

Risk navigator

Best practices for GCs



Construction

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About Markel's Risk Solution Services team

Risk Solution Services provides technical insight related to existing and potential insured risk at Markel. The team partners with our customers, claims, and underwriters to educate on both current and future risk trends and supports our clients with a comprehensive offering of risk management solutions.

We do this by engaging with clients, underwriting, and claims teams.

E-mail our team at risksolutions@markel.com.



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Small general contractor best practices

The small GC (generally \$4.5m to \$7.5m in sales)

To be **highly desirable** a small GC would:

- Have a signed detailed application
- Would have an excellent financial rating including a credit score class and financial stress class of 1 and a 12-month Paydex of 80 to 100
- Would have greater than 20 years in business and at least 15 years constructing in present market (i.e., single family homes, condos, etc.)
- Would have 15 to 20 years experience constructing in anticipated geographical area
- Less than 7 starts per year per location single family homes; (1 start per year commercial; less than 10 starts per year condo)
- Have appropriate contracts with all subcontractors and maintains current and history copies
- Would have formal insurance requirements for all subcontractors, maintains current certificates of insurance and policies
- Have qualification of all subcontractors
- Would have a formal subcontractor certification plan
- Personnel turnover rate is less than 10% for last 15 years
- Turnover rate of subcontractors is less than 10% for last 15 years
- Have a formal, written, and well-executed safety plan
- Would require a formal, written, and well-executed safety plan of all subcontractors



- Would require formal geotechnical reports on all projects
- May or may not require formal pre-construction surveys on all projects
- Have a stellar loss history indicating no losses over the last five years
- Would have good legal history results in Lexis
- Would have good history and no negative comments in Nexis and general database searches
- Would have no fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- May or may not utilize independent third-party quality assurance/quality control on site and under contract
- Would have a written and well-executed quality assurance/quality control program

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To be a **desirable** account a small GC would:

- Will have a signed and complete application
- May not have a D&B rating but has a good Experian report
- Would have greater than 10 to 20 years in business and at least 10 years constructing in present market
- Would have 10 to 15 years experience constructing in anticipated geographical area
- Will have 7 to 10 starts per year per location single family homes; (1 start per year commercial; 10 to 20 starts per year condo)
- May not have appropriate contracts with all subcontractors and does not maintain current or history copies but is willing to correct contract language and obtain all copies possible
- May not have formal insurance requirements for all subcontractors and does not presently maintain CofCs and policies but is willing to accept these procedures going forward
- Does not qualify subcontractors at this time but is willing to going forward
- Does not have a formal subcontractor certification plan but is willing to enforce principals of the plan going forward
- Personnel turnover rate is less than 10% for last 10 years
- Turnover rate of subcontractors is less than 10% for last 10 years
- May not have a formal written safety plan but unwritten rules are strictly enforced (i.e., no hard hat results in removal from job, no fall protection results in removal from job, etc.)
- Subcontractors may not have formal written safety programs but GC ensures all rules are strictly enforced on job site
- Would require formal geotechnical reports on all projects
- May or may not require formal pre-construction surveys on all projects
- Has a stellar loss history indicating no losses over the last five years
- Would have no legal history results in Lexis and signature losses only
- Would have no negative history and no negative comments results in Nexis and general database searches
- Would have no fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- May or may not utilize independent third-party quality assurance/quality control on site and under contract
- Does not have a written quality assurance/quality control program but strictly enforces all installation and construction procedures

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To be an **undesirable** account a small GC would:

- Would not have a detailed or signed application
- Would have a poor or no financial rating (credit score class and financial stress class of 3 and/or a 12-month Paydex below 50) and/or a poor or no Experian report
- Would have less than 10 years in business and less than 5 years constructing in present market
- Would have less than 10 years experience constructing in anticipated geographical area
- Would have over 10 starts per year per location single family homes; (more than 1 start per year commercial; more than 20 starts per year condo)
- Would have no contracts with subcontractors and/or does not maintain current or history copies
- Would not have formal insurance requirements for subcontractors
- Would not qualify subcontractors

