

# **AMERICAN ASSOCIATION OF INSURANCE SERVICES INLAND MARINE GUIDE INSTALLATION FLOATER -- UNDERWRITING**

## **COVERED PROPERTY**

Installation floater insurance is intended to cover materials, supplies, machinery, fixtures and equipment that are part of an installation, fabrication or erection project.

### **Installation Floater and Builders' Risk**

A builders' risk form provides coverage for materials and supplies during all phases of the construction of a building or structure. This means that coverage applies to the laying of the foundation, the erection of walls, the construction of the roof and the development of the interior of the building (e.g., plumbing, dry walling).

Installation floater coverage is designed to provide coverage for a single construction phase or process.

## **EXAMPLES**

1. During the construction of a building, coverage may apply to the installation of the plumbing or only to the construction of duct work.
2. In existing structures an installation floater may cover the installation of machinery or electrical updating.

## **RISK SELECTION**

The type of risk selection information that should be obtained will depend on whether coverage is written for scheduled locations or unscheduled locations.

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**Scheduled Locations**

The following information should be obtained:

1. a description of the installation work that will be performed;
2. a description of lifting (rigging) exposures;
3. a description of job site security;
4. the estimated completion date;
5. the number of buildings or structures involved in the installation project and a breakdown of installation values (if obtainable) for each building or structure;
6. if the installation work involves an existing building or structure, information on building construction, occupancy, protection and exposures;
7. if the installation work involves a building or structure during the course of construction, obtain:
  - a. public protection class at the location,
  - b. construction classification,
  - c. intended occupancy,
  - d. accessibility over paved roads; and
8. the experience of the contractor in doing the described installation work.

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## **Unscheduled Locations and Reporting Form**

The following information should be obtained:

1. a description of the installation work that will be performed;
2. a description of job site security;
3. the operating territory;
4. installation receipts;
5. the number and duration of jobs;
6. the maximum and average number of jobs in progress;
7. the maximum and average values of jobs; and
8. the experience of the contractor in doing the described installation work.

## **KEY HAZARDS**

Each risk should be evaluated for the exposure to fire, theft, vandalism and the hazards associated with lifting (rigging). An evaluation of an installation risk involves a clear understanding of the process of installation and the property being installed. When an exposure to a hazard does exist, the appropriate hazard controls should be in place.

### **Obtaining Information on the Control of Hazards**

The information that can be obtained on the control of key hazards prior to offering a quote will depend on the coverage that is written. The type of information that can be obtained will be different for a risk written on a scheduled location basis than on a reporting form basis.

Generally when reviewing a reporting form account, risk submission information on construction practices can be obtained and verified. Specific location information (e.g., water supply, fencing) can be obtained and verified for scheduled location risks.

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## **Fire**

### **Evaluation**

Does the process of installation or the location of the installation present or create the opportunities for a fire? The installation of sewer lines would have almost no exposure to fire. A roofing contractor using an open flame technique would have a very high exposure to fire.

### **Control**

Operators handling open flame, welding or cutting equipment should be experienced and, if possible, certified. Whenever open flame, welding or cutting equipment is used, combustible materials should be removed and a fire watch should be posted. The use of open flame, welding or cutting equipment creates a major exposure.

## **Theft and Vandalism**

### **Evaluation of Theft**

Is the installed property a target item? For example, plumbing supplies would be considered target items. However, a printing press that is awaiting installation would be an unlikely target for theft.

### **Evaluation of Vandalism**

Is the installation or storage location susceptible to vandalism? Unattended property in the open would be highly susceptible to vandalism. Property in an occupied building would be much less likely to be a target of vandalism.

### **Control**

Storage of materials and supplies at job sites should be controlled. Materials and supplies should be delivered to the job site on the day they are to be installed.

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## **Rigging**

The hazards associated with rigging are the dropping of the covered property (load) or the collision of the load with another object. The term rigging as used in this section of the policy statement refers only to lifting operations that are part of an installation risk and should not be confused with riggers liability coverage which is a separate coverage form.

### **Evaluation**

Does the installation process involve any rigging operations? Some installation risks may have a minor rigging exposure, for example a contractor may use a forklift to lift or move supplies into a building. Other contractors however, may have a catastrophic rigging exposure. For example, a contractor may be required to lift a 200-ton electrical transformer from a rail car, carry it, and set it down for installation.

