

Building in San Juan is dynamic, fast-paced, and full of opportunity—but it's also uniquely exposed to coastal weather, seismic activity, and complex permitting. Whether you're planning a boutique hotel refresh in Condado, a new restaurant buildout in Santurce, or a mid-rise multifamily development in Hato Rey, choosing general contractors Puerto Rico who are properly insured and bonded is non-negotiable. Strong risk management doesn't just protect the jobsite; it safeguards your investment, schedule, and reputation.

Below is a practical guide to the core insurance and bonding requirements you should expect for commercial construction San Juan projects, along with owner-ready checklists and tips for vetting partners—from multi family construction companies San Juan to a hotel renovation company or commercial restaurant contractors.

Understanding the Puerto Rico Context

Puerto Rico operates under U.S. Federal standards while maintaining its own Insurance Code and regulatory environment. For construction, that dual framework affects insurance carriers, surety availability, contract language, and permitting. Three local realities shape risk profiles in San Juan:

- **Weather intensity.** Hurricanes, tropical storms, and wind-driven rain drive higher property and builder's risk costs, named-storm deductibles, and stricter site protection requirements.
- **Coastal and seismic exposure.** Flood zones, storm surge models, and seismic codes (PRBC/IBC-based) increase design and coverage complexity.
- **Supply chain and logistics.** Island logistics elevate delay exposures; insurance and bonding should contemplate extended lead times and business interruption.

Core Insurance Coverages You Should Require

For hotel, restaurant, and multifamily projects, expect a layered program. Experienced restaurant construction companies near me, a hotel renovation contractor, and multi family construction companies San Juan will be fluent in these:

- **Commercial General Liability (CGL).** Baseline protection for bodily injury and property damage. Look for \$1M per occurrence/\$2M aggregate at minimum; large commercial construction San Juan projects often require higher limits or umbrella coverage.
- **Excess/Umbrella Liability.** Extends liability limits to satisfy lender or owner requirements, especially for hospitality and high-traffic retail.
- **Workers' Compensation and Employers' Liability.** Mandatory; confirm coverage applies to Puerto Rico and all subcontract tiers. Verify experience modification rating and loss runs.
- **Builders Risk (Course of Construction).** Covers the work in place, materials on-site, and often in transit or off-site storage. For San Juan, scrutinize:
 - Named storm and windstorm deductibles (often percentage-based).
 - Flood coverage, especially if in FEMA SFHA zones.
 - Soft costs and delay in completion endorsements.
 - Testing coverage for MEP systems.
 - Change order automatic increase provisions.

- Professional Liability (Contractors' E&O). Crucial where design-assist, delegated design, or value engineering is significant—for example, with restaurant general contractors near me coordinating kitchen systems.
- Pollution/Environmental Liability. Highly relevant for older hotels and restaurants (mold, asbestos, grease interceptors, refrigerants), as well as soil or groundwater concerns.
- Inland Marine/Installation Floater. Protects tools, equipment, and installed materials—important given island transit and staging.
- Commercial Auto. For fleets, delivery, and hauling.

Contract Insurance Provisions That Protect Owners

Strong contracts with general contractors Puerto Rico and specialty subs should address:

- Additional insured status for owner and lender on both ongoing and completed operations (via CG 20 10 and CG 20 37 or equivalent PR-approved endorsements).
- Primary and non-contributory wording so contractor coverage responds first.
- Waiver of subrogation endorsements on CGL, workers' comp, and auto.
- Notice of cancellation provisions aligned with lender requirements.
- Subcontractor flow-down clauses mandating equivalent limits and endorsements.
- OCIP/CCIP options for larger mixed-use or hotel programs to consolidate risk, lower costs, and standardize claims handling.

Surety Bonds: Your Financial Backstop

Bonding is the other half of risk control—especially for public or lender-financed work. When evaluating a hotel renovation company, restaurant builders near me, or multi family construction companies San Juan, confirm their bonding capacity and relationship with a reputable surety licensed in Puerto Rico.

Key bonds include:

- Bid Bond. Affirms the contractor will honor its bid and furnish final bonds.
- Performance Bond. Guarantees completion per contract terms if the contractor defaults.
- Payment Bond. Protects against mechanics' liens and ensures subs/suppliers are paid.
- Maintenance/Warranty Bond. Covers defects during the warranty period.

