



Insurance for Homes Under Construction

When constructing a new home, or renovating an existing home, it is important to have the right insurance in place. While a properly written homeowner's policy will extend liability coverage to the home being built, the property insurance for the home under construction must be insured separately.

The correct form of insurance to cover the property during construction is a Builder's Risk policy. It provides broad property coverage and insures the materials installed in the home, at the jobsite, and in transit to the jobsite. The risk of loss while the home is under construction is

Saving Energy Goes Mainstream

There's little doubt that today's new homes are much more energy efficient than those of even a decade ago, and certainly compared to homes built before the "energy crisis" of the mid-1970s. Incredible improvements in the performance of windows and doors, major appliances, and heating and cooling systems have significantly lowered the energy consumption of new homes, helping lower utility bills and raise the quality of housing overall.

Building codes, in part, can be credited with pushing energy efficient homebuilding into the mainstream. Builders today must comply with basic levels of home energy consumption prescribed in the code, from minimum window performance standards to adequate levels of wall and attic insulation and proper fresh-air ventilation. Codes also set guidelines for reducing moisture and air infiltration into the structure, which not only saves energy but also reduces incidences of mold growth and other moisture-related problems.

In addition to more stringent and specific codes regarding energy-efficient homebuilding, there are an increasing variety of independent, public, private, and federally funded programs that promote the concept and even certify products and entire homes that meet energy-use standards. The most recognized among these entities is Energy Star, a government-sponsored program that certifies the energy use and cost savings of several thousand products from nearly 1,300 manufacturers, as well as builders and the homes they build.

In response to both codes and independent energy standards, manufacturers of various building products have not only met the code and other independent standards, but also developed materials and methods that allow builders to exceed the minimum and achieve a higher level of energy efficiency for new homes. Such upgrades or options include super-insulating, multi-pane windows, extremely efficient furnaces and air-conditioning equipment, and electronic programmable thermostats, among several other examples.

Builders who have taken the mantle of energy efficiency as a cornerstone of their businesses understand the added value of building homes that use less energy and cost less to operate. Their considerations extend beyond specific products. Energy efficiency is best achieved by looking at the entire *system*, including design issues and construction procedures, to achieve the goal of a more energy-efficient, comfortable, and long-lasting home.

always greater than when the home is completed. Builder's Risk insurance is essential.

For a homeowner planning renovations to their existing home, insurers such as Chubb and Fireman's Fund will endorse the existing homeowner's policy to cover the builder's risk exposure. There would be no need for a separate policy.

A properly written Builder's Risk policy addresses these issues and provides the protection until the project is completed. If you would like more information on this subject please contact [James DalCanton](#), CPCU.

For example, consider your heating and cooling system. A builder who specifies and installs a higher level of insulation in the walls, floor, and ceiling, seals openings in the structure (including around doors and windows), and uses products and design techniques that provide natural shading, enable cross-ventilation, and reduce thermal transfer through your home will be able to reduce the size -- and thus the initial *and* operating cost -- of the furnace and air conditioning unit required to keep your home comfortable year-round. Chances are it will last longer and reduce repair and replacement costs.

Working together, homebuilders, code agencies, independent certification groups, and product manufacturers continue to improve the energy efficiency of today's new homes. As a result, their efforts not only reduce energy use and costs, but also help stabilize our national economy, create longer-lasting homes, and boost overall housing value.

Warm regards,

Richard

Richard Dickson
Dickson Development Corporation
666 Plainsboro Road, Suite 1300
Plainsboro, NJ 08536
(609) 799 0220 - phone



info@dicksondevelopment.com
www.dicksondevelopment.com

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