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Our Valued Clients:

February 2006

Residential Projects Be Cautious – Clarify Coverage

When working on Residential Projects it's a good idea to clarify that the General Liability coverage of those working for you has no prohibition for Residential Work.

Many carriers have become increasingly reluctant to provide coverage for contractors performing residential work. You may have a Certificate of Insurance that evidences General Liability coverage, but it may not mention that Residential Work is actually excluded.

Residential work can mean different things to different carriers, but generally includes single family homes, multifamily homes, apartments, condominiums, townhouses, co-operatives or planned unit developments.

Some carriers go beyond that and also define a Residential structure to include any structure where 30% or more of the square foot area is used or is intended to be used for human residency. This would clarify that the residential exclusion also applies to mixed use projects such as retail or office/apartments or condos. Even hotels, college housing or dormitories, or long-term care facilities could be defined as residential structures, and, therefore, excluded from coverage.

In every ACORD Certificate of Insurance, the pre-printed section under Coverages states, in part, "The insurance afforded by the policies described herein is subject to all the terms, exclusions and conditions of such policies". As such, specific exclusions, including residential work exclusions, are rarely mentioned on Certificates. However, when obtaining Certificates of Insurance from your subcontractors on Residential Projects, or projects with a Residential component, we strongly suggest you seek clarification. As a minimum, in the Description of Operations section of the Certificate of Liability Insurance, you should require something similar to the following:

1. A brief description of the work to be performed and a brief description of the project stated in such a way that acknowledges it is a Residential project. Such as: Electrical work at 33 Main St., Anytown, MA, a 24 unit Residential Condominium; and
2. A statement to the effect that: "The General Liability (& Umbrella Liability) policy(ies) described herein does(do) apply to Residential Construction work.

If you require specific reference to residential work, and confirmation that the policies are valid for such work, as we've outlined above, it will help assure that you are not inadvertently provided with a General Liability Certificate for a residential project, where you are not informed there is actually a Residential Work exclusion that applies.

Very Truly Yours,

DeSanctis Insurance Agency, Inc.