



## **Ten Reasons Why Cove is a great business partner; Residential Construction**

### **1. Policy encourages long-term customer service by builder with support by carrier**

Cove only insures builders who have adopted long-term customer service strategies to protect the builder's reputation and long-term interests. Cove's philosophy is "alignment", we do not impose a carrier mandated system, we work with what already works best for our builders with a great track record.

### **2. Policy term can be up to three years; payments priced per home sold.**

Cove offers flexible terms designed to cover specific groupings of sold homes. Cove's pricing is based and adjusted upon the number of homes sold, not the cost to build or sell them. This makes insurance a much more predictable aspect of the builder's financial analysis.

### **3. Cove can provide one SIR for your work on each project; predictability of pro forma**

Cove understands that each "project" is a single occurrence from the builder's perspective—regardless of the number of alleged defects with each home. Cove offers the flexibility to define "project" as either one tract of land or an entire geographic region—all depending on a builder's internal management structure. Other carriers charge a separate SIR for each occurrence. With Cove, you get maximum predictability of the builder's exposure on each "project".

### **4. No requirement to monitor subcontractor insurance**

Many policies have requirements that subcontractor insurance be obtained for each and every subcontractor. Depending on the policy, if a builder fails to do so, even if it tried its best, the policy could exclude coverage for that part of the work, or charge a penalty or higher deductible. Cove does not require this or penalize the builder for any lack of subcontractor insurance.

### **5. Form can be used as wrap up or not; builders choice**

Cove covers entities as insureds wherever the builder has agreed to do so by contract. This eliminates the need for any specific wrap up administration process. If a builder wants to include subcontractors in a wrap up, the builder may do so.



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### **6. California SB 800 is incorporated into policy definitions**

The 45 standards of SB 800 create a basis for liability for builders in California. Most other states have a version of this law, at least for a pre-litigation dispute resolution process. However, the traditional wording of most policies does not use the same standards for insurance coverage. This can lead to many uninsured gaps in coverage if a builder faces liability under SB 800, but has no appropriate insurance coverage. Cove's policy specifically incorporates right to repair laws into its coverage provisions.

### **7. Self Insured Retention can apply to claims without lawsuits**

Cove's form encourages the builder to fix known problems before a lawsuit is filed. The goal is to resolve complaints as quickly as possible under the builder's warranty process. Most other policies only participate with the builder if a formal lawsuit is filed.

### **8. With the use of an approved warranty, Cove's form follows builders' legal liability to homeowners**

A full statute warranty is a great articulation of the builder's promises to the homeowner. It ensures that the builder, the homeowner (including HOA) and Cove have a clear understanding of a process for resolving disputes without lawsuits. By following the warranty, Cove and the Builder encourage early informal resolution rather than resorting to litigation.

### **9. Close of Escrow Form makes it clear which policy applies to which homes; no double insurance**

Courts in each state have different interpretations of what policy applies when each "occurrence" actually happens or manifests. This can create conflict between the builder and a group of carriers; all of which can lead to increased costs, delay in responding to claims and more SIR's paid. Cove structures its policy to have one policy apply clearly to each home sold during its policy period; thus eliminating uncertainty.

### **10. Coverage specific to Residential Construction**

Several states have had court decisions interpreting the standard "ISO" type policies and have ruled that a construction defect is not covered under the policy. This may leave the builder without any coverage for its biggest exposure. Cove's form is very specific and clear that it intends to cover "construction occurrences".



**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.