- Would have no formal subcontractor certification plan
- Would not have any safety plan written or otherwise
- Personnel turnover rate is greater than 10% for last 10 years
- Turnover rate of subcontractors is greater than 10% for last 10 years
- Has no safety program of any type
- Would have no requirements of subcontractors regarding subcontractor safety plans
- Would not require formal geotechnical reports on all projects
- Would not require formal pre-construction surveys on all projects
- Would have a loss history indicating losses over the past five years
- Would have poor legal history results in Lexis
- Would have poor history and negative comments results in Nexis and general database searches
- Would have fines or negative history in OSHA databases
- Would have fines or negative history in state jurisdictional databases, license cancellations, expirations, etc.
- Would not utilize independent third-party quality assurance/quality control on site and under contract
- Would have no quality assurance/quality control program



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Medium GC best practices

The medium GC (generally above \$7.5m to \$15m in sales)

To be **highly desirable** a medium GC would:

- Have a signed significantly detailed application
- Would have an excellent financial rating including a credit score class and financial stress class of 1 and a 12-month Paydex of 80 to 100
- Would have greater than 15 years in business and at least 10 years constructing in present market (i.e., single family homes, condos, etc.)
- Would have 15 years plus experience constructing in anticipated geographical area
- Less than 20 starts per year per location single family homes; (less than 5 starts per year commercial; less than 10 starts per year condo)
- Have appropriate contracts with all subcontractors
- Would have formal insurance requirements of all subcontractors
- Have qualification of all subcontractors
- Would have a formal subcontractor certification plan
- Have a formal written and well-executed safety plan
- Would require a formal written and well-executed safety plan of all subcontractors
- Would require formal geotechnical reports on all projects
- Would require formal pre-construction surveys on all projects
- Have a stellar loss history indicating no losses over the last five years
- Would have good legal history results in Lexis
- Would have good history and no negative comments results in Nexis and general database searches
- Would have no fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases license cancellations, expirations
- Would utilize independent third-party quality assurance/ quality control on site and under contract
- Would have a written and well-executed quality assurance/quality control program



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To be a **desirable** account a medium GC would:

- Would have a signed and detailed application
- Would have a good financial rating including a credit score class and financial stress class of 2 and a 12-month Paydex of 50 or above
- May not have a D&B rating but would have a good Experian report
- Would have greater than 10 years in business and at least 5 years constructing in present market (i.e., single family homes, condos, etc.)
- Would have 10 years plus experience constructing in anticipated geographical area
- Less than 20 starts per year per location single family homes; (less than 5 starts per year commercial; less than 20 starts per year condo)
- Has appropriate contracts needing only minor strengthening with all subcontractors but may not maintain history copies; however, is willing to correct contract language and obtain all history copies possible
- Would have insurance requirements of all subcontractors but may or may not presently maintain CofCs and policies but is willing to accept these procedures going forward
- Does not qualify subcontractors at this time but is willing to going forward
- Does not have a formal subcontractor certification plan but enforces strict principals of who may be a subcontractor and is willing to more formalize subcontractor certification
- Turnover rate of subcontractors is less than 20% for the last 5 years
- May not have a formal written corporate safety plan but has specific safety procedures identifying all major risk areas and rules are strictly enforced
- Subcontractors may not have formal written corporate safety programs but all have specific safety procedures identifying all major risk areas and rules are strictly enforced on the job site
- Has a stellar loss history indicating no major losses over the last five years
- Would require formal geotechnical reports on all projects
- May or may not require formal pre-construction surveys on all projects
- Would have anticipated legal history results in Lexis and signature losses only
- Would have anticipated history and no negative comments results in Nexis and general database searches
- Would have no fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- May or may not utilize independent third-party quality assurance/quality control on site and under contract
- Does not have a written corporate quality assurance/quality control program but strictly enforces all installation and construction procedures

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To be an **undesirable** account a medium GC would:

- Would not have a detailed or signed application
- Would have a poor financial rating (credit score class and financial stress class of 3 and/or a 12-month Paydex below 50)
- Would have less than 5 years in business and less than 5 years constructing in present market
- Would have less than 5 years experience constructing in anticipated geographical area
- More than 20 starts per year per location single family homes; (more than 7 commercial; more than 25 starts per year condo)
- Would have no contracts with subcontractors
- Would not have formal insurance requirements for all subcontractors
- Would not qualify subcontractors
- Would have no formal subcontractor certification plan
- Would not have any safety plan written or otherwise
- Would no requirements of subcontractors regarding subcontractor safety plans
- Would not require formal geotechnical reports on all projects
- Would not require formal pre-construction surveys on all projects
- Would have a loss history indicating regular losses over the past five years
- Would have poor legal history results in Lexis
- Would have poor history and negative comments results in Nexis and general database searches
- Would have fines or negative history in OSHA databases
- Would have fines or negative history in state jurisdictional databases, license cancellations, expirations, etc.
- Would not utilize independent third-party quality assurance/quality control on site and under contract
- Would have no quality assurance/quality control program



