

School Construction Insurance Terminology

Builder's Risk Insurance (also known as Course of Construction Insurance)

Builder's Risk insurance is designed to indemnify the owner and contractors for their investment in labour and materials in a project during the course of its construction.

The Builder's Risk Policy provides cover against the perils insured, usually All Risk, for the building while under construction and all construction materials at the site.

The value insured is the final estimated cost of construction of the project.

The following entities are usually insured under a Builder's Risk policy:

Owners

General Contractor

Project manager

Subcontractors involved in the project

Architects and Engineers

Contractor's tools and equipment is not include in the coverage afforded by the policy.

The policy usually ends on the expiry date indicated, or upon final acceptance by the owner or Substantial Performance of the Work.

Wrap-Up Liability

A Wrap-Up Liability policy provides liability insurance on the specified construction project and all entities involved with it. Without it, each entity has to ensure they have a proper Commercial General Liability policy in force with adequate limits. On a large project, with many subcontractors, confirmation of the existence of the proper insurance with adequate limits and coverages (ex. completed operations) can be quite a challenge.

The setting of a specific limit and terms, including one deductible, establishes consistency across all parties involved in the project and allows for greater ease in handling claims involving the multitude of parties involved in the project.

The following entities are usually insured under a Wrap-Up Liability policy:

Owners

General Contractor

Project manager

All Subcontractors involved in the project

Architects and Engineers, excluding Professional Liability

Project Specific Errors and Omissions Insurance

Provides Errors and Omissions Insurance for all professionals, mainly architects and engineers, involved with the specified project as opposed to each individual professional providing their own insurance. This insurance is used only on extremely large or complex construction projects.