

Design & construction clients  
need dedicated insurance -  
we've got you covered!

| Rachel Denham

| Wednesday, February 24<sup>th</sup>, 2021



# Coming up

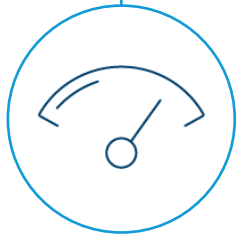
- CFC US Professions team intro
- Why do contractor need E&O insurance?
- Claims examples
- The construction market and cross sale opportunities
- CFC's Design & Construction product, key benefits and coverage highlights
- Appetite
- Questions



# A bit about us...

The US Professions team has 16 underwriters and is the largest specialty US professional liability team in London

\$170m GWP  
over the past 5  
years



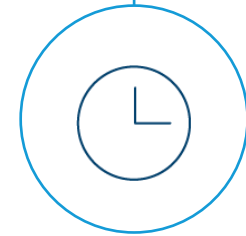
7,300 live  
policies



98% wholesale  
distribution



24 hour  
turnaround



# US professional liability team



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Why do  
contractors need  
E&O insurance?

# Why do contractors need E&O insurance?

Contractors need E&O insurance for the following reasons:

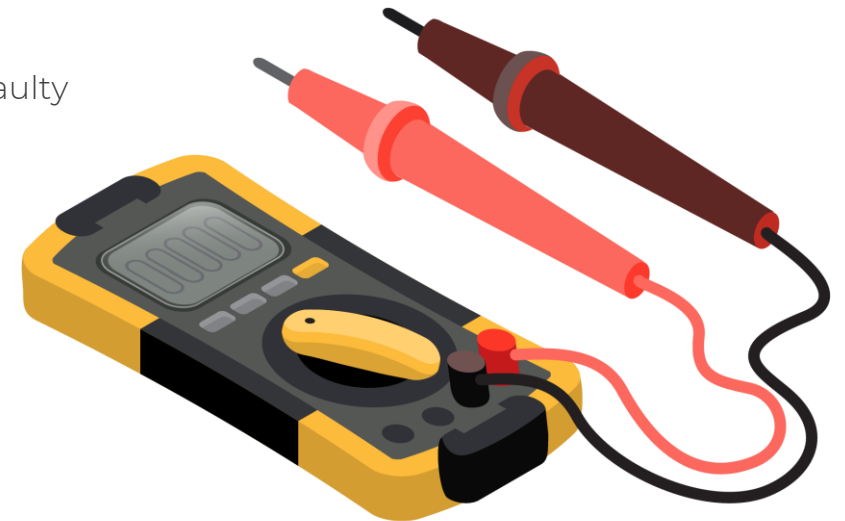
- Contractual requirements
- For their in-house professional services
- For their subcontracted professional services
- For failure to provide a level of due care and skill leading to a financial loss
- As a result of gaps in general liability (GL) policies, such as professional services exclusions and exclusions for “your work” and “your product”
- Legal defence cover
- Benefits of an E&O policy such as rectification costs, pollution and workmanship extensions



Claims examples

# Electrical contractor

- An electrical contractor is working on installing a new electrical panel, they cross the wires and cause a fire.
- A GL policy would not cover the cost of replacing the wiring or the panel as the policy contains exclusions for “your work” and “your product”.
- The total value of the claim was \$100,000, the GL carrier only paid out \$80,000 for the third party property damage.
- This is where a workmanship extension on a contractors E&O policy is vital in covering that \$20,000 gap!
- CFC’s workmanship extension provides cover to make good or otherwise restore faulty workmanship to a reasonable standard.





# Design build contractor

- A contractor of single family homes offers full design build services to their client.
- They subcontract the design to an architect.
- A claim is made against the contractor for design defects on a project.
- The architect has allowed their insurance to lapse.
- Two elements of contractors E&O are vital here, firstly the legal defense cover.
- Secondly subcontractors vicarious liability.
- CFC's policy would provide legal defense and cover the insured for sums they become obliged to pay as a direct result of any act, error or omission by a sub-contractor.





The construction  
market and cross  
sale opportunity

# The construction market

## Have you considered your cross sale opportunity for contractors E&O?

- The construction industry while impacted by Covid-19 was more resilient than many other industries such as a hospitality, healthcare and retail.
- The outlook is bright with increased M&A activity, technological advances and operational efficiencies transforming the sector in a positive way.
- You probably already have a list of clients currently dealing with your office that need this product!

Construction is a major contributor to the U.S. economy. The industry has more than 680,000 employers with over 7 million employees and creates nearly **\$1.3 trillion worth of structures each year.**

[www.agc.org/learn/construction-data](http://www.agc.org/learn/construction-data)

Construction accounts for 4.1% of America's GDP

[www.statista.com/statistics/226368/projected-value-of-total-us-construction/](http://www.statista.com/statistics/226368/projected-value-of-total-us-construction/)



CFC's new Design  
& Construction  
product

# Policy benefits & coverage highlights

Adaptable contractors errors & omissions (E&O) policy designed to provide comprehensive cover to general, artisan and design build contractors all on one form, with a broad definition of business activities to include all main professional exposures.

## Policy highlights:

- Rectification costs
- Subcontractors vicarious liability
- Contingent bodily injury and property damage
- Comprehensive legal cover
- Intellectual property
- Regulatory costs and fines
- Payment of withheld fees



## Optional covers:

### Pollution

- For both professional services and construction services
- Standalone limit that is not shared with the E&O

### Workmanship

- An extension under the E&O section or both professional services and construction services
- Providing cover to make good or otherwise restore faulty workmanship to a reasonable standard
- Available for artisan or specialty contractors

### Cyber

- Comprehensive cyber including access to CFC's award winning claims team and access to our 24/7 cyber incident response hotline

# Offering

Minimum  
premiums from  
\$1,500 for a  
\$1,000,000 limit

Limits available  
from \$250,000  
to \$10,000,000

First dollar  
defence &  
defence outside  
the limits  
available

Excess  
supported or  
unsupported

# Offering

Worldwide  
coverage



Excellent and  
consistent  
service  
standards for 10  
years



In-house claims  
team



Product  
innovation and  
flexible  
underwriting



# Appetite

## What we love

- HVAC
- Electrical
- Mechanical
- Acoustical & audio visual
- Landscaping
- Painting
- Design Build
- Remodeling
- General contractors

## What we consider

- Carpentry
- Masonry
- Demolition
- Drywall
- Telecoms
- Solar
- Plumbing

## What we ordinarily decline

- Roofing
- Glazing
- Excavation
- Concrete
- Scaffolding
- Flooring
- Real estate developers





Questions?

# Thank you!

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