

Agent's Kit

Industry Profile

The U.S. roofing industry is comprised of about 25,000 firms, the vast majority of which are small, privately held companies. The industry employs about 300,000 people; about 200,000 of them are roof mechanics--people who are involved in the application of roofs.

Contractors range in size from small businesses with less than \$1 million annual sales volume, to larger commercial contractors. Seventy percent perform both residential and commercial roofing work, and more than one-third have been in business for more than a quarter of a century.

Emerging Trends

Consolidation: This industry is vibrant and industry consolidation is taking place at a rapid rate. Consolidation is occurring as a result of "roll-ups" business models that often act as an integrated supplier of services to their customers.

Workforce Issues: This industry is also impacted by a shortage of qualified production employees. The sponsoring associations have initiatives in place to address training and apprentice programs.

Mold: An extremely common organism found in virtually every home and building – mold is at the center of what could become one of the fastest growing areas of both construction defect litigation and toxic tort litigation. Over the past few years, the presence of mold in buildings has increasingly been claimed as the cause of health problems for people who interact with so called "sick buildings." While the number of judgments favoring such plaintiffs is not especially high, the implications of the increase in claims are potentially far reaching. Reserves are being substantially increased due to mold.

What we think so far is that some forms of mold, in high quantities, can provoke adverse health reactions in susceptible individuals, ranging from allergic symptoms to infectious diseases. The Centers for Disease Control and Prevention (CDC) Web site states, apart from rashes and the immuno-suppressed, that the CDC has yet to see credible evidence connecting toxic molds to other alleged health conditions. What has changed is public opinion, jury awards, and the implications for the insurance industry. In addition, there are no generally accepted protocols for assessing exposure, and no health standard defining safe levels of mold for indoor air quality.

Program Eligibility

This program is designed to attract roofing contractors engaged in residential, industrial, institutional and commercial installation, service and repair. The risk must meet the following eligibility criteria before you may quote, bind or write it in this program.

Operations

Fifty-one percent (51%) or more of the payroll and receipts must be derived from the following operations performed by the insured:

- Roofing
- Roofing-related sheet metal work (flashing etc.)
- Roofing-related insulation
- Roofing-related waterproofing

The roofing-related payrolls must be at least \$100,000.

Deductible - A minimum mandatory general **liability property damage deductible** of \$2,500 per occurrence will apply. Higher deductibles are permissible.

Ineligible Operations

Due to the severity exposures presented, the following operations are ineligible:

- Any asbestos abatement work performed within a building or structure (below the roof deck)
- Any torch-applied roofing over combustible (wood) decks (see endorsement CG2134 if coverage is needed)

Asbestos

Based on the variety of materials containing asbestos in the roofing industry, we view the asbestos exposure as inherent to roofing operations. It can be present in cements, coatings, sealants, mastics, flashing material, felts, shingles and tiles. It is commonly referred to as ACRM or "Asbestos-containing roofing material" which is defined as material containing 1% or more of asbestos. This material can be "friable" meaning that when the material is dry, it can be crumbled, pulverized or reduced to powder by hand pressure; or it can be "non-friable" which means that when the material is dry it cannot be crumbled, pulverized or reduced to powder by hand pressure. This condition of friable vs. non-friable can change depending on the method used to remove old roofing material. It is not always a known factor when the job is started.

Special Coverages Available

General Liability

- \$1,000,000 Per Occurrence
- \$2,000,000 Aggregate
- \$2,000,000 Products/Completed Ops Aggregate*
- \$100,000 Fire Damage Legal Liability
- \$1,000, \$2,500, \$5,000, or \$10,000 PD Deductible, Per Occurrence

**Limits may vary by state. Contact your underwriter for specifics.*

Umbrella

Up to \$25,000,000 available; submit completed Acord Umbrella application for quote. (Not available on a stand-alone basis.)

Underlying Requirements

- A.M. Best rating A-VII or higher
- Minimum underlying limit requirements:
 - GL: \$1,000,000/\$1,000,000/\$1,000,000;
\$1,000,000/\$2,000,000/\$2,000,000 preferred
 - AL: \$1,000,000 CSL
 - EL: \$500,000/\$500,000/\$500,000

SUBMISSION REQUIREMENTS

- Acord Application
- Supplemental Application signed by Insured and Agent
- Loss runs – 5 years currently valued and details of losses over \$10,000
- Expiring declarations page and rating worksheet pages
- Two years of prior job lists and/or certificate holder list
- 5 years premium, payroll, receipts