

RISKY BUSINESS: INSURANCE VP SEEKS TO SAFEGUARD YOUR CONSTRUCTION SITE

CHRISTIA GIBBONS

Dennis Tsonis is a many-faceted guy. Outside of work, he's a husband and father, Boy Scout leader, member of the Fighter Country Partnership's Blue Blazer Squadron — which supports military personnel at Luke Air Force Base — an award-winning homebrewer, and nationally recognized beer judge.

Job-related, he currently is serving as director of the American Subcontractors Association — Arizona Chapter and is chairman of the scholarship committee of the Valley of the Sun Chapter of the Construction Financial Management Association.

On the job, Dennis is an expert on construction risk management and insurance issues as senior vice president with Lovitt & Touché. As Construction Practice Leader, he shared his insight with the readers of *Arizona Contractor & Community* magazine on protecting contractors, architects and engineers, developers, and suppliers.

Please tell us a little about yourself.

I've been working in insurance for more than 30 years, with the last 16-plus at Lovitt & Touché. As the construction practice leader, my goal is to make sure we understand the needs of our construction clients and bring them a consistently high level of expertise and service.

What does "best practices" mean when it comes to construction site safety?

"Best practices" in construction safety include creating and maintaining a construction workplace environment that gives the worker the best chance of completing the day without injury. This entails the right mixture of training, equipment, tools, planning, awareness, and attitude.

What are the most common accidents/risk factors on a job site from structural to equipment to personal?

According to OSHA, struck-by as well as caught in/in between rank very high among common accidents. That's why they

are part of the OSHA "Focus Four Hazards" in OSHA 10 training.

Who all needs insurance for the site? Property owner? Contractor? Subcontractor?

Everyone involved in the construction project is subject to liability for independent negligence as well as vicarious liability and needs insurance. Many try to transfer the risk to a downstream party via a contract, but everyone needs insurance as a financial backstop, should the downstream party be unable to meet the requirements of the contract, as well as for defense and coverage from independent acts.

How does workers compensation come into play?

Workers Compensation protects the employee from medical expenses and lost wages due to work-related injuries, and it protects the employer from employee lawsuits for a workplace injury. It is required by law to provide this insurance to your employees in all states except Texas. You accept the employee as they come, so if they have a predisposition to an injury, like a bad back, and then claim they injured their back on their second day on the job, your WC policy could be responsible for the medical bills and lost time from the back injury. Workers Compensation claims will impact your policy premium for three years, so it is critical that employers try to prevent claims, manage them when they occur, and be on the lookout for fraud.

Are there legal requirements for certain kinds of construction site insurance?

Workers Compensation insurance is required by law in all states except Texas. Automobile insurance is also required by law.

What different kinds of insurance is offered, and for what?

We offer all the insurance a typical contractor would need to protect themselves from business and project risks, and meet the requirements of the contracts they enter into. This includes Workers Compensation, General Liability, Excess Liability, Automobile, Contractor's Equipment, Builders Risk, Contractor's Pollution Liability, Contractor's Professional Liability, Property, Cyber Insurance, Aviation Insur-



Image courtesy of Author

ance, Employment Practices Liability, Directors & Officers Liability, Fiduciary Liability, Crime Insurance, Cargo Insurance, and more.

What pitfalls should a contractor be aware of when buying insurance?

Not all policies are the same, and you often get only what you pay for. Contractors should be careful to choose an agent and an insurance company that specializes in construction risk so that they get the best advice, coverage, and value. Without the right guidance, contractors could be in breach of contract and exposure to financial loss from uncovered claims.

What is a risk mitigation program?

A risk mitigation program is a proactive plan to identify risks and choose the best combination of risk transfer, risk avoidance, risk assumption, and risk control to minimize the impact of these risks on a company's bottom line. It is critical to the financial health of a construction company to effectively manage their risks through purchasing adequate insurance, effective contractual risk transfer and appropriate safety policies and procedures. An experienced construction insurance agent can be a valuable resource in achieving an effective risk mitigation program.