CHAMPION
Construction Risk

DOWNLOADABLE GUIDE

Coverage Checklist

for California Construction Businesses

A pre-renewal review from Champion Risk & Insurance Services

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How to use this checklist

Work through it 60 to 90 days before your renewal date. Check what you have. Flag what you don't. Bring anything unclear to your broker. Or if you'd like an outside opinion, bring it to us.

Nothing on this list is an obscure recommendation. These are the coverages, gaps, and California-specific items that show up on real construction claims every year.

Foundation Coverages

Every California construction business needs these four. If any are missing or thin, the rest of the program can't compensate.

01 General Liability

CHECK THAT YOU HAVE

- ☐ Adequate per-occurrence and aggregate limits (contract requirements are trending up)
- ☐ Broad completed-operations coverage
- ☐ Products/completed-operations aggregate matching or close to the general aggregate
- ☐ Additional insured endorsements matching the contracts you sign
- ☐ Waivers of subrogation in your standard endorsement package

WATCH FOR THESE GAPS

- Exclusions for subcontractor work you actually perform
- Residential work exclusions if you touch residential
- EIFS, mold, or fungus exclusions you weren't told about

CALIFORNIA-SPECIFIC

Litigation costs and jury verdicts run higher than the national average. Limits sized for Midwest contractors are often not enough here.

02 Workers' Compensation

CHECK THAT YOU HAVE

- ☐ Correct class codes for every function in your business
- ☐ Payroll accurately allocated by class code
- ☐ Employer's Liability limits at $1M/$1M/$1M or higher
- ☐ X-Mod (EMR) on file and reviewed against WCIRB records

WATCH FOR THESE GAPS

- Split class codes reported as a single class (usually inflates premium)
- Owner/officer inclusion/exclusion elections that don't match current status
- Waivers of subrogation missing where contracts require them

CALIFORNIA-SPECIFIC

Cal/OSHA compliance and heat illness prevention programs directly affect loss ratios.

WCIRB Experience Modification is calculated on three prior years. Reviewing loss runs proactively can catch reporting errors that move your X-Mod.

03 Commercial Auto

CHECK THAT YOU HAVE

☐ Every vehicle used for business on the policy (leased, owned, permanently assigned)

☐ Hired and non-owned auto coverage

☐ Bodily injury limits appropriate to urban and freeway exposure, not California statutory minimums

☐ Physical damage on all vehicles above nominal value

WATCH FOR THESE GAPS

- Personal vehicles used for business without hired/non-owned coverage
- Combined single limits vs. split limits. Know which you have and why.
- Rental replacement coverage missing on high-use vehicles

CALIFORNIA-SPECIFIC

Statutory minimums are far below real accident cost in California. Real exposure runs well above statutory minimums, especially in urban and fleet operations.

04 Umbrella / Excess Liability

CHECK THAT YOU HAVE

☐ Umbrella limit appropriate to your severity exposure, not just contract minimums

☐ Underlying policies scheduled correctly (GL, Auto, Employer's Liability)

☐ Follow-form language where possible

☐ Coverage extending to additional insureds where contracts require

WATCH FOR THESE GAPS

- Underlying limit requirements not met, creating a coverage gap between primary and umbrella
- Umbrella exclusions that don't mirror the primary policies
- Insufficient limits for contracts requiring $5M+ umbrella

CALIFORNIA-SPECIFIC

California severity means umbrella limits that would look excessive elsewhere are often exactly right here.

Property & Equipment Coverages

05 Inland Marine (Tools & Equipment)

CHECK THAT YOU HAVE

- ☐ Scheduled equipment listed and valued correctly
- ☐ Unscheduled/small tools coverage sized to actual inventory
- ☐ Replacement cost, not actual cash value
- ☐ Coverage extending to transit, job sites, and off-premises storage

WATCH FOR THESE GAPS

- Equipment purchased since last renewal not added
- Rented equipment coverage missing or unclear
- Employee tool coverage terms not matching your labor agreements

CALIFORNIA-SPECIFIC

Job-site theft exposure varies significantly by region. Adjust deductibles and limits accordingly.

