



Agent's Kit: Road Contractors

Industry Profile

The typical **transportation contractor** will engage in three primary categories of heavy construction work:

1. Site preparation (grading of land),
2. Street/road paving/resurfacing, and
3. Construction of various types of "bridge" or elevated highway structures.

In many cases, the transportation builder acts as the prime contractor. Federal specifications require the prime contractor to personally perform at least 51% of the total job.

Transportation contractors are of various sizes from a few personnel to hundreds of employees. A medium-sized transportation contractor will generate \$8,000,000 in annual contract revenue (including work subcontracted to others), and will employ about 20 field workers. Account premiums can range from \$25,000 to \$300,000 and higher. CNA's average account size is approximately \$195,000.

Many street and road contractors operate batch plants. The plants are either batch type or continuous mix. These are typically fully automated remote controlled hot mix plants. This makes the production of asphalt capital intensive. There are approximately 4,300 asphalt producers countrywide.

Emerging Trends

Consolidation: The heavy construction industry is vibrant and industry consolidation is taking place at a rapid rate. Consolidation is occurring as a result of increased competition and economies of scale. The consolidations to date seem to take place with the larger contractors.

Workforce Issues: Like all areas of construction, the heavy construction segment is impacted by a shortage of qualified production employees.

ARRA: "The American Recovery and Reinvestment Act" was signed into action in 2009. This bill supercedes the **SAFETEA-LU Act** that was enacted in August 2005 and authorized federal investment of over \$48 billion for highway, public transportation, including railways, airport improvements, high speed rail, and highway safety programs through fiscal year 2012.

Technology: This industry is constantly looking for more efficient ways to build and repair our nation's highways and bridges. Advanced equipment will continue to be developed to improve efficiency.

Program Eligibility

This program is designed to attract transportation contractors of various sizes and exposure bases. The risk must meet the following eligibility criteria before you may quote, bind or write it in this program.

Eligible Classifications

SIC Code	SIC Classification	WC Code	WC Classification	GL Code	GL Classification
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1611	Highway & Street Construction except Elevated Highways	5506	Street or Road Construction: Paving or Repaving & Drivers	99321	Street or Road Paving or Repaving, Surfacing or Resurfacing or Scraping
1611	Street Paving-contractors	5507	Street or Road Construction: Sub-Surface Work & Drivers	99315	Street or Road Construction or Reconstruction
1622	Bridge Construction-General Contractors	5040	Iron or Steel: Erection-Metal Bridges	91265	Bridge or Elevated Highway Construction-Iron or Steel
1622	Bridge Construction-General Contractors	5222	Concrete Construction with Bridges or Culverts	91266	Bridge or Elevated Highway Construction-Concrete
2952	Asphalt Works	1463	Asphalt Works & Drivers-Operated by Paving Contractors-Permanent Loc	51241	Asphalt Works

Operations

An account must meet both eligibility criteria (1) and (2) below to be eligible for this program:

- Any risk involved in excavation work must communicate with the One-Call Service Center and area utility owners that are not members of the One-Call Service Center prior to all scheduled excavations.
- 75% of the insured's general liability payroll must emanate from the following operations, either singly or in combination:
 - Street/road construction or reconstruction, including clearing of right-of-way, excavation, filling or grading (i.e., site preparation)
 - Street/road paving or re-paving or surfacing, including street/road striping
 - Asphalt works
 - Bridge or elevated highway construction, either "beam and abutment" or "formed in place" reinforced concrete is eligible up to 25% of operations in conjunction with above; if in excess of 25% please discuss with underwriting prior to submitting.

Ineligible Operations

- Blasting for others
- Contractors performing work from barges or any other type of flotation vessel
- Crane rental to others
- Dam construction, including cofferdams and caisson building
- Environmental Remediation, which is the construction of a utility line to remove hydrocarbons, leachate, or other environmental impairments
- Flood control prevention

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- Garbage or refuse dumps
- Landfill operations, construction or closure operations – past, present or future
- Levee or breakwater construction
- Local trucking for hire (other than sand/gravel hauling <25% of total shipments)
- One-man operation with no employees
- Onsite waste treatment
- Operations conducted in an oil field
- Pile driving; sheet or I-beam piling which is used for trench or excavation protection as opposed to structure foundation **is** acceptable-this piling may be up to 30 feet high
- Railroad construction
- Subway construction
- Telephone, telegraph or cable line construction involving overhead exposures or work at heights
- Tunneling where employees are working under air pressure (pneumatic); Pneumatic tunneling involves the construction of tunnels under air pressure below waterways, through mountains and other structures, to permit passage of pedestrians, vehicles, trains or water; Work starts at each end in steel caissons and proceeds until both sections meet; Work under air pressure is necessary to keep water, sand or mud from flooding the excavation - NOTE: The use of pneumatic (air powered) tools is not considered pneumatic tunneling; the employees themselves must be working under air pressure (usually in caissons)
- Underground storage tank removal over 5% of total revenue or more than 12 tanks per year, or if the risk is involved in hauling tanks or contaminated soil away from the job site or cutting/breakdown of the tanks
- Underpinning buildings

Specialized Coverages

(PLEASE QUOTE ALL APPLICABLE SPECIALIZED COVERAGES WITH EVERY PROPOSAL.)

GENERAL LIABILITY

Blanket Additional Insured Endorsement: This endorsement broadens the definition of “Who is an Insured” in the CGL Form to include any person or organization the insured is required to add as an additional insured under a written contract.

Broadened Liability Coverage For Damage to “Your Product” and “Your Work”: This endorsement, which is an expansion of the products/completed operations coverage, provides coverage for property damage to the insureds’ work or product for the named perils of fire, smoke, collapse or explosion.

