

# Arizona Construction Trades

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Presented By Nancy Gungor, Matt Snowden and Kim Rodriguez



# Employee Benefits

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Presented By: Kim Rodriguez,  
Employee Benefits Insurance Advisor

# Recruitment and Retention

Improved Company Culture–Studies show that a robust benefit package improves:

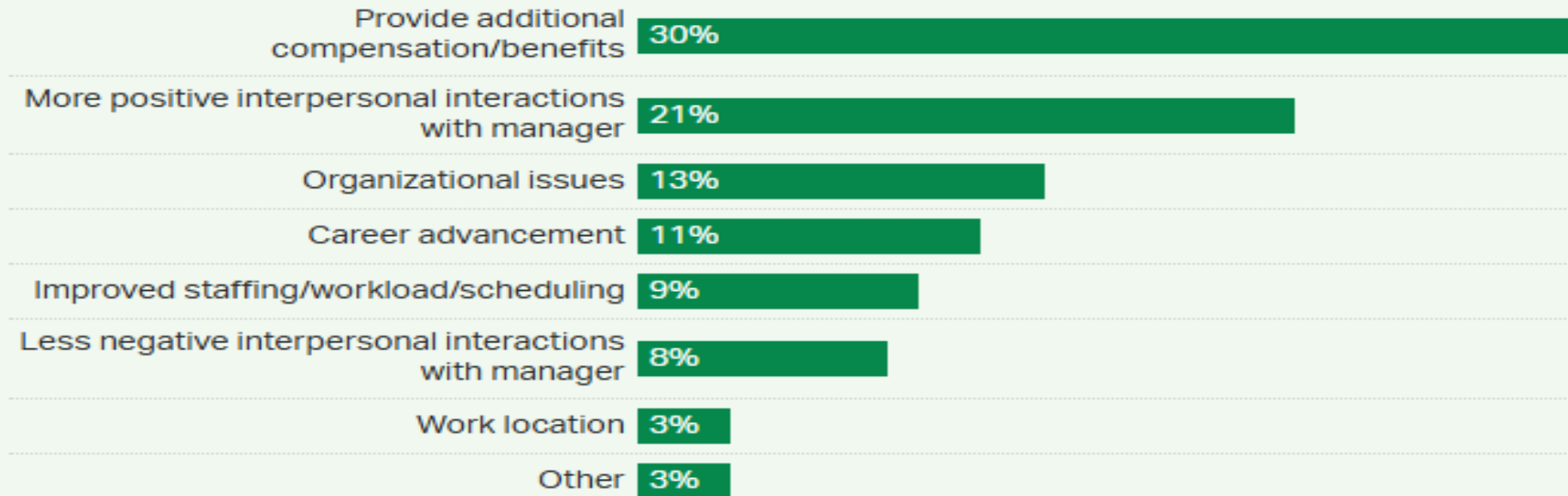
- Employee engagement
- Competitive Advantage
- Reduces Turnover
- Improves Productivity
- Improves Moral

Employee that feel taken care of have greater peace of mind and job satisfaction.

# Gallup Poll Exit Interview

## The Exit Journey: What Could Have Retained Employees?

What could your manager or organization have done to prevent you from leaving your job?



% Themes coded from open-ended item. WF Q4 2023, U.S. Employees MOE: ±5 points. Open-ended item results are among U.S. employees who had voluntarily changed their job at any time.

[Get the data](#) • [Download image](#)

GALLUP®

# Communication of Benefits

Do your employees know what they have and how to use it?

Essential Communication:

- Clear and consistent communication about benefit package
- Use of Technology in communication (Benefit Websites)
- Use of Technology in enrollments (Electronic Enrollment platforms)
- Consistent reminders via text or email (Telemed, Wellness programs, etc)

# Compliance for Employers

Compliance is Key!

Compliance can no longer be an after thought.

Thanks to the CAA (Consolidated Appropriations Act of 2021) the employer is now Fiduciary of medical plan. You can PERSONALLY be held responsible for negligence when it comes to your medical plan.