### **Control**

When highly valued property, large-sized property or high lifts are involved in the installation process, rigging equipment operators should have at least five years of experience in operating the equipment.

Most losses are a result of human error involving the operation of the equipment (cranes, forklifts) used for rigging. The most frequent errors are:

1. In setting up the rigging equipment:
  - a. Improper assembly and erection of the crane,
  - b. Incorrect positioning of equipment,
  - c. Failure to use outriggers (bracing), and
  - d. Placement of outriggers in soft soil.
2. In moving the load:
  - a. Load exceeds the lifting capacity of equipment,
  - b. Quick movement of the load,
  - c. Oblique pulling of the load, and
  - d. Insufficient clearance for the movement of the load.

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## **Hazardous Rigging Operations**

The following are considered hazardous rigging operations:

1. Helicopter lifts,
2. Tandem lifts (lifts involving two or more cranes),
3. Waterborne lifts, and
4. Lifts using equipment specially designed for a specific lift.

## **ENDORSEMENTS AND OPTIONAL COVERAGES**

The following is a list of endorsements and optional coverages that modify the installation floater coverage form.

### **Personal Property Coverage**

The installation floater form only covers property that will become a permanent part of an installation project. Coverage can be extended by endorsement to cover personal property (e.g., furniture or equipment) that will not be permanently installed in the covered building.

When extending coverage to personal property, it is important to:

1. make sure the personal property values are reflected in the builders' risk limit.
2. analyze any increase in exposures that may result from the introduction of the personal property. For example, has the combustible load been increased or is the property a target for theft.

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## **Flood Coverage**

Coverage for the perils of flood and ground water (i.e. sewer backup and water below the surface of the ground) can be provided by indicating an applicable limit on the declarations page.

When providing flood coverage the following information should be obtained and analyzed:

1. the Federal Emergency Management Agency's flood zone for the location,
2. the elevation of the location in relation to the surrounding area, and
3. the history of flooding in the area.

## **Earthquake Coverage**

Coverage for the peril of earthquake can be provided by indicating an applicable limit on the declarations page.

When providing earthquake coverage the following information should be obtained and analyzed.

1. the earthquake zone that has been assigned to the area and
2. the construction of the building

## **Reporting Conditions**

Reporting conditions can be added to the installation floater form by endorsement. The endorsement requires the reporting of earned installation receipts. The reports can be required monthly, quarterly or annually. Based on the reports, the premium can be adjusted monthly, quarterly or annually.

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## **LOSS CONTROL**

The following is a list of possible questions that can be addressed during a loss control survey.

This list is NOT intended to represent a comprehensive and exhaustive treatment of loss control issues that relate to an installation floater. UNDERWRITERS SHOULD CONSIDER additional questions that address concerns about specific types of individual risks.

### **When to Order a Survey**

#### **Scheduled Locations**

When a scheduled location risk is written, a loss control survey should be ordered three to four months after construction has begun. Any follow-up survey request will depend on the amount of values at risk, the duration of the project and the advice of the loss control representative.

#### **Reporting Form**

When coverage is on a reporting form, a survey can be ordered prior to binding coverage. A survey should be ordered for one or two locations and for projects that are in progress.

### **Survey Information**

A loss control survey should provide or confirm the following information:

1. What is the present status of the project?
2. What is the estimated value of the project?
3. Is there a watch service at the jobsite and, if so, what type?
4. Is the jobsite fenced?
5. What is the town protection class grade at the risk?
6. What is the distance to the nearest fire station?



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7. Is the jobsite accessible to the fire department?
8. Is the water supply public, private or non-existent? If private, is it adequate?
9. Are the fire hydrants at the jobsite operable? Have they been tested?
10. What is the distance from the jobsite to the nearest hydrant?
11. Is there a telephone for emergency use within 500 feet of the jobsite?
12. Does the distribution of fire extinguishers at the jobsite meet minimum standards? The minimum standard is one 2A fire extinguisher every 5,000 square feet, with a maximum 75 feet travel distance. Generally this requires an extinguisher on each floor of a multi-storied building.
13. Prior to the erection of the roof or floors are exterior walls properly braced to withstand local heavy wind conditions?
14. Are U.L. approved heaters used for temporary heating?
15. Is the jobsite organized in an orderly manner? Is trash allowed to accumulate?
16. Are combustible liquids and gases properly stored?
17. Is a fire watch employed during cutting or welding operations?