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Risk Insurance

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Whether you have a building undergoing rehabilitation or your building from the ground up, you will need a builders risk policy. It provides coverage for the physical damage of the structure during the course of construction. Amongst the Coverages provided is materials, equipment, fixtures designed to be a permanent part of the fabrication, erection, installation, alteration, or completion of the project while at the project site, as well as in transit, or at any temporary location.

The coverage limit must reflect the total completed value of the structure, but not including land value.

No one policy is the same. A comprehensive policy should also include "soft costs" not directly related to construction such as, financial costs, additional interest expenses, leasing and marketing expenses, legal and accounting expenses, loss of income should a delay in completion result in loss of revenue; water damage, foundations, excavations, and other underground property earth movement and permission to occupy. Coverage typically ends automatically when the building is completed, occupied, sold or the policy term ends, whichever comes first.

You should read your policy carefully and discuss its limitations and exclusions with your agent. All contractors and suppliers who are at your job site should be required to provide proof of their own insurance.

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