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Large GC best practices

The large GC (generally above \$15m to \$25m in sales)

To be **highly desirable** a large GC would:

- Have a signed significantly detailed application
- Would have an excellent financial rating including a credit score class and financial stress Class of 1 and a 12-month Paydex of 80 to 100
- Would have greater than 15 years in business and at least 10 years constructing in present market (i.e., single family homes, condos, etc.)
- Would have 15 years plus experience constructing in anticipated geographical area
- Less than 50 starts per year per location single family homes; (less than 7 starts per year commercial; less than 30 starts per year condo)
- Have appropriate contracts with all subcontractors
- Would have formal insurance requirements of all subcontractors
- Have qualification of all subcontractors
- Would have a formal subcontractor certification plan
- Personnel turnover rate is less than 15% for last 10 years
- Turnover rate of subcontractors is less than 15% for last 10 years
- Have a formal written and well-executed safety plan
- Would require a formal written and well-executed safety plan of all subcontractors
- Would require formal geotechnical reports on all projects



- Would require formal pre-construction surveys on all projects
- Would have good legal history results in Lexis
- Would have good history and no negative comments results in Nexis and general database searches
- Would have no fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- Have a stellar loss history indicating no losses over the last five years
- Would utilize independent third-party quality assurance/quality control on site and under contract
- Would have a written and well-executed quality assurance/quality control program

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To be a **desirable** account a large GC would:

- Has a detailed and signed application
- Has a relatively good financial rating including a credit score class and financial stress class of 2 or 3 and a 12-month Paydex of 50 to 100
- Would have greater than 15 years in business and at least 5 years constructing in present market
- Would have 10 years plus experience constructing in anticipated geographical area
- Less than 50 starts per year per location single family homes; (less than 10 starts per year commercial; less than 50 starts per year condo)
- Would have appropriate contracts with all subcontractors
- Would have formal insurance requirements of all subcontractors

- Has some formal qualification of subcontractors and is willing to further formalize their program
- Has no formal subcontractor certification plan but is willing to formalize their program
- Personnel turnover rate is less than 20% for last 10 years
- Turnover rate of subcontractors is less than 20% for last 10 years
- Has a formal written safety plan
- Requires formal written safety plans for all subcontractors
- Has had no significant loss history over the past five years
- Would require formal geotechnical reports on all projects
- Would require formal pre-construction surveys on all projects
- Would have anticipated legal history results in Lexis and signature losses only
- Would have anticipated history and negative comments results in Nexis and general database searches
- May have some limited fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- Would utilize independent third-party quality assurance/ quality control on site and under contract
- Has a written quality assurance/quality control program



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To be an **undesirable** account a large GC would:

- Would not have a detailed or signed application
- Would have a poor financial rating (credit score class and financial stress class of 3 and/or a 12-month Paydex below 50)
- Would have less than 5 years in business and less than 5 years constructing in present market
- Would have less than 5 years experience constructing in anticipated geographical area
- More than 55 starts per year per location single family homes; (more than 15 starts per year commercial; more than 60 starts per year condo)
- Would have no contracts with subcontractors
- Would not have formal insurance requirements for all subcontractors
- Would not qualify subcontractors
- Personnel turnover rate is greater than 20% for last 5 years
- Turnover rate of subcontractors is greater than 20% for last 5 years
- Would have no formal subcontractor certification plan
- Would not have any safety plan written or otherwise
- Would no requirements of subcontractors regarding subcontractor safety plans
- Would have a loss history indicating regular losses over the past five years
- Would not require formal geotechnical reports on all projects

- Would not require formal pre-construction surveys on all projects
- Would have poor legal history results in Lexis
- Would have poor history and negative comments results in Nexis and general database searches
- Would have fines or negative history in OSHA databases
- Would have fines or negative history in state jurisdictional databases, license cancellations, expirations, etc.
- Would not utilize independent third-party quality assurance/quality control on site and under contract
- Would have no quality assurance/quality control program



