Homebuilders Program

Agent Underwriting Guide

Effective for New and Renewal Business 12/01/26. Ninth Edition.



MID-CONTINENT GROUP

MEMBER OF GREAT AMERICAN INSURANCE GROUP



The **Homebuilder Program** is designed for New Residential Construction, where our named insured is the General Contractor, **using written insured contracts that include proper risk transfer,** to sub-contractors that are adequately insured.

- Sales (Annual Sales): Up to 25% sales in the following is allowed:
  - Commercial Construction and/or
  - Remodeling Construction
- Payroll (Annual Payroll): Up to 25% of payroll in the following is allowed:
  - Direct payroll of trades
- Land Development
  - Acreage held for future development of New Construction

Have questions? Want to learn more? Contact us by visiting **mcg-ins.com/contact-us** or scanning the code!

Homebuilder Program Definitions

- **Adequately insured subs –** For policy issuance and audit purposes, as a subcontractor that has occurrence limits of $500,000 or equal to the General Contractor occurrence limits, if less than $500,000.
- **Commercial construction –** Business of building apartments, hotels/motels, manufacturing or assembly plants, retail spaces, and office spaces.
- **Condominium –** A collection of individually owned units in a multi-unit structure(s) on land owned in common.
- **Construction Manager –** Hired for a set fee and simply facilitates payments from the owner to the General Contractor. Sets the budget and timeline with the design team in preconstruction and monitors both through the project.
- **General Contractor –** Adheres to the fixed bid they submitted and requires change orders for work out of scope. Responsible for managing their own billing and payment from the project owner. Often paid in bulk (draw) for project work and must then make sure that all subcontractors that operate underneath them are paid. Hires, schedules and manages all subcontractors.
- **House Flipping –** The process of buying, rehabbing, and selling properties for profit.
- **Proper Risk Transfer –** A written contract where the subcontractor agrees to list our named insured (GC) as an additional insured, with a waiver, and hold harmless agreement for damage arising out of the subcontractor's work; and the subcontractor complies with the written contract. Best practice for the GC is to obtain copies of the additional insured, waiver, and hold harmless forms.
- **Refer to Company –** Application or endorsement request must be submitted to the company on a non-binding basis.
- **Remodel construction –** Altering a structure, whether this alteration is exterior or interior, from the original construction and/or the process of restoring or repairing a structure back to a good or 'like new' condition.
- **Residential construction –** Houses built from the ground up for owner occupancy with construction under the supervision of a single general contractor, with the intention of selling the house and lot in one transaction.
- **Sales –** The gross sales from the sale of all construction including land.
- **Townhouse –** A collection of individually owned units in a multi-unit structure(s) on land owned by each individual unit owner.
- **Uninsured Subs –** Any insured without a certificate of insurance during the time they performed work for the insured. Or a certificate showing less than $500,000 limits. (Usage of uninsured subcontractors may affect the underwriting acceptability of the inured.)
- **Vacant Land –** Raw land that has not had any development done.

Payroll: included in premium calculations

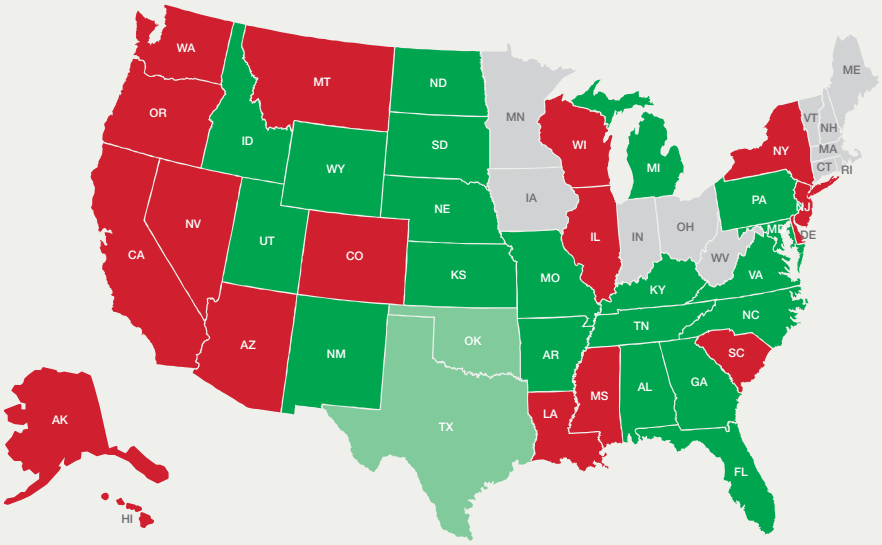
- Annual payroll, subject to state requirements for:
  - Individual owners
  - Partners
  - Executive Supervisors - $20,000 flat payroll per supervisor (Does not apply in FL)
  - Members
- Annual payroll, actual
  - Direct employees
  - Uninsured subcontractors

