

WRAP Insurance Program



Today's restrictive General Liability Insurance climate requires creativity when working with new construction developments. WestPac has the knowledge and experience to quote any construction project under a Wrap policy and would love to assist Independent Agents with their new construction leads.

Our carriers are recognized as industry leaders nationally

Multi-family projects are highly desired - most subcontractors have multi-family exclusions

Low minimum premiums

Various deductible/SIR options available

12 to 48 month policy terms - options for the policy to respond to project "phases"

Rolling WRAP programs available

Integrated risk management vendors - Third Party Administrators and QA/QC companies

Pollution Wrap policies, Builder's Risk, and Excess Liability also available

Why Choose a WRAP?

- Assured coverage for all subcontractors
- One defense representation in the event of a loss
- No fault allegations to be determined in the event of a loss
- Common goals shared by all subcontractors - cooperative risk management, safety, and quality work
- Completed Operations extended to statute of repose
- Third Party Administrator services ease troublesome subcontractor contract coordination
- Subcontractor premium recovery - Owner/Contractor doesn't need to cover the total premium cost

The Construction Industry's
Leading Wholesale Insurance
Broker

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WRAP Insurance Benefits



Assured coverage for all subcontractors - Unlike the typical general liability, a WRAP or OCIP (Owner Controlled Insurance Program) provides coverage in the name of the owner, but extends coverage to the General Contractor and all subcontractors (including subs of subs). Under the traditional General Liability model, all parties typically would need to obtain their own insurance for their work and Owners/GC's would need to rely on risk transfer indemnification agreements, Additional Insured and other endorsement languages so that when a claim occurs, the downstream party (and their insurer) is obligated to step up to the table. This works great in theory, but the Colorado environment is such that it is nearly impossible for a subcontractor or builder to find adequate coverage for multifamily work. Colorado is among the top 3 most litigious construction defect states in the country and as a result, you have less insurers willing to provide coverage for all parties and virtually no insurers for multifamily projects above ten units. So while the sub may have a policy with indemnification language, a multifamily exclusion likely exists and all of the responsibility of damages would then be left on the GC and Owners. The wrap takes care of this in that all parties are covered under the policy, so these gaps are eliminated.

One defense representation in the event of a loss - "all for one and one for all coverage" - Everyone obtains coverage, but importantly all parties have one carrier representing them at time of loss. At time of claim, it is very common to have "Shotgun Lawsuits" in Colorado. Several parties can be named as Defendants even if they had no contribution to the alleged defect. (We've seen interior trim contractors named in suits where there was a concrete/foundation issue). Under that traditional GL model, each party is representing themselves and their interests (potentially settling at high amounts) only which can significantly drive up the cost and length of the suit. Under a WRAP, one insurer represents all and, in theory, could make the claim process quicker and less costly.

Common goals shared by all subs - cooperative risk management, safety, and quality work. Since all parties are insured through a WRAP, there is an intrinsic benefit to all parties working more collaboratively towards quality work and safety. All have skin in the game under the same policy, so quality workmanship standards by all are hopefully met.

Completed Operations Extended to Statute of Repose - This is a major benefit to the wrap as it is truly a "project specific" policy. Under a traditional occurrence policy, the carrier that is supposed to respond to a claim is the carrier insuring the entity when "damages occur". You could build a structure today, then damages are proven to occur well down the road and not at time of construction (or somewhere in between). Thus, it is important for all parties involved in a project to maintain coverage not only during the project, but throughout the statute of repose which is eight years in Colorado so that no coverage gaps happen. The WRAP takes care of all of this in that it contains an endorsement that says it will respond to claims throughout the course of construction, but also after the job is complete up to that statutory period's expiration. Thus, construction defect actions are covered for all after the project is done under the WRAP. You can see how issues may arise when the Owner, GC, or Subs don't maintain adequate coverage under a traditional GL policy, or even go out of business.

3rd Party Admin Services - the WRAP will typically require Administration Companies get involved to enroll all subs, issue them evidence of coverage through the WRAP, and other items. The administration process of a WRAP alone is very tedious and thus third parties are available to assist.

Subcontractor premium recovery - Since all subcontractors obtain coverage through the WRAP, it is commonplace for them to also contribute to the premium. There are several methods used so this can be accomplished and of course we work with Owners/GC's to maximize this recovery.

Removal of "workmanship" or "faulty work" exclusions on the WRAP - The traditional GL often does not provide coverage for "faulty work" in itself, a resulting damage (bodily injury or property damage) must occur because of the faulty work to trigger a claim. Now, some courts say coverage is provided for "faulty work" for the GC if a sub does the work, other rulings disagree. Of course, each insurance company also has their own position on this too. Rather than worry about this, a WRAP can be purchased and the "faulty work" exclusions are traditionally removed. So in theory, "defects" may be covered under the WRAP.