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Magnum GC best practices

The magnum GC (generally above \$25m in sales)

To be **highly desirable** a magnum GC would:

- Have a signed significantly detailed application
- Would have an excellent financial rating including a credit score class and financial stress class of 1 and a 12-month Paydex of 80 to 100
- Would have greater than 25 years in business and at least 15 years constructing in present market (i.e., single family homes, condos, etc.)
- Would have 20 years plus experience constructing in anticipated geographical area
- Less than 100 starts per year per location single family home; (less than 20 commercial; less than 80 starts per year condo)
- Have appropriate contracts with all subcontractors and maintains current and history copies
- Would have formal insurance requirements of all subcontractors, maintains current certificates of insurance and policies
- Have qualification of all subcontractors
- Would have a formal subcontractor certification plan
- Personnel turnover rate is less than 15% for last 10 years
- Turnover rate of subcontractors is less than 15% for last 10 years
- Have a formal written and well-executed safety plan
- Would require a formal written and well-executed safety plan of all subcontractors
- Have a stellar loss history indicating no losses over the last five years
- Would require formal geotechnical reports on all projects
- Would have good legal history results in Lexis
- Would have good history and no negative comments results in Nexis and general database searches
- Would have no fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- Would require formal pre-construction surveys on all projects
- Would have a written and well-executed quality assurance/quality control program
- Would utilize independent third-party quality assurance/quality control on site and under contract

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To be a **desirable** account a magnum GC would:

- Would have a detailed and signed application
- Would have a relatively good financial rating including a credit score class and financial stress class of 2 or 3 and a 12-month Paydex of 50 to 100
- Would have greater than 15 years in business and at least 10 years constructing in present market
- Would have 10 to 20 years plus experience constructing in anticipated geographical area
- Less than 100 starts per year per location single family home; (less than 25 starts per year commercial; less than 100 starts per year condo)
- Would have appropriate contracts with all subcontractors
- Would have formal insurance requirements of all subcontractors
- Has some qualification of subcontractors and is willing to formalize their program
- Has no formal subcontractor certification plan but is willing to formalize their program
- Personnel turnover rate is less than 20% for the last 10 years
- Turnover rate of subcontractors is less than 20% for last 10 years
- Has a formal written safety plan
- Requires formal written safety plans for all subcontractors
- Has had no significant loss history over the past five years
- Would require formal geotechnical reports on all projects



- Would have anticipated legal history results in Lexis and signature losses only
- Would have anticipated history and negative comments results in Nexis and general database searches
- May have some limited fines or negative history in OSHA databases
- Would have no fines or negative history in state jurisdictional databases, license cancellations, expirations
- Would require formal pre-construction surveys on all projects
- Would utilize independent third-party quality assurance/quality control on site and under contract
- Has a written quality assurance/quality control program

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To be an **undesirable** account a magnum GC would:

- Would not have a detailed or signed application
- Would have a poor financial rating (credit score class and financial stress class of 4 or 5 and/or a 12-month Paydex below 50)
- Would have less than 15 years in business and less than 10 years constructing in present market
- Would have less than 10 years experience constructing in anticipated geographical area
- More than 100 starts per year per location single family home, (more than 25 starts per year commercial; more than 100 starts per year condo)
- Would have no contracts with subcontractors or have contracts with lack of appropriate/adequate risk transfer
- Would not have formal insurance requirements for all subcontractors
- Would have no formal insurance requirement of all subcontractors
- Would not qualify subcontractors
- Would have no formal subcontractor certification plan
- Turnover rate of subcontractors is greater than 20% for last 10 years
- Would not have any safety plan written or otherwise or has an incomplete plan
- Would no requirements of subcontractors regarding subcontractor safety plans
- Would not require formal geotechnical reports on all projects
- Would not require formal pre-construction surveys on all projects

- Would have a loss history indicating regular losses over the past five years
- Would have poor legal history results in Lexis
- Would have poor history and negative comments results in Nexis and general database searches
- Would have fines or negative history in OSHA databases
- Would have fines or negative history in state jurisdictional databases, license cancellations, expirations, etc.
- Would not utilize independent third-party quality assurance/quality control on site and under contract
- Would have no quality assurance/quality control program or has an incomplete plan



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