



TECHNICAL UPDATE

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PROTECTING COUNTY ASSETS: ADDING BUILDINGS AND BUILDER'S RISK INSURANCE

When a CTSI member county acquires or constructs a new building, it must be reported promptly to CTSI to ensure it's included in the county's Colorado Counties Casualty and Property Pool (CAPP) insurance. The CAPP Building Add Form is available at www.ctsi.org. Timely reporting prevents gaps in coverage and protects the county from financial exposure. There's no additional charge to add buildings valued under \$5 million mid-term, though there's no credit for mid-term removals. Keeping the property list updated ensures adequate insurance coverage for all assets.

UNDERSTANDING BUILDER'S RISK INSURANCE

Builder's risk insurance is a specific form of property insurance that provides coverage for structures while they are under construction. It covers physical damage to the building or structure and associated components such as foundations, fixtures, and equipment.

Under CAPP, member counties are automatically provided \$5 million in builder's risk coverage for renovations or repairs at any insured location or for new construction with a total contract cost of under \$5 million. This coverage protects the county during construction from various risks, including fire, theft, vandalism, and certain natural disasters.

For projects exceeding \$5 million, CTSI's broker can help secure additional coverage to ensure the project remains fully protected. Counties should contact CTSI early in the planning stages of larger projects to arrange for this supplemental insurance.

CONTRACTOR-PROVIDED COVERAGE

Many construction contracts include builder's risk insurance, but counties should review agreements to ensure adequate coverage. If the contractor doesn't offer it, the county must secure coverage before construction starts.

Regardless of coverage, counties must notify CTSI of the project to confirm that proper insurance is in place. The required CAPP Builder's Risk Form for new construction can be found at www.ctsi.org.

KEY CONSIDERATIONS FOR COUNTY OFFICIALS

When a new building is acquired, or a construction project begins, county officials should take the following steps to ensure adequate insurance coverage:

- **Verify Builder's Risk Insurance:** Whether the contractor provides or arranges the coverage by the county, confirm that the builder's risk insurance is in place before construction begins. This is crucial for protecting the county's financial interests throughout the construction process.
- **Promptly Report to CTSI:** Immediately notify CTSI of any new buildings or construction projects to add the property to your county's insurance schedule. This ensures that all buildings are covered under CAPP, preventing gaps in coverage.
- **Understand the Limits of Builder's Risk Coverage:** For projects under \$5 million, CAPP automatically provides builder's risk coverage. However, for larger projects, additional coverage may be needed. Work with CTSI's broker early in the planning process to secure the necessary insurance.



WHAT THIS MEANS FOR COUNTIES

By reporting new buildings and securing builder's risk insurance, counties can protect their valuable assets and minimize potential financial exposure. Ensuring that all county properties and construction projects are adequately insured is a crucial aspect of effective risk management. For more information about adding buildings to CAPP coverage or securing builder's risk insurance for your county, contact CTSI at (303) 861-0507. The CTSI team can guide you through the process and ensure your county's properties are fully covered.