

Carrier Differences and Their Impact on Contractor's Liability

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Contractors are in high demand while materials are in short supply, and the cost of lumber is significantly higher than in years past, but none of that is stopping the growth in this industry. From new home builders to remodelers, the construction industry is rapidly changing, and carriers are adapting to keep up with the growing demands and changes. We see daily requests for new startups, established contractor businesses, or contractors who have experienced losses. We have solutions for a lot of these situations, but it is beneficial to understand the differences between the carriers and what they will provide.

Since some contractors are now focusing on specific trades, general and even artisan contractors are subcontracting out a portion of the job. Our carriers will consider up to 100% subcontractor work. Additionally, we have carriers who specialize in a variety of trades. Depending on the risk, we may have solutions for rating based on payroll and subcontracted costs.

Numerous excess and surplus lines carriers have either amended their rates or more clearly defined the risks they are willing to write. Although many carriers use ISO forms as a base, each has its own proprietary forms that mandate different requirements for subcontractors. It is good practice to seek legal review for guidance with contracts. Additionally, from an insurance perspective, reviewing the subcontractor management forms for each specific carrier is important. Reviewing ensures the insured understands the expectations that specific carrier has for requirements when using subcontractors. In some cases, coverage can be limited or even excluded if certain requirements are not met. These vary by carrier, so reviewing the specific language is imperative in choosing the right carrier for your insured.

In recent years, many carriers have begun using a generic remodeling code to encompass a variety of class codes typically used by contractors who specialize in remodeling work. Note this code is not an ISO code, and the carriers are not always consistent with the class codes included in their remodelers' program. For instance, some carriers will include a small percentage of roofing while others require it to be rated separately. Review each form carefully to ensure you have the best fit for your client.

As you review these situations, you are more than welcome to call your underwriter to discuss the differences. Whether your insured is a general contractor, artisan contractor, a remodeler, or a combination of the above, please call us. We have solutions to help your client, and our underwriters are ready to assist you today!

[Learn more about how we can help with construction & contractors.](#)

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