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**A**s a roofing contractor, your company's primary focus and responsibility each day is to protect your clients with a well-designed and constructed roof, keeping them safe and allowing your clients to sleep well at night. Believe it or not, a well-constructed insurance program can do the same for you and your business by protecting your business assets when accidents occur. In this article, we will discuss key coverages and policy language that will help protect your business properly for the exposures and risks faced regularly within the roofing industry.

Although operations vary depending on building height, whether the roof is flat or pitched, materials being used, etc. Below are some key coverages to keep in mind as you assemble a complete insurance program for your roofing business, and a few examples of how these coverages may apply.

### **Commercial General Liability (CGL)**

Commercial General Liability Insurance protects your

business for property damage and bodily injury to a third party. Many clients, builders, and general contractors require roofing contractors to carry commercial general liability insurance in order to do business with them. More importantly, being a project-based industry, this is one of the most important policies you can have to protect your business, as the bulk of your business if coming from building, repairing, or replacing the roof of a third party.

A few claims examples:

- **Property Damage:** Your crew is replacing an existing roof. They did not properly lay down tarps before a heavy storm comes through, causing water damage to the inside of the house that was not being worked on.
- **Bodily Injury:** While removing shingles and other existing roofing materials from a home or business in order to install a new roof, one of your roofers accidentally drops a piece of roofing material on a passerby, injuring them.
- **Products & Completed Operations:** A residential roof

project was complete. Two months after completion, heavy wind and rain expose leaks and loose tiles on the roof. The leaks create significant water damage within the home. The client sues your business for damages due to poor installation.

In each one of these instances, your commercial general liability policy would be the first policy to react to the resulting claim.

For roofing contractors that utilize subcontractors, make sure that your CGL policy does not include any exclusions for damage to work performed by subcontractors. This exclusion is typically listed as CG2094 within insurance policies and states that "This insurance does not apply to: I. Damage To Your Work "Property damage" to "your work" arising out of it or any part of it and included in the "products-completed operations hazard"." With subcontractor agreements in place with insurance requirements and contract language helping transfer risk away from you onto your subs, (additional insured, primary and non-contributory, waiver of subrogation etc.) one may think that this endorsement would be negligible. However, what if your subcontractor's policy denies a claim? What if your subcontractor's insurance limits are exhausted in a large claim or lawsuit? In either of these situations, your insurance policy would be the next in line to make the third-party whole. If there is an exclusion for damage caused by the work of subcontractors, your policy may not provide coverage and your business could be at risk of paying out of pocket. Because of this, you need to make sure to review your policy's exclusions.

### **Inland Marine (Equipment Coverage)**

Inland Marine Coverage protects equipment that leaves your office or premise, and typically is stored or used at job sites. This insurance would extend to equipment such as leister guns, roofing hoists, employee tools, etc. and the equipment would be protected regardless of where they are.

Example: You own a roofing hoist that is temporarily stored at a job site. A fire on the job site, unrelated to your roofing work, breaks out and destroys your hoist.

Be sure to include installation floater coverage on your inland marine policy as well. Installation floater insurance protects property before or during installation. For roofing contractors, this could cover construction materials or supplies you are transporting or installing for clients.

Whether a storm comes through and damages roofing materials at a job site, or overnight roofing tiles or other materials being installed are stolen, there are a variety of exposures that come into play for property at jobsites.

Because of this, an installation floater is essential.

### **Commercial Auto**

Similar to a personal auto insurance policy, a commercial auto policy protects your business if you or an employee causes damage or injury to a third party during an auto accident (while driving a business vehicle or while driving for business purposes), and can also protect the physical damage of your owned vehicles as well.

### **Workers Compensation**

Workers' Compensation Insurance provides funds for medical expenses and lost wages for injured employees. Nearly all states require workers compensation to be held by an employer for individuals defined as employees.

One grey area that comes with workers compensation would be individuals that are considered 1099 subcontractors. Although all states may be different, documenting proof of workers compensation elsewhere from your subs and also adding language within your subcontractor agreement requiring these individuals carry their own workers compensation policies, including your company as an additional insured and provide waiver of subrogation language as well, may help keep your company's workers compensation costs down, while transferring risk away from your business if a sub is injured as well.

### **In Conclusion**

Every roofing business is different, and because of that, each insurance policy/program needs to be built to match your specific needs. Company and project size may result in a higher umbrella liability limit than a smaller company. Some companies involved in design work may require additional professional liability coverages. That being said, considering the coverages outlined above should help provide a strong foundation to your company's complete insurance program.

*The DeHayes Group was founded in 1982 as a commercial property and casualty insurance agency with three employees. Organic growth, acquisitions and development of new product lines enabled The DeHayes Group to become the largest locally owned insurance agency in Northeast Indiana. We are pleased to offer commercial property and casualty, group benefits, personal lines, senior benefits, wellness and financial services.*

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