Contractors General Liability Extension Endorsement — This endorsement provides numerous enhancements to the general liability coverage part, including but not limited to: aggregate limits per project; blanket waiver of subrogation; excess and “difference in conditions” coverage for the Named Insured for work performed under non-residential wrap-ups; contractual liability coverage for work done within 50 feet of railroad tracks; contingent coverage for the insured’s interest in past joint ventures, partnerships and LLCs (except those that were insured under a wrap-up insurance program); liberalization clause for coverages provided by the GLEE.

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INLAND MARINE

Batch Plant Loss of Income: Protects the contractor from excessive costs related to the replacement of batch plant equipment. This is often difficult due to lack of availability (or not practical due to the specialized nature) of the equipment.

“Down-the-Hole”: Contractor’s Equipment Special Causes of Loss Coverage Form provides protection for contractors equipment lost underground during trenchless construction activities.

Contractors Equipment Loss of Income Coverage: A contractor may suffer a loss of revenue resulting from loss of use of equipment necessary to complete the work in progress. This endorsement is available to address such an exposure.

Contractor’s Equipment Deductible Waiver for Pre-Loss Risk Protection — Waives the contractor’s equipment deductible (up to \$10,000) on theft claims involving equipment that is protected by the **LoJack® Brand Protection System** or that is registered with the **National Equipment Register (NER)**.

POLLUTION

The **Earth Movers Limited Pollution Coverage – Work Site** endorsement to the Commercial General Liability (CGL) policy provides coverage for loss from a covered work site pollution incident. Coverage is also provided for the accidental transporting of “contaminated soil” at a work site.

The **Earth Movers – Limited Pollution Liability Coverage** endorsement to the CGL policy provides coverage for third party damages caused by a release of pollutants both from premises owned, rented to, or occupied by the insured contractor (72 hour restriction applies), as well as at or from work sites where the insured is performing operations.

Coverage for both endorsements is on an occurrence basis. A separate set of limits up to \$1,000,000/1,000,000 is provided for this coverage in addition to the limits provided by the CGL. Defense costs are covered in addition to the policy limits.

Transportation of Designated Pollutants: This endorsement to the Business Auto policy provides third party coverage for bodily injury, property damage and clean up costs resulting from a collision or overturn of a covered auto and involving pollutants that are named in the endorsement. “*All pollutants transported by the Insured*” is acceptable wording.

CONTRACTORS ERRORS & OMISSIONS AND POLLUTION INCIDENT LIABILITY

Contractors Errors & Omissions and Pollution Liability Policy: This claims-made/non-admitted policy form combines the coverage features of both the Contractors Errors & Omissions and Contractors Pollution Liability Policy into a single policy form (specific coverage features for each offering is below).

Placing both the professional and pollution liability coverage under a single policy form mitigates potential conflict when pollution claims arise which may be caused by a combination of both “professional services” and the job site activities of the contractor.

Additional information may be obtained by visiting www.cna.com.

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NOTE: Contractors Errors & Omissions and Contractors Pollution Liability are non-admitted, claims made. Agents accessing these programs must have their E&S license.

Contractors Errors & Omissions Policy: This claims-made/non-admitted policy form may be available in conjunction with the LICA Program, and/or as a stand-alone coverage. Coverage is provided for "Errors and Omissions" (as defined within the policy) and includes the following:

- Claims alleging faulty workmanship, design errors & omissions, and the use of defective materials or products
- Use of Building Information Modeling (BIM) systems
- Alleged negligent acts, errors or omissions by the insured or a person acting on its behalf in the performance of design services
- Worldwide coverage for claims brought in the U.S.
- Optional extended reporting period for one to five years

Contractors Pollution Liability Policy: This claims-made/non-admitted policy form may be available in conjunction with the LICA Program, and/or as a stand-alone coverage. Coverage is provided for "pollution incidents" (as defined within the policy) including:

- Proactive coverage for mold
- No exclusion for asbestos, respirable dust or silica arising from jobsite activities of the contractor or anyone for whom they are legally liable.

This policy form provides coverage for both gradual and sudden and accidental "pollution incidents" on the job site, as well as pollution migrating to adjacent properties, up to the full policy limit, including government-mandated clean-up costs.

Risk Control

A risk control survey is required before quoting or binding any account over \$100,000 in premium and may be requested below that level depending on operations. Special attention will be paid to the following exposures:

- Bridge or elevated highway construction - iron/steel
- Bridge or elevated highway construction - concrete
- Contractors - subcontracted work - bridge or elevated street or highway construction
- Airport work
- Blasting
- Work done over any waterway
- Wrecking/demolition work

Cross Marketing Opportunities

Employment Practices Liability (EPL): This stand-alone claims made policy is available to CNA Clients. It provides the insured with coverage for wrongful termination, sexual harassment, and discrimination; as well as a number of other employment related coverages. Contact your local branch or visit www.cna.com

Miscellaneous Professional Liability: Provides coverage to professionals for claims alleging business decision or professional services errors and omissions.

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Commercial Crime & Fiduciary Liability: Covers businesses for property loss resulting from crime and fiduciaries from liabilities that arise from overseeing health and benefit plans.

CNA Surety: Heavy Construction firms need competent and reliable surety bond relationships to thrive. Contractors want a surety that's profitable, stable and financially strong. CNA Surety combines all those qualities and has provided bonding services to all types and sizes of contractors from coast to coast. Contact your local CNA Surety branch manager for more details.

Marketing Materials

For additional program-related materials, please visit CNA's [Agent Center](#).

Commission Structure

Standard commissions apply.

Submission Procedure

Complete ROAD Supplemental Application & requisite ACORD forms. Electronic submissions are preferred. Please forward to the Maitland Processing Center at CINEWBusiness@cna.com

Resources

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