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CONSTRUCTION

Remodeling and/or new construction guidelines

Property insurance policies require that you notify the insurance company whenever there is a significant change in exposure or values to your church property. If you plan to do extensive remodeling or begin construction on a new building, you must notify HUB International immediately so we can document proper notification to the insurance company. After a brief consultation, we can advise you if one of these applications must be completed and submitted for approval *before* the work begins:

Builder's Risk Renovation and Rehabilitation Application

Builder's Risk Application – Ground Up Construction

Minor cosmetic remodeling may not require that you purchase additional insurance. HUB International can assist you in making that determination.

You can ask HUB International to arrange insurance protection for your construction project by purchasing a Builder's Risk Insurance Policy for Ground Up Construction, or you may elect to have the insurance provided by the General Contractor. If you allow the General Contractor to insure the building project, please note that the contractor's policy will become null and void the moment a Certificate of Occupancy is obtained. Additionally, if you fail to notify HUB International that the construction is completed, your new church building will be uninsured.

The other risk you have by allowing the contractor to provide the Builder's Risk Insurance is that you will not be notified if the contractor's insurance policy is cancelled unless you are properly named as an additional insured on the policy.

You will also want to obtain a Certificate of Insurance from every entity involved in your project in addition to the contractor.

Your written agreement with the contractor should specify not only insurance requirements but also which party is responsible for insuring the building and the materials used in construction while at the premises or in transit.

Not only do you want to make certain the General Contractor is insured, you also want to make sure the policy covers these perils because you will not have any of this type of coverage under any policy we arrange for you through the California-Pacific Annual Conference insurance program:

Faulty, inadequate or defective:

- (1) Planning, zoning, development, surveying, siting;
- (2) Design, specifications, workmanship, repair, construction, renovation, remodeling, grading, compaction;
- (3) Materials used in repair, construction, renovation or remodeling; or
- (4) Maintenance;

HUB International is available to assist you in reviewing Certificates of Insurance you obtain from General Contractors and others working on your project.

Please refer to the document: "Certificates of Insurance – Required before the start of construction".

Selecting a Contractor

When selecting a contractor, here are some tips provided by Philadelphia Insurance Company:

There are typically three scenarios for how a church builds a new building:

- a. Hiring an independent architect to design the building and a general contractor for the construction.
- b. Hiring a "design/build" contractor or
- c. Having "hybrid or partnering" with both an independent architect and the design/build firm or general contractor.

The architect, as in the first method, is directly under contract to the church, serving solely as their representative. He/she then guides the church through a selection process to engage a contractor prior to completion of the construction documents. In this manner, the contractor is brought on board ahead of bidding to consult with the architect and provide him/her real-time pricing. A design/build firm has an architect on staff; working directly with the contractor, who also is part of the firm.

From a risk exposure standpoint, there are several considerations for your Board of Trustees to consider:

Architects/General Contractors for any new construction project:

- Have they had any experience with a particular architect?
- What is their experience in building churches? Check all references meticulously.
- Ask about the cost feasibility of the project.
- Do the contractor's construction costs per square foot agree with the costs being represented by the architect?
- Are there any unique architectural features of the new building which could increase the construction costs?
- Ask a potential contractor for a recently audited financial statement. Most reputable contractors will not object to sharing this information with you. The

construction industry by nature is cyclical, and a contractor that is experiencing financial difficulties can leave your church in a bad situation if the contractor were to either go out of business during the construction project, or did not pay its subcontractors.

- Ask the contractor if they are bondable and for what dollar amount. Contractors that are financially sound will have very reasonable bonding costs. If a contractor were not bondable, it would mean that the contractor might not be financially strong enough to handle the project.
- Inquire as to the rate of growth, if any, that the contractor has experienced recently. Many industries have their share of good companies that have grown too rapidly and have lost quality control of their product or service. Ask potential contractors for a three or five year history of their construction volume.

Design/Build Firm:

- In addition to all of the above questions, ask if the design/build firm is fully aware of the local code requirements. The firm may have a standard “design” and “price” but local conditions and codes may dictate expensive upgrades or changes. Because there is no independent architect, this may not come to light until after a contract is signed and construction is underway.

Hybrid or Partnering Model:

- An independent architect can act as an independent third party by monitoring the progress of the contractor during the construction period. If the contractor and architect are part of the same company, the potential exists that an error made by either side could be overlooked by the other. Hiring an independent architect would give the church the ability to own the plans for the new building, and to solicit bids from different contractors. If your church were not satisfied with the performance of the design/build firm, it may not be able to use that firm’s architectural plans with a different contractor.

IMPORTANT NOTICE

RECONSTRUCTION WHEN THERE IS A LOSS OR DAMAGE TO YOUR CHURCH FACILITIES

HUB International is available to assist you with reconstruction projects. Please call us for more information.

HUB International has made arrangements for all United Methodist Churches to take advantage of the expertise of a Construction Manager who can assist you with a solid construction management plan, experienced personnel and a systematic approach that is specifically tailored for each project they undertake. They know churches and they know construction.

Throughout your project, they will work with you in a team oriented environment to ensure your facility is constructed within your budget and to meet your needs. As a part of their reconstruction plan, construction management services include the following:

- Coordinate design schedule.
- Obtain all necessary permits.
- Work with city municipalities on codes and regulations.
- Provide full-time, on-site supervision.
- Pre qualify and manage local subcontractors.
- Order and expedite delivered material.
- Provide quality control and assurance.
- Manage design and construction schedules.
- Enforce OSHA and safety compliance.
- Conduct post-construction inspection and final close-out to ensure your satisfaction.
- Secure occupancy permit.
- Provide operation and maintenance manuals.
- Implement guarantees and warranties.

What makes this service unique?

1. The price you are quoted for your construction project is GUARANTEED. The only way you would incur costs above what is quoted is if you approve change orders that are outside the scope of your insurance coverage or policy limits.
2. The workmanship of the project can be GUARANTEED for life.

HUB International does not have any business affiliation with the Construction Managers nor does HUB International benefit financially in any way. This is a referral service offered to our valued clients. Photos and references are available.

Call HUB International for more details:

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