Berkley Construction Professional
| a Berkley Company

Faulty Workmanship

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Berkley Construction Professional's Faulty Workmanship Liability coverage fits together with the typical ISO Commercial General Liability (CGL) policy with respect to property damage arising from faulty workmanship and addresses the elements of damage that are expressly excluded from the ISO CGL policy.

Coverage Highlights

- The Faulty Workmanship Liability insuring agreement is added to the Berkley CP Perform policy
- The agreement has a separate set of limits within the policy aggregate limit
- Coverage addresses the gap in the CGL policy for "your work"
- Coverage is triggered by a third-party Faulty Workmanship Claim against the policyholder — but the claim doesn't have to allege negligence
- Claims alleging breach of contract or breach of warranty may also trigger coverage
- Provides coverage for the cost to repair or replace faulty workmanship performed directly by you (the insured) and for the damages associated with the loss of use of tangible property resulting from your (the insured's) self-performed faulty workmanship
- Coverage extends to the use of defective materials or products in "your work"
- The insuring agreement is easy-to-read
- The coverage is a completely separate insuring agreement and is independent of the professional liability insuring agreement
- The definition of Damages in our coverage will look familiar 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

The Insuring Agreement Covers[1]

The Insuring Agreement covers[1] those amounts the insured is legally obligated to pay[2] for Property Damage[3] arising out of the workmanship of Your Work that typical ISO CGL policies expressly exclude.[4]

Specifications

- Limits/sublimits up to $2 million
- Minimum self-insured retention (SIR) $5,000 per claim

Target Contractors

- A contractor who meets both of the following criteria:
  - total annual revenues of up to $250M
  - total annual revenues of up to $50M derived from self-performed physical construction work within our appetite
- Self-performing contractors: Electrical, mechanical, plumbing, interior finishes
- Other contractors considered, contact us regarding your specific risk

[1] Coverage information is provided solely for descriptive purposes, does not provide a complete description of coverages and does not in any way alter the terms and conditions of the insurance policy.

[2] Pays amounts that the insured is legally obligated to pay arising out of the workmanship of its own work.

[3] Property Damage (see the full scope of the definition within the coverage) is generally defined as
- Physical injury to tangible property
- Loss of use of tangible property that is not physically injured.

[4] Our Damages definition is derived from the pertinent ISO CGL exclusions that are commonly considered the "Property Damage" or "Your Work" exclusions.

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Claims Scenarios

- An electrical contractor installs the entire electrical and audio visual systems for an office building, but fails to see that the plans/specs require (per the building code) that all of the wiring must run through conduit as opposed to running freely through the wall cavities. All of the wiring must be torn out and replaced to comply with code.
- A drywall contractor is required to install half-inch drywall per the plans/specs throughout a new hospital wing, but the purchasing team accidentally orders several truckloads of three-eighths inch drywall which the contractor proceeds to install. The error is discovered during final inspection and all of the drywall must be torn out and replaced in order to obtain the certificate of occupancy.
- A flooring contractor is hired to install hardwood floors throughout a high-end hotel. After installation, the hardwood floors start to warp and pop as a result of the contractor having failed to install appropriate vapor barriers between the subfloor and the finished floor. All of the floors must be ripped out and replaced.

About Berkley Construction Professional

Berkley Construction Professional provides professional liability, pollution liability, and protective professional indemnity insurance for contractors and construction project owners. Focused exclusively on the construction industry, we deliver customized insurance solutions for complex risks through deep industry expertise, experienced underwriting, and responsive service. Our brokers value our collaborative approach and specialized knowledge, while policyholders benefit from industry-specific risk management resources, dedicated in-house claims professionals, and the peace of mind that comes from working with a financially sound insurer dedicated to protecting their business, reputation, and long-term success.

Berkley Construction Professional, a division of Berkley Alliance Managers, is a member of W. R. Berkley Corporation, a Fortune 500 company that is part of the S&P 500. W. R. Berkley Corporation's insurance company subsidiaries are rated A+ (Superior) by AM Best. Learn more at berkleycp.com.

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