

Broad range of coverages, custom-built for mechanical contractors.



Contractors Errors & Omissions and Pollution.

CONSTRUCTION



A purpose-built policy for the needs of mechanical contractors.

Mechanical contractors take on risk with each project. Problems can come from a variety of factors and often take years to arise. For this reason, mechanical contractors need insurance coverages built for their unique exposures. Contractors Errors & Omissions and Pollution coverage is designed to insure against a variety of risks, including claims alleging faulty workmanship, design errors or omissions, and the use of defective materials or products.

Coverages designed for mechanical contractors.

Contractors Errors & Omissions and Pollution coverage includes a range of coverages designed for the specific risks of mechanical contractors. Policy highlights for eligible and qualified insureds include:

Errors & Omissions

- Coverage for claims alleging faulty workmanship, design errors or omissions, and the use of defective materials or products
- Use of Building Information Modeling (BIM) systems
- Covers 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

Pollution Liability

- Proactive coverage for mold
- No exclusions for asbestos, respirable dust or silica
- Coverage for pollution claims, including government-mandated clean-up costs

Coverage Specifications:

- **Availability** — in all 50 states, D.C. and U.S. Territories (U.S. Virgin Islands excluded)
- **Minimum premium (at \$1 million limit)** — \$3,200 for Errors & Omissions only; \$4,200 for Errors & Omissions and pollution combined
- **Minimum SIR** — \$3,000 and co-insurance of 0%
- **Limits** — Up to \$5 million
- **Coverage** — Excess & Surplus with CNA
- **Policy options** — Errors & Omissions, Pollution Liability or combined policy

Are you a good fit for Contractors Errors & Omissions and Pollution coverage?

1. Are you a mechanical contractor with the responsibility to perform construction services?
2. Do you install products in the course of your construction services?
3. Do you provide in-house design with construction responsibility?
4. Do you subcontract design services to other parties and self perform the construction work?
5. Do you provide value engineering services?
6. Have you had water intrusion, mold, asbestos, silica or respirable dust concerns in the past?

If you answered "YES" to any of these questions, you have a unique E&O exposure that can be addressed through CNA's tailored Errors & Omissions and Pollution policy.

Claim Scenarios

Faulty Workmanship

- **The Facts** — An old church hired SM Mechanical to design and install a commercial air conditioning system. SM Mechanical took on the installation of the job, and sub-consulted with an architect / engineer on the design. The total job cost was \$100,000.
- **Potential Gaps** — After completion of the project, church owners reported the air conditioning system failed on especially hot days. Discovery showed that the duct system was installed three feet higher than the design instructed. This allowed cold air to escape into the cavernous church ceiling — forcing the system to over work as it tried to cool the ground floor. Total cost to replace the duct work, and install to design specifications was \$50,000. Ordinary General Liability would not cover this claim owing to the faulty workmanship exclusion.
- **CNA Coverage Advantage** — If SM Mechanical carried CNA Contractors Errors & Omissions (CEO) they would have coverage for faulty workmanship, saving \$50,000.

Design

- **The Facts** — JK Plumbing was hired to design and install a plumbing system in a new commercial office development that was being constructed. The firm subcontracted out the installation of the system and took on the design portion with their in-house architect. The total job was estimated at \$50,000.
- **Potential Gaps** — Six months after installation of the plumbing system and during the first winter, the building owner experienced water intrusion when part of the plumbing system burst. Claims estimated the damages at \$125,000, including third-party property damage of \$100,000, and cost to fix the system at \$25,000. Discovery deemed the design inadequate as it failed to call for proper insulation to handle the winter temperatures.

Ordinary General Liability coverage would respond to the \$100,000 in damages for third-party property. However, without CEO or CPL coverage for design performed by the insured or on their behalf, they would not have coverage for their professional services rendered via the design of the system. They would have to pay out-of-pocket to fix the inadequately designed system.
- **CNA Coverage Advantage** — CNA CEO or CPL coverage would have saved JK Plumbing \$25,000.

Defective Materials

- **The Facts** — A metropolitan office building hired XYZ Mechanical to install an air conditioning unit on the roof. Just nine months after the successful installation and testing of the AC unit, XYZ was named as a co-defendant in a lawsuit alleging that the AC unit failed to cool the building as specified in the manufacturer's marketing brochure.
- **Potential Gaps** — Testing done by an independent HVAC expert determined the unit was unable to meet the cooling needs of the office building due to a defective compressor and fan within the AC unit. There was no evidence to indicate that the installation performed by XYZ Mechanical was responsible for the failure of the unit to perform as specified. However, because XYZ was named as a co-defendant, they had to take the necessary steps to defend themselves in this lawsuit.
- **CNA Coverage Advantage** — Fortunately for XYZ Mechanical, they purchased the CEO coverage from CNA. As such, the firm will be covered for both defense and indemnification costs arising from this action.

Count on our stability and financial strength.

CNA has an established history insuring construction firms. CNA is an "A" rated A.M. Best insurance company for financial strength from the major rating organizations. Additionally, we offer:

- A highly trained professional staff
- Local underwriting authority
- A broad product portfolio with the ability to write your clients' full property and casualty risks
- Nationwide risk control services to help your clients assess and address risk exposures
- Claim support services in all 50 states and over 150 countries around the world

When it comes to finding a carrier with the industry knowledge and experience to better understand the needs of mechanical contractors ... **we can show you more.**[®]

For additional information, please contact your local independent agent or visit www.cna.com/mcaa.