General Underwriting Guidelines

- Territory is limited to the continental United States:

Eligible	Ineligible
Alabama	Alaska
Arkansas	Arizona
Florida	California
Georgia	Colorado
Idaho	Delaware
Kansas	District of Columbia
Kentucky	Hawaii
Maryland	Illinois
Michigan	Louisiana
Missouri	Mississippi
Nebraska	Montana
New Mexico	Nevada
North Carolina	New Jersey
North Dakota	New York
Oklahoma*	Oregon
Pennsylvania	South Carolina
South Dakota	Washington
Tennessee	Wisconsin
Texas*	
Utah	
Virginia	
Wyoming	

Only available to designated agents.



Program not Available

Connecticut	Massachusetts	Rhode Island
Indiana	Minnesota	Vermont
Iowa	New Hampshire	West Virginia
Maine	Ohio	

- Minimum premium is $750-$2,500 (depending on state)
- Minimum deductible is $1,000 Property Damage per Claim
- Annual Gross Sales Minimum of $300,000.
- All policies are subject to audit
- Uninsured subcontractors will be picked up under the payroll classification on the policy.
- Binding authority is five business days; coverage cannot be backdated more than five business days prior to the date submitted.
- Policies that develop a premium of $10,000 or more are “Refer to Company”
- Risks that have been written by Mid-Continent previously are “Refer to Company”
- Risks that have had prior losses are “Refer to Company”
- Any work being done for a National Homebuilder/Developer is “Refer to Company”
  - National Homebuilder/Developers include but not limited to:
    - D.R. Horton
    - Lennar Corp.
    - PulteGroup
    - NVR
    - KB Home
    - Taylor Morrison
    - Meritage Homes
    - Toll Brothers
    - Beazer Homes
    - Mattamy Homes
- Prior work exclusion will be attached if applicant does not have continuous general liability coverage up to requested effective date of the application
- On new business, coverage will not be back dated without written confirmation of no known losses from the insured. Refer to Company.
- Homes valued over $2M will be separately classified and rated.
- Deductible amount will align with sales amount.
  - Total sales under $2,500,000 use $1,000 deductible
  - Total sales $2,500,001 - $5,000,000 use $2,500 deductible
  - Total sales $5,000,001 - $10,000,000 use $5,000 deductible
  - Total sales $10,000,001 - $25,000,000 use $10,000 deductible
  - Total sales $25,000,001+ use $25,000 deductible

Rates and Premiums

For admitted policies, rates will be determined in accordance with the filed rating plan for each state.

Audit Procedures

- All policies will be audited after the expiration date.
- The insured will need to retain current Certificates of Insurance (COI) for all sub-contracted work and provide the COIs to the auditor.
- If there are differences between the expired term and information obtained from the audit, the underwriter will work with the agent to update the exposure on the renewal term.

Eligible Exposures

- General or Paper Contractors
  - Subcontract 75%-100% of work to adequately insured sub-contractors and up to 25% direct payroll.
  - 75%-100% of total operations should be from residential new construction.
- Annual gross sales of $300,000 or more
- Construction of:
  - 1-8 units per slab
  - 3 stories or less
- Repair, renovation, or remodel work is limited to buildings with no more than six floors.
- New ventures with a minimum of three years construction experience. If less than three years, Refer to Company.
- Construction of up to 24 townhouse units in a development project.

