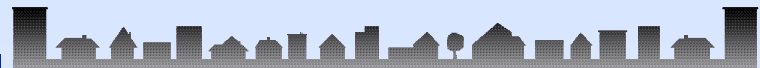




Desperately Seeking Insurance: A Rater's Quest for Coverage

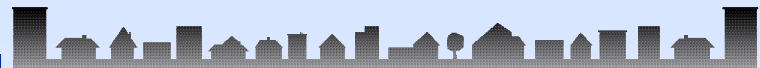
Jim Cavallo
Kouba-Cavallo Associates, Inc.
and Home Energy Magazine
Downers Grove, IL





Origins of this Work

- I am a home energy rater in Illinois and had avoided any questions of getting insurance for almost 3 years
- Last Spring I was about to close a deal with a builder but the contract he presented to me had an insurance clause
- Unable to ignore my need for insurance any longer, I started searching for coverage
- I began by calling friends

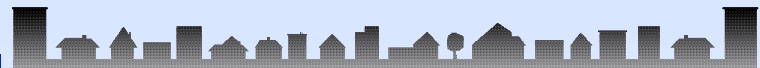




Searching for Insurance

- My search began by calling a neighbor who owns a local insurance firm
 - He would sell me a policy, but only if I already had one for 3 years
 - He also was not sure what an energy rater is

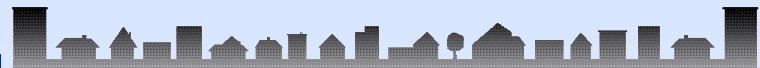
- I called other firms in Illinois; they asked
 - “Are you a home inspector?”
 - “Do you install something?”
 - “Are you an engineer?”





Insurance in Wisconsin

- I then called friends in Wisconsin who are energy raters
 - I learned that most raters have insurance
 - Raters generally hold general liability insurance
 - Policy costs tend to range from \$350 to \$500 per year
 - One rater said that he could get professional liability insurance, but at a cost of \$2,000 per year and up; he didn't see the need because "raters don't install anything, nor do they alter any equipment or settings in the house"
- This was interesting but didn't help me because Wisconsin firms don't sell in Illinois





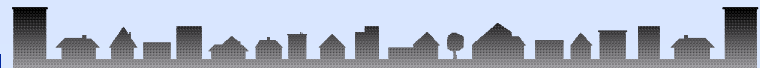
Terms You Should Know

■ General Liability Insurance

- Most basic type of commercial insurance
- Limited to liability claims of bodily injury or property damage
- Coverage is provided for accidents on your premises or at a customer location

■ Professional Liability Insurance (Errors and Omissions)

- Protects a policy holder from malpractice and breach of contract claims by customers
- Needed for many professionals where damage can exceed the value of services provided

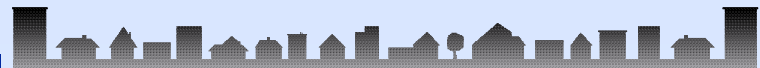




General Liability Insurance

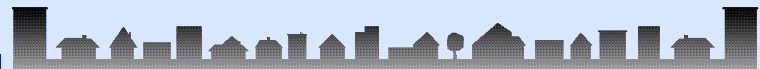


Cartoon by
Rick Stover



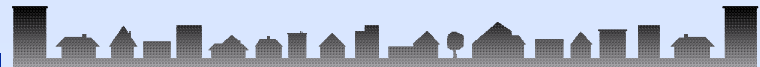


Professional Liability Insurance (E&O)





Professional Liability Insurance (E&O)

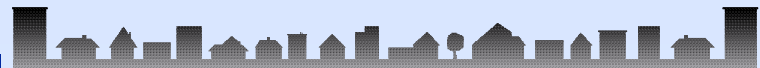




Every State Seems Different

- In Vermont all raters are covered by an E&O policy purchased by VEIC
 - David Burdaglio said the policy is “very expensive” but the state requires it and funds the program

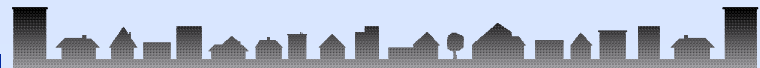
- In California all raters are required to carry insurance
 - Tom Hamilton said about 80% hold general liability and 20% have E&O
 - He said general liability ranged from \$2500 to \$5000 while E&O added an extra \$3000 to \$6000





Every State Seems Different

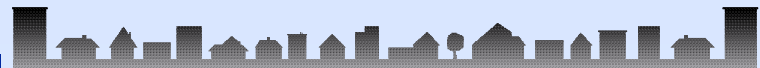
- Steve Courville of ICF Consulting offered his thought from the perspective of New York and the Home Performance with Energy Star program
 - “Attorneys will look for any reason to get the dollars. If written recommendations are not clearly written, building issues not documented properly, or if after the work is done it does not save the energy or correct the building failures, or if it causes other building failures, we will get sued.”
 - He recommends E&O for all raters
 - He estimated that general liability costs between \$1500 and \$3000 and E&O between \$2500 and \$7000





Taking a Survey

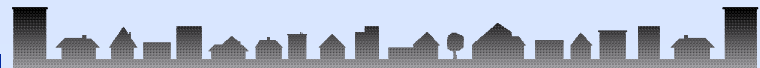
- After talking to folks in 4 states and still not having insurance, I spoke with Steve Baden last year at the Affordable Comfort program retreat
- He said that insurance was a problem around the country
- We decided to do a survey (informal) of raters around the country
- I wrote up 5 questions and Steve sent the questions to raters on his e-mail list





Survey Questions

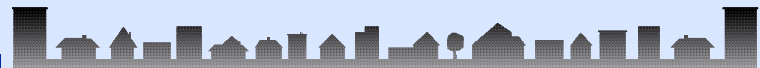
- In what state(s) do you work?
- Do you carry insurance for your rating business?
- If you carry insurance, what type? General/E&O
- If you carry insurance, how much does your insurance policy cost? (If you carry E&O, please break out the cost of that coverage.)
- Did you have choices of insurance companies? Did you experience difficulties?





HERS Raters and Insurance: A Survey

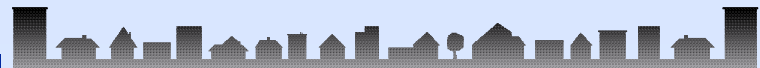
- Number of respondents: 26
- Number of states represented: 29
- Number with some insurance: 23 out of 26 (88%)
- Number having insurance carrying professional liability policies: 9 out of 23 (39%)
- Range of cost for general liability policies: \$200 to \$4800 (average \$1623)
- Range of cost for professional liability policies: \$2410 to \$11,784 (average \$6077)





Additional Information from Survey

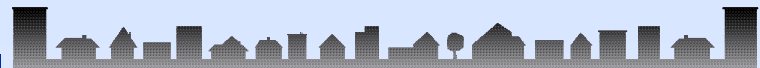
- 12 out of the 23 with insurance felt that they had no choice of companies or agents
- 11 of the 23 found at least some limited choice
- 12 of the 23 reported that they experienced difficulties in getting insurance because insurance agents did not know what an energy rater is





The Results of My Insurance Search

- I finally found a firm that would sell me a general liability policy
 - Annual cost: \$402
 - Coverage:
 - \$1 million for any single event
 - \$2 million general aggregate limit
 - \$5000 for personal business property





Some Things Cannot be Insured Against



Steve Bartman's life cannot be insured after interfering with a sure thing just 5 outs away the Cubs going to the World Series

