

Understanding Excess Insurance: Commercial Binding Markets

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Excess insurance plays a crucial role in safeguarding businesses and individuals by offering additional coverage beyond the limits of a primary policy. Many industries and businesses rely on excess insurance to meet contractual obligations and protect themselves from potential risks. In this article, we'll explore where our commercial binding team has been writing excess coverage lately, focusing on habitational and contractor coverage, while highlighting the different types of industries that benefit from this essential protection.

WHAT IS EXCESS INSURANCE?

Excess insurance is a form of coverage that kicks in after the primary insurance policy's coverage limit has been reached. Unlike umbrella insurance, which expands coverage to a broader range of risks, excess insurance typically provides additional coverage over a specific policy, such as general liability or property insurance.

HABITATIONAL

Habitational excess insurance is commonly used for residential buildings, apartments, or other real estate ventures. Many of our carriers will extend coverage up to \$5 million. This type of coverage is crucial for property owners or managers who need more than the standard policy limit. A primary carrier may only offer a limited amount of coverage for damages or liability, but with excess insurance, businesses or property owners can boost their protection beyond this initial threshold.

CONTRACTORS

Contractors often face unique challenges when it comes to insurance, especially when their contracts require higher levels of coverage than what a standard policy might provide. For example, a contractor might have a lead excess policy offering \$3 million of coverage, but their contracts require a total of \$5 million in coverage. In such cases, the contractor can secure excess insurance to bridge the gap between their existing coverage and the amount required by their contracts. This ensures compliance with contractual obligations and provides greater protection in the event of a major claim.

LIMITATIONS AND EXCLUSIONS

Our Commercial Binding department cannot provide excess coverage over certain specialized policies, such as liquor liability, garage liability, environmental coverage, or marine insurance. These types of coverage often have unique risk factors and would need to go through our brokerage department.

INDUSTRIES THAT BENEFIT FROM EXCESS INSURANCE

Some of the industries that our commercial binding team can offer excess insurance to include:

- Real Estate
- Hospitality
- Trades/Contractors
- Wholesale/Retail
- Manufacturing and Service

CONCLUSION

Excess insurance is a vital tool for businesses and individuals looking to enhance their coverage and protect themselves from large, potentially catastrophic claims. Whether it's for habitational properties, contractors,

or other industries, excess insurance can bridge the gap between primary coverage and the protection required by contracts or specific business needs. By understanding the nuances of excess insurance, you can ensure your clients have the necessary coverage to thrive in today's competitive and risk-prone environment.

For those in need of additional protection, your commercial lines underwriter can help navigate the complexities of excess insurance and ensure the right policy is in place.