construction coverage
EXPERT REVIEWS & GUIDES

Broker Vetting & Transition Checklist

A structured guide for construction firms evaluating specialized insurance brokers, auditing existing policies for hidden coverage gaps, and planning a seamless account transition.

Phase 1: Assessing Your Need for a Specialized Broker

Direct-buy platforms and generalist agents often work well for small residential trades, but growing contractors generally require specialized representation. Assess your current operations below.

- [ ] Does your firm perform high-risk operations (e.g., roofing, steel erection, deep excavation) or bid on complex commercial/public projects?
  If YES, you typically need a specialized broker who can access Excess & Surplus (E&S) markets to secure coverage.

- [ ] Do your project owners or general contractors frequently require custom insurance endorsements, primary and non-contributory wording, or specific indemnity language?

- [ ] Are you struggling to lower your Experience Modification Rate (EMR) or secure the surety bond limits commonly required for your target projects?

Phase 2: The Pre-Transition Policy Audit

Before interviewing new brokers, review your current General Liability policy (including the full schedule of forms and attached endorsement pages) for common exclusions frequently left in place by generalist agents.

- [ ] Does your current policy contain an **Action Over Exclusion**?
  If YES, your firm may be exposed to significant out-of-pocket costs from third-party injury lawsuits initiated by a subcontractor's employee.

- [ ] Is the **CG 22 94 Endorsement** (or similar subcontractor faulty workmanship exclusion) attached to your policy?
  If YES, your policy might not cover property damage resulting from a subcontractor's mistakes, potentially violating your upstream contracts.

- [ ] Does your policy include a strict **Subcontractor Warranty**?
  If YES, failing to collect exact limits and additional insured status from every sub could result in a total denial of coverage.

- [ ] Are there restrictive **Classification Limitations** that limit coverage exclusively to operations listed on the declarations page?

Phase 3: Broker Interview & Evaluation Criteria

When interviewing prospective specialized construction brokers, ask the following questions to verify their technical expertise and internal capabilities.

- [ ] **Industry Focus:** Does construction account for at least 30% to 50% of the brokerage's total premium volume?
- [ ] **Market Access:** Do they hold direct appointments with construction-focused insurers, or do they rely strictly on wholesale intermediaries?
- [ ] **Safety & EMR:** Do they employ an in-house safety engineering team to help you manage job-site loss control and lower your EMR?
- [ ] **Claims Advocacy:** Do they provide dedicated, in-house claims specialists to negotiate complex defect claims with adjusters on your behalf?
- [ ] **Contract Review:** Does the broker review your Master Service Agreements (MSAs) to ensure your policy endorsements match the actual contractual requirements?
- [ ] **Surety & Bonding:** Can their internal team analyze your Work in Progress (WIP) schedules to maximize your aggregate bonding capacity?

Phase 4: Recommended Transition Timeline

Transitioning to a new broker requires early action to prevent your current agent from blocking access to key commercial insurance markets.

- [ ] **90 Days Before Renewal:** Have you audited your current policy and begun interviewing specialized broker candidates?
- [ ] **75 Days Before Renewal:** Have you selected a single specialized broker and formally executed a Broker of Record (BOR) letter?

  Executing a BOR with one broker grants them exclusive negotiating rights and prevents multiple agents from confusing underwriters and blocking your market access.
- [ ] **30 Days Before Renewal:** Have you reviewed the new broker's marketing report, carrier quotes, and proposed policy structures?

Interpreting Your Results

If you checked multiple items in the **Pre-Transition Policy Audit** indicating active exclusions (like the CG 22 94 or Action Over), your current purchasing channel may be leaving you exposed to costly coverage gaps. Finding a specialized broker is highly recommended.

When comparing potential candidates in the **Interview & Evaluation** phase, the ideal broker should confidently answer "Yes" to the majority of those internal capabilities. A broker that heavily outsources claims, safety, and bonding will often function more like a standard retail agent than a strategic risk management partner.

This checklist provides general educational information, not insurance or legal advice. Construction Coverage is not a licensed insurance agency, agent, or broker. Confirm your specific requirements with a licensed insurance agent.
