

Burke Insurance Group, LLC

1691 Hickory Loop, Suite B
Las Cruces, NM 88011
575.524.2222

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DEADLY ENDORSEMENTS



Last month we talked about the current issues with Commercial General Liability Policies. Remember that Commercial general liability (CGL) policies provide coverage for contractors, arising out of events from their completed construction operations.

Over the next 7 months we will discuss the 7 Deadly Endorsements of Contractors Liability Insurance.

Deadly Sin #1: The Sunset Clause

A general contractor completes a new home in 2008. He carried a \$1,000,000 general liability policy at the time the house was built and has continued to renew his coverage ever since. In 2011, the contractor is sued for a construction defect on the 2008 home. He files a claim with his insurance carrier. The carrier denies coverage and refuses to provide any defense for the contractor. Why? The policy had a sunset clause.

A sunset clause limits the amount of time after a policy expires that a claim can be filed, usually two to five years. This endorsement is typically seen in policies written for construction related risks. Considering the fact that most construction defect losses arise years after a project is completed, this endorsement is dangerous for contractors.

Remember Burke Insurance, LLC can cover your all of your insurance needs. Contact our office today for more information.

Burke Insurance Group, LLC is the only Agency in New Mexico to receive The Best Practices Award for 10 consecutive years. Listed as one of the top Independent Agencies in the country by Reagan & Associates.

“Work with the Best in the Business.”™