

Bringing you real solutions to real claims



TAILGATE TALK

Good intentions lead to unexpected results!



THE PROBLEM:

The following claim example demonstrates how the philanthropic intentions of a builder can lead to unanticipated results....

ABC General Contractor is a residential builder. The principal of ABC was looking for ways to “give back” to the community. ABC developed a relationship with a local non-profit organization that built homes for the underprivileged. ABC pulled permits for the project and consulted with the non-profit. The non-profit built homes through the work of volunteers and other contractors who donated their services. ABC did not have any employees at jobsites during construction and did not have any control over jobsites. However, since they pulled the permits at the municipality they were listed as the GC of the projects.

One of the homes built by the non-profit and donated to a family sustained 20 inches of water in their basement following a large rainstorm. The homeowner filed suit against the non-profit and ABC alleging improper design and construction of the home leading to damages in excess of \$100,000. ABC was named in the suit because they were listed as the GC of the project.

THE SOLUTION:

This is an example of a completed operations exposure to which ABC unwittingly exposed themselves. Furthermore, ABC is unable to tender the claim to any subcontractors because they did not contract with anyone.

ABC also exposed themselves to serious premises operations exposure. If a volunteer were to be seriously injured during the construction of these homes, ABC would surely be named in any resulting lawsuit.

It is important to remember that if you help a non-profit or a friend by pulling permits, you are legally the GC for the project and can become a party in a lawsuit. You need to decide if you are willing to expose your business and liability coverage to this exposure. One alternative is to obtain a hold harmless with defense and indemnification from the non-profit and request to be named as an additional insured on their policy.