Fiduciary liability bond- do you have one in place?

ERISA Wrap document – do you have one and is it updated?

Section 125 (POP) plan- do you have one and is it updated?

Are you meeting ACA affordability?

Do you have a Fiduciary Committee established for your medical plan?

Do you have an annual Broker Compensation disclosure which shows your brokers compensation on file?

Do you have HIPAA compliance in place?

When was the last time you did a compliance review?

# We Can Help!

What do we do?

- Employee communication- OE Meetings, Electronic Enrollments, Benefit Websites
- Review plan performance- Suggest areas for improvement
- Vendor Management- coordination of offerings
- In house compliance department- CAA, ERISA, Sec 125, Benefit Questions, GAG Clauses, RX Compliance, HIPAA, monthly webinars, and more.
- Claims advocacy
- Data Analytics- (self funded/captive plans)
- Benchmarking- required by CAA (fiduciary responsibility)
- Self-funded and Captive resources



# Risk Management

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Presented By: Nancy Gungor,  
Construction Insurance Advisor

# Risk Management

- **What is it?** Identification of Risk that contractors face through their work- then using insurance products, contractual agreements and strong safety to protect the business against those risks.
- **The most successful construction companies put risk management at the top of the priority list.** In order to grow and scale a construction business, you must prioritize risk management. 1 bad claim can derail the business plan.



# Minimizing Your Risks

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- **Safety First!!** It all starts with a strong safety culture. This proves to have a positive impact across most concerning risk factors.
- **Contractual Risk Transfer** – A strong subcontractor agreement is crucial to protect your business from someone else's mistakes.
- **Keep your Auto fleet and Equipment Maintained.**
- **Implement Telematics on your vehicles and run periodic MVRs on your drivers.**
- **Frequent Job Site inspections.**

# Lines of Insurance Where RM can help

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**Workers  
Compensation**



**General Liability**



**Property &  
Equipment**



**Commercial Auto**



**Cyber Liability**

# Workers' Compensation

- Identify the EE injury risk and implement proper safety manual/guidelines to prevent injuries before they occur.
- Include regular training.
- Have a plan for timely reporting and make sure to discuss with your agent.
- Delays in reporting can cause major damage to EMOD.
- 3 types of claims: Incident only, Medical only, & Indemnity.
- Incident only = no monies paid while Med only = 70% discount to EMOD impact.

# General Liability

- Identify potential exposures to third party Bodily Injury or Property Damage.
- Create safety and protocols to minimize those areas of risk depending on your scope of work.
- Regular updates and training to your team with high level job-site supervision.
- Contractual Risk Transfer to Subs.
- For Larger projects you can consider WRAPS or CCIPS to take more control.

# Property & Equipment

- Identify your property exposures
- Do you own or lease?
- What is in the lease agreement?
- Protective Safeguards
- Contents / BPP
- Make sure expensive tools and equipment are properly maintained and stored.
- While in transit, make sure best practices are being implemented for hauling equipment.

# Commercial Auto

- Start by hiring clean drivers
- Run MVRs at least annually but preferably bi-annually
- Have a fleet safety program in place
- Repetitive training, guidelines and accountability measures
- Telematics
- Incentive Programs

# Cyber Liability

- Understand your risk and the current exposure of cyber attacks
- Only takes a cell phone or laptop to get breached
- Implement MFA
- Implement cyber attack training
- Be aware of Social Engineering and Fraud
- Engage 3<sup>rd</sup> party I.T. specialists to help you protect and firewall your systems.

# Common insurance requirements between primes and subs?


- General Liability
- Umbrella
- Commercial Auto
- Cyber
- Pollution
- Additional Insured
- Per Project Aggregate
- Primary and Non-Contributory
- Waiver of Subrogation



# When is subs coverage NOT extended to prime or owner?

- When coverage is not explicitly required by contract.

