

*Bringing you real solutions to real claims*



# TAILGATE TALK

## General Contractor flushes \$175,000!



### THE PROBLEM:

ABC General Contracting built and sold a \$3,000,000 custom home. A year after the home was built the homeowner returned from vacation to find extensive water damage in the home. The water damage resulted from improper installation of a toilet supply line. The toilet was installed by Apex plumbing. ABC had a certificate of insurance, a contract and was listed as an additional insured on Apex's policy. The claim was tendered to Apex's carrier for defense and indemnification of ABC. The carrier denied the tender because Apex's policy did not have completed operations coverage. As a result, ABC's general liability carrier had to respond to the claim and paid out \$175,000.

### THE SOLUTION:

This claim example illustrates that securing certificates, contracts and additional insured endorsements from all subcontractors is not always enough. If a subcontractor's coverage is inadequate, then the General Contractor's policy will have to respond in cases it should not.

To help avoid this problem, we suggest you pose the following questions, at a minimum, to your subcontractors. The subcontractor should ask these questions of their agents.

### Find out the answers to these questions before a loss occurs!

- ◆ Does the policy have completed operations coverage?
- ◆ Is there a multi-family exclusion?
- ◆ Is there an exclusion for residential construction?
- ◆ Are there any limits for the amount of homes in one development?
- ◆ Does the policy have contractual liability coverage?
- ◆ Are there any sub-limits applying to the subcontractor's work?