



Contractor's Equipment

*WHAT is Contractor's
Equipment? What is covered?
Adding Equipment and
Certificates*



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ENVIRONMENTAL HEALTH & SAFETY (EH&S)

INTRODUCTION

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OVERVIEW
Goals
Objectives

Contractors Equipment

- **History**
- **What is Contractor's Equipment and Types of Contractor's Equipment**
- **Business Personal Property vs Contractors Equipment**

Contractor's Equipment Coverages

- **Property Covered**
- **Additional Coverages, and Territory**
- **Coverage Limits and Deductibles**

Maintenance

- **Quarterly Reports and Audits**
 - **Valuations and Coverage Territories**
 - **Scheduling and Removing Equipment**
 - **Certificates**
-

References:

DMS Website:

https://www.dms.myflorida.com/business_operations/state_purchasing/insurance_contracts

Department of Financial Services Division of Risk Management State Risk Management Trust Fund Certificate of Property Coverage

Contractors Equipment

Definitions

Actual cash value (ACV): The amount equal to the replacement cost minus depreciation of a damaged or stolen property at the time of the loss.

Direct Loss: loss incurred due to direct damage to property, as opposed to time element or other indirect losses.





SECTION 1

What is Contractor's Equipment?

SECTION 1

Contractors Equipment

History

Contractor's Equipment also known as Inland Marine had its beginnings in ocean marine insurance.

As trade expanded inland, there became a need to provide coverage while in transit to the warehouse locations inland.

Currently, Inland Marine includes coverage for property while away from the insured premises.



SECTION 1

Contractors Equipment

What is Contractors Equipment

Coverage for equipment that cannot be covered under the terms of a traditional property insurance policy.

Coverage for risks unique to mobile equipment, such as transit and theft exposures.

Coverage for *leased* mobile machinery, mobile equipment, construction vehicles, and heavy machinery *if property insurance is required* by a rental company before the equipment can be rented.

Types for Contractor's Equipment

- ✓ Property that is being Transported.
- ✓ Property while at the insured's premises.
- ✓ Rented and Leased Equipment.

SECTION 2

Contractors Equipment

Business Personal Property vs Contractor's Equipment

Business Personal Property – Business personal property insurance covers property at a specified location for furniture, fixtures, equipment and inventory. Most commercial property policies have very limited coverage for property taken off the specified location. If you have equipment that is frequently taken off-site to various locations, it is important that you have a Contractor's Equipment Policy (Inland Marine, Equipment or Installation Floater).

Contractor's Equipment - Most property away from your premises or property of others is typically not covered under the normal Commercial Property coverage; that is why Contractor's Equipment coverage is offered. In many cases businesses look to this coverage for their equipment, materials, cargo, etc. Here are some common coverages for Contractor's Equipment:

- **Equipment Floater** – Coverage for equipment while moving from location to location.
- **Transportation/Cargo** – This coverage is for property while in transit.
- **Scheduled Property** – Coverage for items not typically covered under Business Personal Property such as jewelry, fine arts, antiques, etc.

SECTION 2

Contractor's Equipment Coverage

SECTION 2

Contractor's Equipment Coverages

Property Covered are Risks of Direct Physical Loss are covered unless the loss is limited or caused by a peril that is excluded.

Exclusions:

- Civil Authority (Martial Law)
- Nuclear Hazard
- War and Military Action
- Contamination or Deterioration
- Criminal, Fraudulent, Dishonest or Illegal Acts.
- Loss of Use
- Mechanical Breakdown
- Missing Property
- Pollutants
- Temperature / Humidity
- Voluntary Parting
- Wear and Tear

Properties Not Covered

- Aircraft or Watercraft
- Contraband
- Leased or Rented Property **to** Others
- Loaned Property
- Underground Mining Operations
- Vehicles
- Waterborne Property (UF has an endorsement that adds this coverage back.)

Section 2

Contractor's Equipment Coverage

Additional (Supplementary Coverages)

- Employee Tools
- Equipment Leased or Rented **from** Others.
- Newly Purchased Property (60 Day Limit).
- Pollutant Cleanup and Removal.
- Rental Reimbursement.
- Spare Parts and Fuel.

Territory

United States of America, its territories and possessions, Canada, and Puerto Rico

Section 2

Contractor's Equipment Coverages

Coverage Limits

\$2,000,000 Catastrophe for Equipment Leased or Rented from Others.

\$5,000 Additional Debris Removal Expense.

\$5,000 Employee Tools.

\$500,000 Equipment Leased or Rented from Others per item.

\$2,000,000 Equipment Leased or Rented from Others per occurrence.

