



Insurance Requirements for Construction Loans BUILDERS RISK COVERAGE

Revised 1/2/12

- I. The correspondent shall review all evidence of insurance to ensure compliance with Lender's requirements prior to submitting to Lender for approval.
- II. The following items need to be listed on the property and liability certificates:
- A. Insurance carrier rated A- VIII or better from A.M. Best and licensed to transact business in the state where property is located.
 - B. Policy effective date and policy expiration date – term of the policy should be for a 12 month period, with a minimum of 30 days remaining at closing, unless it is a blanket policy.
 - C. Policy number
 - D. Named insured will be the General Contractor with the Borrower as either Named Insured or Additional Insured unless Borrower has added the Builder's Risk coverage to their current insurance program, in which case, the Named Insured will be the Borrower with the General Contractor as Additional Insured.
 - E. Complete Property address listed.
- III. Builder's Risk Coverage on New Building
- A. Acond Form for evidence of property insurance signed by authorized representative.
 - B. For New Construction: Builder's Risk limit at location for not less than 100% of the insurable value of the completed improvements; insuring all materials stored on site; and including collapse & transit coverage. For Renovation of an existing building: an installation floater to insure all materials stored on site but not yet part of the permanent installation.
 - C. Soft Cost Coverage Endorsement provided by Borrower to cover the interest payments and rental income, if applicable, during construction.
 - D. Maximum deductible amount is not to exceed \$10,000.
 - E. Lender shall be named as Mortgagee and Loss Payee
 - F. Certificate holder is to read: Lender, its successors and assigns; c/o Correspondent;
Correspondent's address
- IV. Contractor's Liability Insurance Certificate
- A. Acond Form for liability insurance and signed by the authorized representative.
 - B. Minimum of \$2,000,000 per general aggregate is required.
 - C. Minimum of \$1,000,000 per occurrence is required.
 - D. Lender shall be named as an Additional Insured. Borrower shall be named as Additional Insured if coverage is provided by General Contractor.
 - E. Certificate holder is to read: Lender, its successors and assigns; c/o Correspondent;
Correspondent's address
 - F. When the loan amount is in excess of \$5,000,000 then excess liability coverage shall be required a rate of our standard requirement of \$1M coverage/\$2M aggregate plus an additional \$5M excess/umbrella in coverage.
 - G. Workers' Compensation Insurance, evidence all workers on site are covered with statutory coverage.