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## Ten Reasons Why Cove is a Great Business Partner; Subcontractor Default Insurance

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### 1. Cove knows SDI

Understanding SDI requires a deep understanding of General Contractors' business risks across the country. Our team has been involved in SDI since the product's early inception in 1997. This experience, coupled with Cove's alignment philosophy, drives us to be a trusted resource for delivering projects on time and under budget.

### 2. Flexible Program Structure

From project specifics to joint ventures, residential to industrial, Cove delivers a policy to meet each General Contractor's business plan. We use a project specific or 'project attaching' model that allows the GC to put a designated amount of CV into each policy over a two-year period to start the projects and 24 months after commencement of the project to finish. There is no requirement to estimate annual volumes; the program flexes as necessary.

### 3. Our form makes sense

As experienced Underwriters, Cove understands that certainty of coverage makes business sense. We have worked hard to simplify our form and create a unique rating model that allows variable pricing for various coverage options; loss limitations, length of 'tail' coverage and CV capacity. All options are discussed up front; no surprises.

### 4. We underwrite General Contractors, not Subcontractors

Cove prides itself on a rigorous underwriting process, examining in-depth each GC's subcontracting prequalification process and contract administration discipline. We have established relationships with third party vendors to augment GC's in-house capabilities where necessary. While we work with our clients to track the use of use of various subcontractors across General Contractors, there is no pre-approval process for any size subcontractor.

### 5. Cove looks for sophisticated General Contractors; of all sizes

General Contractors with sophisticated subcontractor management programs come in all sizes, from regionals that do all work within a 100 mile radius to super regionals to national operations. Cove encourages new users to SDI and works to augment the General Contractor's growing prequalification process through the use of the third party vendors. Cove works with existing SDI users of all sizes, with all sizes of self-insured retentions and program structures.

### 6. Self-Insured Retentions and Co-Insurance are logically structured

Building alignment with our clients involves ensuring that our interests are always coordinated. Since SDI is an indemnity policy, the GC is the front line for any successful program. We have created a reporting system that makes it easy to coordinate mitigation efforts not lose any time with bureaucratic claims processes. A co-insurance incentive is built in to ensure speedy reporting of any potential default situations. We bring our resources and experience to avoid any adverse consequence of default, whether it be within the SIR or the indemnity portion of Cove's program.



## **7. How you fund SIRs is your business; not ours**

The size of an SIR is an underwriting decision. How that SIR is funded is a business decision (including with the project owner). Cove offers options of self-funding, use of captive SIR reimbursable mechanisms, use of other SDI products or a prefunded loss fund. Cove's primary concern is that ultimately its clients have 'skin in the game' and are financially motivated to reduce costs. Cove offers its own terms and conditions, regardless of how the SIR is funded. There are no collateral requirements.

## **8. Projects are added to the policy on a pay as you go basis**

After the minimum premium is paid, the insured submits projects for endorsement to the policy. Cove adds projects (during the two year period) after premium is paid. This aids predictability in cash flow and project management.

## **9. Cove provides a stable market**

The Cove team is comprised of industry and insurance veterans. Cove is a Managing General Agency. We contract with the highest rated insurance companies/syndicates to underwrite on their behalf and provide the industry with a stable platform. The Cove Programs insurance policy is issued by Lloyds of London, the world's oldest recognized insurance organization and each participant in the policy carries a Best Insurance Rating of 'A 15'. The long term stability of this program is not based upon any one insurance company's changing underwriting appetite. If one participant on the Cove Program wishes to exit the space, our London based team is always seeking out additional capacity. Cove is dedicated to continuing its long-term commitment to the construction industry.

## **10. Cove speaks Construction**

Cove is an industry leader in the construction space, offering SDI, general liability for commercial, industrial, heavy civil, habitational and for sale residential construction sectors. Cove Programs provides a national one stop relationship-maximizing insurance and risk management efficiencies for builders and their brokers.

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**For further information, please contact Cove at**  
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**Please remember that all statements describing coverage are merely for general information and education. All policy terms and conditions for Cove and other carriers are governed solely by the actual insurance policy.**