

Builder's Risk Policies



Builder's Risk policies offered by TWIA provide coverage for new construction, and can also be used to cover major renovations of residential and commercial structures during course of construction. This job aid discusses key information on these types of policies.

Application Requirements:

- A photo of the property is required for all builder's risk policy applications.
- A diagram is required when there is more than one structure on the property.
- A detailed description of the work being completed is needed for policy forms that are issued for major renovations or additions.
- Exterior/interior inspections may be ordered by TWIA Underwriting.

Policy Term:

The term for builder's risk coverage is up to one year and may be renewed if work is ongoing. Coverage on builder's risk policies ceases when either of the following occurs:

- (1) The policy is cancelled or expires.
- (2) The construction on the structure is completed.

Forms:

When submitting a Builder's Risk application or renewal, answers to questions during the on-line process will create one of the following Builder's Risk Forms.

[Builder's Risk Actual Completed Value Form 21:](#)

- Structures eligible under a Form 21:
 - New Construction which has **not** started.
 - Full estimated completed cost is within our statutory limit.
 - Renovations/Additions where original structure is excluded, and the construction has not started.
- Requirements of the Actual Completed Value Form 21
 - Required to insure for the full estimated completed cost from inception of the policy.
 - Limit of Liability will be adjusted back to inception if the completed cost increases during the construction.
- Requested inception date of the policy is the date construction begins or the date when the materials are delivered to the premises.

[Builder's Risk Stated Value Form 18:](#)

- Structures eligible under a Form 18:
 - New construction which **has** already begun.
 - Renovations/Additions where construction **has** begun.
 - Renovations/Additions where coverage is to include the existing structure.
 - Structures where the estimated completed cost is above our statutory limit.
- Requirements of the Stated Value Form 18
 - Must meet co-insurance requirements (percentage of value that is required to be insured) 80%, 100% or waived.

- Not required to insured for the full estimated completed cost of construction if meeting co-insurance requirements.
- Requested inception date of the policy is after construction has begun or after materials are delivered to the premises.

Examples:

- Construction started last week for a building that is \$500,000 in coverage.
 - Coverage is available under the Form 18 as construction started prior to binding coverage
- Construction will start next month, and the value of the commercial building is \$5,000,000.
 - Coverage is available under the Form 18 for up to \$4,424,000 (our maximum limit) as the value of the building exceeds our maximum amount of coverage and is not eligible for the Form 21.
- Dwelling is going to have repairs/renovations done starting next week. I do not want to insure the “original” structure as it is covered under a different policy.
 - Coverage is available under the Form 21 as coverage will just be for the “repairs/renovations” and policy will be bound prior to the start of construction.
- Commercial building that will be undergoing renovations at a future date to be determined.
 - Building is not eligible for a builder’s risk policy. To be eligible the building must be during construction. Once the start date of construction is determined a policy may be written for the start date.

FAQs on Builder’s Risk Policies:

- Does occupancy affect the coverage? **No.**
 - Structure can be either occupied or vacant.
- Is there coverage for contents? **No.**
 - Contents coverage is not available under a builder’s risk coverage.
- Is a companion policy required? **No.**
 - There does not need to be a companion policy.
- Are there any endorsements available under a builder’s risk policy? **No.**
 - No endorsements are available to be added to a builder’s risk policy.
- Can I change the policy term (shorter or longer period) once a builder’s risk policy has been issued? **No.**
 - You can shorten by canceling.
 - You can renew the term if active construction continues.
- What if the date of construction changes and I need to change effective dates?
 - A new application for the new coverage dates being requested should be submitted and cancel the current policy that has the incorrect dates.
 - Please contact an underwriter for assistance.