\$25,000 Pollutant Clean-up and Removal.

\$25,000 Rental Reimbursement, 72 hours \$5,000 Spare Parts and Fuel.

\$500,000 for Waterborne Equipment (Additional Endorsement)

Deductible Options for Coverage On An Annual Basis.

\$10,000 for equipment valued up to \$150,000

\$25,000 for Equipment valued \$150,000 up to \$250,000

\$50,000 for Equipment valued \$250,000 and greater.

Waterbourne:

\$25,000 for equipment up to \$250,000 / \$50,000 for equipment \$250,000 and Greater.

Section 2

Contractor's Equipment Coverages

Valuation and Coinsurance

Valuation: Actual Cash Value, except Replacement Cost for equipment five years old and newer.

Coinsurance: 80%

Coinsurance is a property insurance provision that imposes a penalty on an insured's loss recovery if the limit of insurance purchased is not at least equal to a specified percentage of the value of the insured building or business personal property. (If the equipment limit meets the minimum amount of insurance required under the coinsurance clause, the amount due on a claim is not affected)

The value of the equipment at the time of loss is \$100,000 The equipment is insured for: \$40,000
The coinsurance percentage is 80%

The limit of insurance should be at least $\$100,000 \times 80\% = \$80,000$

Because the amount of insurance purchased is only 50% of the amount required ($\$40,000/\$80,000$), coverage is afforded for only 50% of the repair cost:

The cost to repair the equipment is \$20,000
50% of the repair cost is $20,000 \times .50$ is \$10,000
The deductible is \$500

The amount payable based on RCV is \$9,500.



SECTION 3



Maintenance



Section 3

Maintenance

Quarterly Reports

Once per quarter, the Risk Manager is required to report the total insured values for the expiring quarter.

- We are required to maintain a record of every item insured via this policy.
- The schedule of insured items should be maintained internally.
- This record must include:
 - Item name
 - Item description
 - Date added
 - Date removed (when applicable)
- The quarterly period lasts from the 1st to the 1st of every third month beginning July, at 12:01am.
- Reports are due the next business day after the last full day of the quarter.

Why? The continuance of this policy relies almost completely on the diligence and trustworthiness of its participants. Also, in the event of a claim, the insurance company is permitted to examine the our records.

Audits

The Post Policy Audit consists of a review of the initial value of property to be insured and the net result of all the quarterly values reported, and the premiums paid and earned.

If your values reported increased over the policy period, then an additional policy premium is due to the insurance company for the additional coverage for the added equipment. In addition, should the coverage values decrease over the year, then a refund would be due from the insurance company

Section 3

Maintenance

How Do I Add Items to the Policy?

Email Risk Management requesting to add the equipment.

Please include

- Item name
- Item description
- Date added
- Value
- Loss Payee / Lien Holder (if applicable).

How Do I Remove Items to the Policy?

Email Risk Management requesting to add the equipment.

Please include

- Item name
- Item description
- Date to be removed.
- Value (if multiple similar items).



Section 3: Maintenance

Certificates of Insurance

For leased equipment rentals, a Certificate Request Form must be completed prior to rental and emailed to those listed on the form.

A Certificate of Property Insurance will be issued by the Broker/Insurer, providing the Rental company Loss Payee status.

For owned equipment, the Broker/Insurer can provide a General Certificate of Property Insurance if required. No Loss Payee is Named on the General Certificate. Please request these types of certificates via email to the Risk Manager at EH &S.

4050 Esplanade Way
Tallahassee, Florida 32319-0950
Tel: 850.488.2784 | Fax: 850. 922.6149

Rick Scott, Governor Craig J. Nichols, Agency Secretary

Arthur J. Gallagher Policies
Certificate of Insurance Request Form /

DMS Insurance Policy

- Aviation (AV-004794077-20)
- Contractor's Equipment (MXI93020801)
- Electronic Data Processing Equipment (6696877)
- Miscellaneous Property (MXI93022144)
- Ocean Marine & Cargo (OMC 3839071 & OMC 383-90-71)
- Fine Arts (SF0124813)

Item Name and Description

Item Value **Anticipated Dates of Coverage**

Item Location (Address)

Lessor Name and Mailing Address

Lessor is:

Loss Payee **Additional Insured**

Check the following box to indicate that you understand that proof of an item's value must be in the possession of and maintained by your office. (A certificate of insurance will not be issued unless the following box is marked.)

I understand the statement above and will comply.

Email completed Certificate of Insurance Request Forms to Miami.BSD.SOFCerts@ajg.com

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Q&A

