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Sitting on a Finished Project?

The declines in the real estate market mean the country is awash in housing inventory. Builders are completing long-planned residential projects at a time when buyers are simply not buying.

Faced with inventory that doesn't move quickly in today's real estate market, builders may be forced to sit on properties for longer than anticipated. When this is the case, insurance for the structure becomes an issue—particularly since the builders risk coverage commonly utilized by the builder generally expires upon completion or within a short time after,

usually within 90 days.

Often, to cut losses, builders will hold the property for rent. Once this is done, it is a safe assumption that none of the builder's current builders risk insurance coverage will extend to losses at or to that property. In this case, the builder may need to add coverage for the property to his current commercial policies by endorsement or to buy a separate policy for the property altogether.

For information on how to properly insure a property being held for sale or rent, call our service team today. ■



Cover Future Losses

Most commercial general liability policies apply to bodily injury or property damage that occurs during the policy period only. This means that if the loss itself (e.g., a roof collapse or burst pipes) occurs after the policy period has ended, coverage, if any, will be provided only under the policy in force at the time of loss, not under the policy that was in effect at the time of the original construction.

Many believe that because the

damage leading to the loss may have developed over time, the policies in force during that period should apply. While this argument has kept litigators busy for years, contractors might avoid costly litigation by purchasing insurance that extends coverage beyond the end of construction.

If this sounds like something you would like to explore, call our office. We can help you find the coverage you need for all your construction projects. ■

Employers to Provide Protective Equipment



The Occupational Safety and Health Administration (OSHA) has a new regulation that all personal protective equipment must be provided by the employer at no cost to the employee.

The rule contains very few exceptions. Exceptions to the final rule are associated with ordinary safety-toed footwear, ordinary prescription safety eyewear, logging boots, and ordinary clothing and weather-related gear.

"Employees exposed to safety and health hazards may need to wear personal protective equipment to be protected from injury, illness and death caused by exposure to those hazards," says Edwin J. Foulke, Jr., Assistant Secretary of Labor for OSHA. "The final rule will clarify who is responsible for paying for personal protective equipment, which OSHA anticipates will lead to greater compliance and potential avoidance of thousands of workplace injuries each year."

OSHA predicts the final rule will result in 21,000 fewer occupational injuries per year. For information on the final rule, types of equipment considered and exceptions, visit OSHA's Web site at www.osha.gov. ■

Putting the GC on Business Auto

A common trend currently sweeping the business auto policy world is the requirement that the subcontractor add another party (usually the general contractor) as an "additional insured" on the sub's policy.

General contractors and others make this request (or requirement) to address cases in which they are liable for the subcontractor's conduct, such as when the subcontractor's employees drive the sub's own truck on the job site.

However, most business auto policies include a clause (commonly called the omnibus clause), stating

that anyone liable for the conduct of an insured is also an insured by definition.

An endorsement is also available that places the general contractor's name on the subcontractor's business auto policy. However, general contractors should understand that coverage is already afforded under the sub's business auto policy for situations such as this without the need for the endorsement.

Review your business auto policy for information on how the policy will extend coverage to others. For assistance, call our service team today. ■

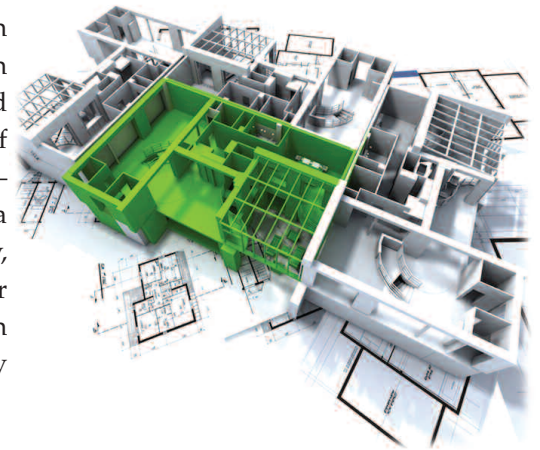
An endorsement is available to place the GC on the sub's business auto policy.

Going Green

Large insurance companies are beginning to send the message: Green is good! Contractors involved in home restoration and repair should be on the lookout for a new age of building replacement policies—policies that add a little extra green into the mix—specifically, covering the cost to repair or replace damaged property with an environmentally sound and energy friendly, or "green," alternative.

Such green measures include:

- Environmentally efficient landscaping using native trees, plants and shrubs
- Federal Energy Management Program-designated plumbing fixtures featuring water conservation
- Forest Stewardship Council certified wood for cabinets, ceilings, siding and framing
- Energy-Star rated appliances, light-



ing fixtures, home insulation and HVAC

- Use of paints, sealants and adhesives with low volatile organic compounds (VOC).

Contractors that are prepared to respond to the new construction guidelines might find themselves in a better position to obtain insurance-funded jobs. ■

Verify Subs' Workers Comp Coverage

Contractors using the services of subcontractors should have a system in place to ensure that each sub has its own workers compensation insurance. Failure to do so may result in your paying for their insurance coverage at the time of audit.

Your system should help you track and verify the certificates of insurance provided by each subcontractor, including names of individuals, state of domicile, payroll and classifications, and 1099 information.

If your subcontractors are unable

to provide a certificate of insurance or any of the requested information, consider a contract



that requires them to pay that portion of the cost of your insurance that is derived from

the sub's payroll.

Another essential step in limiting audit exposure from subcontractors is to visit www.irs.gov and review the guidelines and definitions for independent contractors and employees. Failure to adhere to these guidelines will likely cause the sub's payroll to wind up in your audit.

For information about monitoring subcontractor exposure and assistance with managing certificates of insurance that will help avoid a substantial audit, call our service team today. ■

Income Loss Covers Normal Earnings

In the event of a catastrophic event, contractors become soldiers on the front line of building and infrastructure restoration. However, the contractors themselves often reside in the communities that are damaged. If this is the case and the contractor's vehicles and equipment are damaged, the contractor may suffer a loss of business income, and that loss of income may be greater than usual because after a catastrophe there is more contractor business available to be lost.

A business income policy can help. Contractors should note, though, that a typical business

income policy will not allow the policyholder to benefit from a loss. Therefore, standard policies typically limit the amount of lost income to that which would normally have been earned by

A typical business income policy will not allow the policyholder to benefit from a loss.

the contractor had the cause of loss not occurred; moreover, there is no adjustment for possible changes in that income had

the loss occurred but not affected the insured. That means what would have been earned is lost, but what is normally earned would likely be covered.

The best bet for a contractor is to remove and protect all mobile and transportable equipment from the path of destruction. Plan ahead for catastrophes, and be ready to get back to business fast. In addition, make sure your business policies include business income loss coverage for the downtime that is beyond your control.

Call us if you would like to review your business income provisions with one of our team members. ■

**Thank you
for your referrals.**

If you're pleased with us, spread the word! We'll be happy to give the same great service to all of your friends and business associates.

Contractors That Cross State Lines

La ws regarding contractors' workers compensation coverage vary from state to state. If your business is based in one state but does work in another, your company may be required to comply with additional regulations or to conduct different reporting.

For instance, in the state of New York, all out-of-state employers now must cover employees who work in New York with a workers compensation policy indicating New York under item 3.A of the information page. No longer will it be sufficient for the state to be listed under 3.C—"Other States"—on the information page.

Florida has similar requirements, and more states are expected to follow suit, making compliance more complicated. If you are sending your employees into other states, notify your workers compensation provider immediately to avoid compliance concerns and possible audit issues. ■