06 Builders Risk

CHECK THAT YOU HAVE

- ☐ Coverage in place for every active project of qualifying size
- ☐ Soft costs coverage (permits, professional fees, financing costs)
- ☐ Coverage for materials in transit and off-site storage
- ☐ Coverage duration matching realistic project timelines with extension provisions

WATCH FOR THESE GAPS

- Existing structures excluded on renovation work
- Ordinance & Law coverage missing
- Wind/hail deductibles higher than expected

CALIFORNIA-SPECIFIC

Wildfire exposure affects Builders Risk pricing and structuring in high-risk zones.

Construction defect statute of repose (10 years) affects how completed-operations tail is structured.

07 Product Liability

CHECK THAT YOU HAVE

- ☐ Coverage for products installed, sold, or manufactured by your business
- ☐ Vendors endorsement if your product goes through distributors
- ☐ Coverage extending to warranty and recall exposure where applicable

WATCH FOR THESE GAPS

- Products/completed-operations sub-limit lower than the general aggregate
- Impaired property exclusions

CALIFORNIA-SPECIFIC

Proposition 65 warning requirements create direct liability exposure for consumer-facing products.

Specialty Risk Coverages

08 Pollution Liability

CHECK THAT YOU HAVE

- ☐ Contractors Pollution Liability if your work handles chemicals, solvents, or dust
- ☐ Coverage for job-site and completed-operations pollution
- ☐ Mold and microbial coverage where relevant

WATCH FOR THESE GAPS

- Standard GL pollution exclusion applies to most construction pollution claims. Verify you have separate CPL if exposure warrants.
- Retroactive dates that leave completed-operations gaps

CALIFORNIA-SPECIFIC

AQMD rules and Prop 65 exposure tighten the picture for California contractors handling chemicals.

09 Cyber Liability

CHECK THAT YOU HAVE

- ☐ First-party coverage (ransomware, business interruption, data restoration)
- ☐ Third-party coverage (client data breach, regulatory response)
- ☐ Social engineering and funds transfer fraud coverage
- ☐ Business email compromise coverage

WATCH FOR THESE GAPS

- Ransomware sub-limits significantly lower than the aggregate
- Bring-your-own-device exposures not addressed

CALIFORNIA-SPECIFIC

The California Consumer Privacy Act (CCPA) creates direct compliance costs after any incident involving PII.

10 Employment Practices Liability (EPLI)

CHECK THAT YOU HAVE

- ☐ Coverage for wrongful termination, discrimination, harassment, retaliation
- ☐ Wage-and-hour coverage or defense where available
- ☐ Third-party EPLI coverage (claims from clients, vendors, others)
- ☐ Duty-to-defend language

WATCH FOR THESE GAPS

- PAGA-specific defense coverage. Most policies exclude or sub-limit it.
- Retro date leaving prior acts uncovered

CALIFORNIA-SPECIFIC

PAGA claims and wage-and-hour class actions are the leading EPLI loss driver in California. Coverage terms and defense-cost handling matter more here than almost anywhere else.

Ask If These Apply

Not every construction business needs these. If any apply to you, add them to your review.

Surety / Bonds: Required for most public construction work. Bid, performance, and payment bonds. Check bond capacity against your project pipeline.

Subcontractor Default Insurance (SDI): Alternative or supplement to sub bonds. Typically carried by GCs on large sub programs.

Wrap-Ups (OCIP / CCIP): Consolidated programs on large projects or portfolios. Check for California wrap-up regulation and residential exemptions.

Professional Liability (E&O): Coverage for design work, engineering, project management. Needed by design-build GCs and contractors offering design services.

What to do next

If this checklist surfaced questions or gaps you can't answer confidently, that's normal. Most construction businesses have at least two or three items they've never actually verified.

The 30-minute Risk Management Review is designed exactly for this. We walk through your current program, name what's working, and flag what isn't. If your current broker has it dialed, we'll say so. If they don't, you'll see the gaps before renewal, while there's still time to do something about them.

Book a Risk Management Review

championconstructionrisk.com/review

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