in a particular coverage should refer to their own policy or request a copy of our policy for a complete description of the scope and limitations of coverage.



To ensure you are adequately protected against losses that could jeopardize your business it is important to review your insurance coverage carefully to determine which of the following insurance program elements, exclusions or coverage limitations may apply to your General Liability insurance program:

The following lists coverage elements, exclusions and limitations NOT found in the NSM Homebuilders' Coverage Program.

COVERAGE EXCLUSIONS OR LIMITATIONS TO BE WARY OF IN HOMEBUILDER INSURANCE PROGRAMS	NSM Homebuilder Coverage Program	YOUR POLICY
Is coverage on a Claims made form?	NO	
Is coverage written on Surplus Lines paper?	NO*	
Is insurance company a Risk Retention Group (RRG)? – business written in a pooling arrangement often with ability to assess members to cover greater than expected losses from their members and may require an additional payment to leave the program. They are not subject to State Guaranty Funds in the event of their insolvency.	NO	
Is Insurance Carrier's financial rating below "A" as rated by AM Best?	NO	
"Sunset Clause" endorsement - Provides # of years after work is completed for a loss to be reported for coverage to apply. May be as low as 1 or 2 years	NO	
Contractual Liability Limitation endorsement – Redefines Insured Contract so construction contracts are NOT covered. Often used by carriers insuring Subcontractors	NO	
Completed Operations PD Exclusion to work performed by subcontractors on your behalf - Work done by your own employees is already excluded. Endorsement effectively excludes all PD.	NO	
Bodily Injury Exclusion to your subcontractors – extends to their employees and may include leased, temporary workers or volunteer help. Also called "Action Over" Exclusion	NO	
Subcontractor Conditions of Coverage - Often excludes or limits coverage for losses arising out of work performed on your behalf if subs don't sign a Contract indemnifying you, carry adequate GL limits & include you as an AI	NO	
Premises Medical Payments Exclusion	NO	
Residential or Track Housing Construction Exclusion - May apply to projects exceeding a certain number of homes. May also be included by carriers insuring subcontractors	NO	
Multi-Family or Condo exclusion? Our program requires prior approval above 4 plexes	NO	
Hot Work Exclusion - Excludes all losses if appropriate protection not provided. Includes ANY cutting, brazing, grinding & similar activity generating sparks, flames or heat	NO	
Policy includes Sub Limits – lower limits that may apply to MF, condo construction or other coverages	NO	
Self Insured Retention (SIR) or GL Deductibles	NO	
Prior Work Exclusion – when good Risk Transfer Management performed (Signed Contracts, Certificates of Insurance & you are an Additional Insured on subcontractor's GL policy)?	NO	
Blasting or Demolition Excluded	NO	
One "policy" Aggregate Limit for all losses. No separate Completed Operations Aggregate Limit	NO	
Punitive Damages or other penalties and fines excluded?	NO	
Roofing Exclusion Our program covers unless roof not protected in advent of a storm	NO	

* Except in AK AZ CA CO MD MS SC