

Bringing you real solutions to real claims



TAILGATE TALK

GC GETS STUNG WITH 4.4 MILLION DOLLAR LOSS!

Why is being named the Additional Insured important for GCs?

- Claims can be tendered to the responsible subcontractor!
- You save money...
- You save time from defending claims.
- Your insurance remains stable...
- You avoid risking the loss of future insurance.



THE PROBLEM:

ABC General Contracting was building a residential home. The framing was subcontracted out to XYZ Framing.

An employee of XYZ Framing was working on the third floor of a home under construction when a bee flew into the window. The framer backed up and fell down an open stairwell to the concrete floor of the basement. He sustained serious injuries and was unable to return to work.

We were unable to tender the loss to the framer's employer because the Insured failed to secure an Additional Insured endorsement with the framer's carrier. Therefore, as the insured's insurance carrier, we had to pay a \$4,400,000 settlement plus all defense costs.

This loss could have been avoided had proper jobsite safety protocols been followed. The jobsite supervisor was on site the day of the loss, but failed to check and secure the unguarded stairwells.

This loss clearly illustrates what can happen if jobsite safety is not a priority. It also shows why the Insured needs to obtain the risk transfer documents from all subcontractors.

This kind of loss is not rare. Perhaps the bees role in causing this loss is rare, but as shown in our two latest Tailgate Talk newsletters, falls, whether from stairwells, scaffolding, roofs, etc. are the most common cause of OSHA Citations and they make up the most common loss type incurred in our program. They frequently involve employees of subcontractors that often result in the employees bringing suit against the GCs for unsafe job sites.

THE SOLUTION:

The General Contractor, through well trained job site supervisors, can prevent these types of catastrophic losses! They also hold the key to tendering these losses by obtaining the certificates, contracts and additional insured endorsements from their subcontractors.

This claim raises another very important question that General Contractors should be asking themselves: Do I have adequate insurance protection to cover this kind of claim? The builder in the above example carried \$1,000,000 Occurrence, \$2,000,000 Aggregate limits on their General Liability policy, but most importantly, they also carried an Umbrella policy with a \$5,000,000 limit. \$3,400,000 of the above settlement was paid by the insured's Umbrella policy. What limits do you carry?