## ACORD 25 Example

		DATE (MM/DD/YYYY)
CERTIFICATE OF LIABILITY INSURANCE		
THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS <b>NO RIGHTS</b> UPON THE CERTIFICATE HOLDER. THIS CERTIFICATE DOES NOT AFFIRMATIVELY OR NEGATIVELY AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES BELOW. THIS CERTIFICATE OF INSURANCE DOES NOT CONSTITUTE A CONTRACT BETWEEN THE ISSUING INSURER(S), AUTHORIZED REPRESENTATIVE OR PRODUCER, AND THE CERTIFICATE HOLDER.		
IMPORTANT: If the certificate holder is an ADDITIONAL INSURED, the policy(ies) <b>must be endorsed</b> , if SUBROGATION IS WAIVED, subject to the terms and condition is of the policy, certain policies may require an endorsement. A statement on this certificate does not confer rights to certificate holder in lieu of such endorsement(s).		
DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/EXCLUSIONS ADDED BY ENDORSEMENT/SPECIAL PROVISIONS		
CERTIFICATE HOLDER		CANCELLATION
		SHOULD ANY OF THE ABOVE DESCRIBED POLICES BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, NOTICE WILL BE DELIVERED IN ACCORDANCE WITH THE POLICY PROVISIONS
		AUTHORIZED REPRESENTATIVE

# Common GL insurance exclusions?

- **Total Residential Exclusion**

- New vs. Existing
- Plumber in Phoenix (50% Residential)

- **Residential Tract/Condo/Townhome Exclusion**

- New vs. Existing

- **Earth Movement / Subsidence Exclusion**

- Oak Creek Home / Terracon
- GL Impact by Subsidence Example

- **Pollution Exclusion**

- **Railway Exclusion**

- Rail, Water, God
- GL coverage excluded with XX' of Railway

- **Employee Injuries Exclusion**

# Excess or Umbrella Liability

## **Common Requirements:**

- Limit between \$1,000,000 and \$5,000,000 depending on contract
- To overlay CGL, Commercial Auto, and ELI

# Business Auto Insurance

## **Common Limit Request:**

- \$1,000,000 combined single limit
- Hired & Non-Owned

# Additional Insured Status and COI

## **Common Requirements:**

Most contractors will request A.I. status for ongoing (CG 2010) as well as completed operations (CG 2037) *including language to certify that the subcontractor's insurance is primary and non-contributory with respect to the additional insured.*

**The main objective of the COI is often known as Transfer of Risk.**

# Cyber Liability & EPLI

**Not always required but *extremely important* to carry.**

**EPLI** – Protection to Employers against EE discrimination or harassment claims.

**Cyber Liability** – Protect your business and projects from cyberattacks.



# An Introduction to Bonds

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Presented By: Matt Snowden – The Mahoney Group  
Surety Practice Leader



Insurance

A BOND is a...

**Guarantee**



**Qualify**

# The 3 Cs of Surety

**CHARACTER** – What is the contractor’s standing and reputation in the market? This includes the contractor’s personal history, the firm’s professional history, any previous legal disputes, and banking relationship.

**CAPITAL** – Does the principal have financial stability? A surety company carefully scrutinizes the financial strength of the principal by looking at their tangible net worth, working capital, debt load, credit score, non-construction investments, and contingent liabilities.

**CAPACITY** – Does the contractor (principal) have the necessary skills, knowledge, manpower, and ability to complete the project? For this, the surety analyzes the previously completed projects of the contractor.

# Contractor Default

## **Surety Retains Consultants/Lawyers**

- Possible surety actions
  - Pay the penal sum of the bond
  - Provide financial and technical assistance to the defaulting contractor
  - Rebid the project
  - Arrange for a new contractor

# Common Bonds for Contractors

- **License & Administrative Bonds**

- All Contractors: “Licensed, Bonded & Insured”
  - AZ ROC License Bonds & TPT Bonds (first 2 years), Union Wage Bonds, CA LLC/Employer Bond, etc.


- **Contract Bonds**

- **Step 1:** Unpaid work by surety & agency in hopes of award
  - **Bid bonds**
- **Step 2:** Premium and commission generating
  - **Performance bonds**
  - **Payment bond**

# Contact Us

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Thank You

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