



# A PROFIT SAVED IS A PROFIT EARNED

## THE FACTS

Raymond, owner of WBV Construction Group and Hannah, a broker at Henson Insurance Agency, met to discuss builders risk coverage for a custom home. Though WBV had been in the construction business for three years, this was their first custom built home. Hannah reviewed the coverages and explained how specific losses could impact the course of construction and potentially cost WBV thousands of dollars. A loss that significant could put WBV out of business. Once Raymond understood the coverages, Hannah asked specific questions about the custom home including the anticipated total cost. Raymond confirmed the selling price for the custom home minus the cost of the land was \$385,000.

Eight months later the construction was nearly complete and WBV had a contract for the sale of the home. A few days before closing, a fire caused by sparks from a defective wire in the basement destroyed the home. Raymond immediately called Hannah to see if he would be able to recoup the loss. Hannah confirmed the fire was a covered loss and WBV would be able to rebuild the home and more importantly, recover the total insured value amount of \$385,000.

## THE RESULT

Since Hannah asked the right questions during the initial conversation, the policy limit included all costs associated with building the custom home, including WBV's profit.<sup>1</sup>

In Victor O. Schinnerer & Company's Builders Risk coverage form, the total estimated completed value of a home should include all costs associated with the building and designing including labor, materials and overhead business expenses incurred due to the construction of the dwelling or structure and if included, profit.<sup>2</sup> The Builders Risk policy WBV had in place not only allowed them to recover the total loss of the destroyed home, but equally important, the profit they would have earned.

---

### RISK FACTOR #1

Uncovering as many facts as possible about a custom home is paramount when evaluating potential insurance solutions for your clients. By asking the right questions, the insurance broker protected the client not only against the possibility of a loss, but also helped protect the future of the construction company.

---

### RISK FACTOR #2

Understanding what is and is not covered under a policy is critical. It is the job of the insurance broker to ensure the client is calculating all costs associated with a project correctly before purchasing insurance.

Visit [www.schinnerer.com/buildersrisk](http://www.schinnerer.com/buildersrisk) for more information or contact a Builders Risk underwriter at (904) 565-2949 or [vos.buildersrisk@schinnerer.com](mailto:vos.buildersrisk@schinnerer.com).

Victor O. Schinnerer & Co., Inc. | Two Wisconsin Circle | Chevy Chase, MD 20815

Phone: 301-961-9800 | Fax: 301-951-5444 | [www.Schinnerer.com](http://www.Schinnerer.com) | [vos.info@Schinnerer.com](mailto:vos.info@Schinnerer.com)

Any examples in this article are for illustrative purposes only and any similarity to actual individuals, entities, places or situations is unintentional and purely coincidental. This material is not intended to establish any standards of care or to serve as legal advice appropriate for any particular factual situations. This information is for illustrative purposes only and is not a contract. It is intended to provide a general overview of the policy described. Nothing contained herein should be construed as an acknowledgement by Schinnerer that a given situation may be covered under a particular policy.

© 2015 Victor O. Schinnerer & Company, Inc. | In CA, dba Schinnerer Insurance Services | CA Ins. Lic. # 0156109