

INDIRECT CONTROLS

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Introduction

In addition to direct controls over the frequent and severe causes of builders risk loss (Fire, Water, Wind, and Crime), there are several other operational and procedural controls which have an indirect but substantial impact on the reduction of these types of losses. They include: Emergency Planning, Certificates of Insurance, Quality Control, and Overall Site Storage Controls.

Emergency Planning

An Emergency Contingency Operation Plan should be established and documented. Quick recovery depends on swift, effective response to an emergency. Senior management must provide the motivation for starting, developing and implementing this emergency plan with procedures for keeping the information current. Such a plan should include:

1. Preparation of a plan of action for each critical time, including alternate power and equipment sources. List alternate facilities that can help minimize the business interruption effects of property losses.
2. Arrangement to use the equipment of sister operations whose equipment is compatible with operational needs.
3. Data collection on the critical equipment, including manufacturing data specifications, anticipated replacement parts, availability of spare parts, repair facilities, restoration contractors and rental sources, should be kept and updated periodically.
4. Emergency plans for personnel in the event of a severe loss to the head-end or computer facility, making it inaccessible or unusable. Knowledgeable, trained personnel should be contacted immediately to decide whether to repair or replace damaged equipment or to lease substitute equipment.

Certificates of Insurance

A program must be in place for Certificates of Insurance. The program must include a requirement to obtain certificates of property/liability certificates of insurance prior to the start of work, and to update all upon expiration. The certificate should be reviewed to verify the policy period is current, coverages & limits of liability are appropriate, and there are no adverse conditions or limitations in coverage.

Keep in mind that Certificates of Insurance only show that insurance was taken out. It does not show that insurance is still in force. The certificate should have a box checked which requires notification of the insured (a certificate holder) in the event of any lapse in coverage (e.g. cancellation, non-renewal, etc).

Quality Control

- Independent laboratory should be engaged to oversee, verify, and assist in the evaluation of items including foundation conditions, soil compaction, concrete compression/strength testing, wood framing details, and plan and specification compliance on the grade and location of steel components.
- Overall, there should be measures in place to ensure conformance with applicable building codes, and design plans and specifications.

Also to be evaluated is the method and adequacy of internal quality control measures. These should include jobsite supervisory staff levels sufficient to manage the entire site including the oversight of subcontractors and to facilitate the effective coordination of work efforts. The contact/supervisor should be in control of the job, rather than the job being in control of the contact. If not, things are likely to "fall between the cracks," increasing loss potential.

Overall Site Storage

While some types of material should not be left outside and exposed to the elements, other items are unaffected by weather. Where applicable, the following storage practices should be observed:

- adequate protection from weather (for materials susceptible to heat, cold, water/dampness)
- commensurate arrangement of materials for proper support (i.e. even precast concrete if stored improperly can become warped)
- locate in low hazard/low exposure areas, away from sources of or areas subject to flooding, apart from hazardous materials and operations, and a sufficient distance from tall buildings where tools and debris could fall and damage materials

Logistics and availability of space often limits available options regarding material storage, and this should be taken into consideration. Proper scheduling and coordinating the delivery of materials to the site is essential to avoiding a large and unnecessary concentration of values. This creates a condition where larger values are needlessly subject to potential damage. Finish materials should be scheduled for delivery as close as practical to the time of installation. Where practical, target materials (such as appliances, cabinetry, electrical and plumbing supplies) if purchased in volume should be deployed to multiple areas rather than a single storage facility. This will minimize the potential for a major loss due to a single occurrence of fire, theft, flood, or other hazards.

PLEASE READ CAREFULLY The information contained herein is not intended as a substitute for advice from a safety expert or legal counsel you may retain for your own purposes.