Ineligible Exposures

- Direct employees performing:
  - Plumbing
  - Roofing
- Condominium construction or conversion to condominium
- Commercial mixed use with condominiums
- House flipping
- Group home for any of the following types of occupancy:
  - Disabled
  - Elderly
  - Youth
  - Transitional housing
- Manufactured or Pre-Built house construction
- Construction Managers
- Elevator Construction



Any risk that does not meet these requirements may still be considered, just outside of this **Homebuilder program**. Always contact your underwriter if you have any questions.

State Specific Underwriting Guidelines

Florida

- ML 1457 – Extrinsic Evidence
- ML 1585 – Designated States Exclusion – Florida Risks
- CG 2294 – Exclusion damage to work performed by subcontractors
- Executive Officer/Owner: per state filings

Missouri

- ML 1586 – Designated States Exclusion – Missouri Risks
- CG 2294 – Exclusion damage to work performed by subcontractors
- ML 1409 Cross Suits Exclusion
- ML 1483 Townhouse Limitation
- ML 1370 Definition-Occurrence

Oklahoma

- Exclusive state: Only Oklahoma agents with a separate HB code can write in the HB program in Oklahoma

Texas

- Exclusive state: Only Texas agents with a separate HB code can write in the HB program in Texas
- ML 1457 – Extrinsic Evidence
- ML 1479 – Damage to Property Endorsement

Utah

- Minimum premium = $2,000
- ML 1457 – Extrinsic Evidence
- ML 1370 – Definition of Occurrence
- ML 1483 – Townhouse Development Coverage Limitation Endorsement - General Contractors



Policy Forms and Endorsements

Form		Status
CG 2186	Exclusion – Exterior Insulation and Finish Systems	Mandatory in all states
CG 2243	Engineers, Architects or Surveyors Professional Liability	May be attached
CG 2279	Exclusion Contractors Professional Liability	May be attached
CG 2294	Exclusion Damage to Work Performed by Subcontractors	Mandatory in FL and MO
ML 1217	Fungus, Mildew and Mold Exclusion	Mandatory in all states
ML 1344	Exclusion – Asbestos	Mandatory in all states
ML 1388	Earth Movement Exclusion	Mandatory in all states
ML 1392	Water Damage Roofing Operations Exclusion	May be attached
ML 1439	Exclusion – Lead	Mandatory in all states
ML 1457	Extrinsic Evidence	Mandatory in AR, FL, ID, KY, MT, ND, PA, SD, TN, TX, UT, VA, WY
ML 1478	Condominium Exclusion	Mandatory in all states
ML 1479	Damage to Property Endorsement	Mandatory in all states
ML 1483	Townhouse Limitation	Optional in all states, Mandatory if YES to works on Townhouse Developments. Mandatory in FL & UT
ML 1489	Conditional Coverage – Damage to Your work	Mandatory in all states
ML 1561	Exclusions – Perflourinated and Polyflourinated Substances (PFAS)	Mandatory in all states
ML 1579	Master Designated States Exclusion	May be attached
ML 1582	Prior Work/Operations/Products Exclusion	May be attached
Optional Forms		**Status**
CG 2011	Managers or Lessor of Premises	Available Option
CG 2013	State or Governmental Agency ... Permits	Available Option
CG 2018	Mortgagee, Assignee or Receiver	Available Option
CG 2028	Lessor of Leased Equipment	Available Option
CG 2404	Waiver of Transfer of Rights of Recovery Against Others To Us (Scheduled)	Available Option
ML 1080	Waiver of Transfer of Rights of Recovery Against Others To Us (Blanket)	Available Option
ML 1081	Owners, Lessees or Contractors – Blanket, on-going only	Available Option
ML 1097	Designated Construction Project(s) General Aggregate Limit (Blanket)	Available Option
ML 1098	Designated Location(s) General Aggregate Limit (Blanket)	Available Option
ML 1214	Owners, Lessees or Contractors – Scheduled, on-going operations only	Available Option
ML 1215	Owners, Lessees or Contractors – Scheduled, on-going and completed operations	Available Option
ML 1357	Owner, Lessees or Contractors – Scheduled, on-going, completed operations, and Primary/non-contributory	Available Option
ML 1484	Homebuilder Supplemental Endorsement (Includes Blanket AI, Blanket Waiver, increases limit for damage to premises rented to you to $300,000, Med Pay Limit of $5,000)	Available Option

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