

# Construction

EXECUTIVE

## Executive Insights

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FROM LEADERS IN  
CONSTRUCTION  
INSURANCE

BY DONALD BERRY

“Insurance procurement and management has become increasingly complicated,” observes Henry Lombardi, President and COO of Allied Group Holding, LLC. “At the same time, it has become more frequent that a project’s profitability depends on recovery of insurance dollars.” With this in mind, you’ll want to examine the fine print in your policy more closely after reading what these industry experts in insurance, bonding and construction law have to say.

**“How does an agent help contractors add value to their business and projects through insurance and bonding?”**



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Just like the necessity of construction financing, the project will not go forward without insurance and bonding. The contractor’s insurance and bonding agent obviously plays a pivotal role in the life of any project. How can the agent add value? Know the insured’s business, know the project, and be proactive if and when a claim arises.

The agent should know his insured’s business. What type of projects does the

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contractor typically build? Is the work mostly public or private? Hard bid or negotiated? Are standard form contracts typically used by the contractor? If so, has the agent reviewed them, particularly for insurance and bonding provisions? Does the agent regularly perform or participate in a risk audit of its contractor clients?

The agent should also know the specific projects on which its insured contrac-

tor clients are working. What are the most likely risks for the type of work being performed? Has the contractor performed any work like this before? What coverage and bonding requirements have been imposed by the owner and has the contractor successfully “passed down” those obligations to its subcontractors and suppliers?

When a claim does arise, has the agent performed a detailed investigation? Has the agent been to the site? Has the agent read the applicable contracts, policies and key correspondence?

If the agent can answer the foregoing questions affirmatively, then the agent is taking the appropriate proactive approach and will have the knowledge to provide advice regarding appropriate coverages and policy and bonding limits for the particular project. Both the insured contractors and the owners for whom they work will realize and appreciate the approach. Best of all, the loss experience for the insured and insurer will likely be reduced as well.