For private projects, performance and payment bonds in the 50–100% contract value range are common; public work typically requires 100%. Assess the surety's A.M. Best rating (A- or better preferred) and the contractor's single and aggregate limits to ensure your project won't strain capacity.

Sector-Specific Considerations in San Juan

- Hotels and Resorts. For a hotel renovation contractor or hotel renovation company, verify business interruption and extra expense considerations tied to phased work, swing space, and FF&E schedules. Night work and guest-adjacent areas necessitate higher liability limits and meticulous site control.
- Restaurants. Commercial restaurant contractors and restaurant contractors near me must manage grease ducts, fire suppression, walk-in coolers, and rooftop penetrations. Ensure builder's risk contemplates equipment testing and that contractors carry pollution liability for potential mold or refrigerant releases.

- Multifamily. With multi family construction companies San Juan, focus on building envelope, water intrusion, and ADA/FHA compliance exposures. Ask for extended completed operations coverage aligning with local statutes of repose.

Vetting Checklists for Owners and Developers



When shortlisting general contractors Puerto Rico—whether restaurant general contractors near me or commercial construction San Juan specialists—request and verify:

- Certificates of Insurance with required endorsements and limits.
- Loss runs for the past 3–5 years; ask about corrective actions on any severe claims.
- Bonding letter from the surety stating single job and aggregate capacities.
- A draft builder's risk summary highlighting storm, flood, and earthquake terms.
- Safety metrics (TRIR, EMR) and site-specific safety plans for occupied hotels/restaurants.
- Subcontractor prequalification and insurance compliance processes.
- Local permitting and OGPe coordination experience, including coastal zone considerations.

Contract Practicalities That Save Time and Money

- Set clear insurance and bond requirements in bid documents; ambiguity becomes expensive later.
- Align substantial completion milestones with builder's risk and warranty triggers.
- Require photo/video documentation of temporary protections (roof tie-downs, flood barriers) before named storms.
- Include escalation and force majeure language calibrated to Puerto Rico supply-chain realities; verify how insurance interacts with these clauses.
- Engage your broker and construction attorney early to tailor endorsements and indemnity.

Common Pitfalls to Avoid

- Accepting minimal limits from small trades without verifying umbrella coverage.
- Overlooking completed operations coverage duration—critical for hospitality and multifamily.
- Ignoring differences between mainland and Puerto Rico policy forms or carrier authorizations.
- Failing to flow down contract insurance terms to all subs performing specialized work (hood systems, façade access).

Finding the Right Partner

If you're searching for restaurant contractors near me, restaurant construction companies near me, or restaurant builders near me, prioritize firms that can demonstrate robust insurance programs, clean loss histories, and active relationships with <https://maps.app.goo.gl/ffmL2UaLzGkw4FXK9> top-tier sureties. The same rigor applies when qualifying a hotel renovation contractor or multi family construction companies San Juan. In San Juan's environment, the right coverage is as much a performance indicator as schedule or price.

FAQs

Q1: What insurance limits are typical for mid-sized commercial projects in San Juan? A1: Many owners require CGL at \$1M/\$2M with a \$5M umbrella, workers' comp statutory, auto at \$1M combined single limit, and builder's risk at full replacement value with storm and flood endorsements. Larger hotels or mixed-use developments often push umbrellas to \$10M.

Q2: How do named-storm deductibles affect my builder's risk? A2: Deductibles are often a percentage of the project value (e.g., 2–5%) and can materially impact loss recovery. Negotiate caps where possible and ensure robust temporary protection and documentation protocols to mitigate exposures.

Q3: What's the difference between builder's risk and property insurance? A3: Builder's risk covers the project during construction (work in place, materials, certain soft costs). Property insurance activates after substantial/final completion when the asset is operational. Ensure smooth handover to avoid coverage gaps.

Q4: How can I verify a contractor's bonding capacity? A4: Request a surety letter on carrier letterhead stating single and aggregate limits, plus the surety's A.M. Best rating. Confirm the surety is licensed in Puerto Rico and ask for references on recently bonded projects of similar size.

Q5: Do I need pollution liability for restaurant or hotel renovations? A5: It's strongly recommended. Renovations often involve mold, refrigerants, fuel oils, or historical contaminants. Pollution liability covers third-party claims and cleanup costs that standard CGL typically excludes.