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Insurance With Assurance

Equipment on the Job Site *by Rick Janis*

How do I cover my equipment on the job site that's destined for installation?

We've already answered questions about two different types of property coverage. One was about Real Property, which refers to your building, office contents, computers, furniture, fixtures and inventory. The other coverage was Mobile Equipment, which is equipment that moves around with you from job site to job site, specifically tools and equipment that you use to install and service alarms.

Now let's discuss the coverage for equipment that you have purchased for the job and is destined for installation. For most residential installations you go to a distributor and pick up the equipment on the very day you do the job. The job may take anywhere from one to three days but you're probably not very worried that the equipment may be damaged or stolen because the subscriber is living in the house, and he has no incentive to either steal or damage the equipment.

However, you're probably more concerned about the loss of equipment when it comes to commercial jobs because those jobs take place over a longer period of time and a large amount of equipment shows up at the job site waiting to be installed. Often the equipment may already be installed but not yet accepted or paid for by the owner. That's a key consideration to coverage.

The exposure or possible loss of equipment is covered under what is called an Installation Floater. The Installation Floater is designed to pay for a loss of that equipment from the perils of fire, lightning, windstorm, hail, vandalism and malicious mischief. It excludes flood, hurricane, sinkhole losses and should be specified to include coverage for theft.

If you want to include coverage for theft – which is optional - you must tell your underwriter that you want that coverage. And, the same caveat for Real Property and Tools and Equipment applies to theft losses. "There must be visible signs of forcible entry."

To be covered for theft at the job site you must keep the equipment in a locked area such as a contractor's closet or toolbox. If the equipment is stolen you can notify the police and demonstrate that a container holding this equipment was broken into with "visible signs of forcible entry."

The other consideration here is fire damage. For example, you might be handling a large commercial job with a lot of expensive equipment and another contractor accidentally

starts a fire. There's fire damage to a portion of the building that includes a section where you have just finished installing a whole string of CCTV cameras. Who will pay for that equipment, you or the owner?

Fortunately, according to the Installation Floater, that equipment is covered under your policy until the owner accepts it. Acceptance by the owner means that he accepts and pays for the whole job or you have remitted, and he has paid for, that specific portion of work that you have already installed.

Thanks to the Installation Floater, you are protected against substantial monetary loss to your equipment due to theft, fire or vandalism, even if that equipment is already installed - up until the owner accepts it. Once accepted by the owner it is automatically considered his property and therefore covered under the Builder's Risk Policy that the building owner has in place to cover the property and building as its being constructed.

The coverage, as you can imagine, comes in pretty handy at times. I can tell you from personal experience that when claims are paid out, those people were pleased as punch to have had the coverage.

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