



Berkley Construction Professional Introduces Faulty Workmanship Coverage

BY WILL JONES

PRODUCT: Faulty Workmanship Liability

COMPANIES: Berkley Construction Professional (Berkley CP), a Berkley Company

BEST RATING: A+ (Superior)

AVAILABILITY: Coverage is available on an open-brokerage basis.

FOCUS: Until relatively recently, insurance solutions for the costs contractors incur to repair or replace defects found within their physical construction work have been virtually non-existent.

[Berkley CP's Faulty Workmanship Liability](#) provides coverage for the cost to repair or replace faulty workmanship performed directly by the insured and for the damages associated with the loss of use of tangible property, resulting from the insured's self-performed faulty workmanship.

"The team of underwriters at Berkley CP is renowned for introducing coverage innovations within the construction insurance marketplace," says Raymond F.H. Bustamante, managing director, Berkley Construction Professional. "Faulty Workmanship Liability is another example of that leadership."

"Faulty Workmanship Liability perfectly complements the industry-leading construction professional and pollution liability specialty insurance products Berkley CP already provides to commercial general and trade contractors," he adds.

COVERAGE DETAILS: Berkley CP's Faulty Workmanship Liability solution is offered as a separate insuring agreement, subject to its own set of insurable limits, attached via an endorsement to their broad professional liability and pollution product, the Perform policy.

The insuring agreement covers what the insured is legally obligated to pay for property damage arising out of the workmanship of “your work” that typical ISO commercial general liability policies expressly exclude. Coverage is triggered by a third-party faulty workmanship claim against the insured. However, the claim does not have to allege negligence.

The insuring agreement is easy to read “because the verbiage largely emulates the ‘your work’ exclusions in typical ISO CGL policies, in other words, what typical ISO CGL policies exclude, is now expressly covered,” Bustamante says.

Coverage extends to the use of defective materials or products in “your work” and claims for breach of warranty or breach of contract may also trigger coverage.

UNDERWRITING: Berkley CP requests applicants seeking coverage to submit a supplemental faulty workmanship liability application and other documentation, such as general liability loss runs and a list of completed projects for the previous 12 months.

The premium is determined by the type of and amount of revenue earned from insurable self-performed work.

MINIMUM PREMIUM: \$5,000

TARGET: Contractors with total annual revenue up to \$250 million and total annual revenues of up to \$50 million derived from self-performed physical construction work. Types of work include electrical, mechanical, interior fit-out, finish carpentry, drywall, custom masonry, site preparation, drainage, landscaping, atriums, solar and wind onshore work.

COVERAGE AVAILABILITY: All U.S. states

COVERAGE TERRITORY: Worldwide while also complying with all trade or economic sanctions, laws or regulations of the United States including, but not limited to those administered by the U.S. Treasury Office of Foreign Assets Control, or any other jurisdiction with which Berkley is legally obligated to comply.

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