

# BR firm wins major contract

## Go Kahuna to do background checks free in deal with Zurich

By **TED GRIGGS**

Advocate business writer

Go Kahuna will provide background checks free to contractors and subcontractors insured by Zurich North America Commercial's construction business unit in a deal that will give the Baton Rouge firm instant national exposure.

"The implied endorsement (of Zurich) is going to take us through the roof," Go Kahuna Chief Executive Officer Don Morgan said.

The Internet-based company will run background checks on subcontractors to make sure they are properly licensed and insured, Morgan said. Firms that pass muster are certified and listed as such on <http://www.gokahuna.com/>. The Web site lists qualified subcontractors by geographic location.

Seth Hausman, senior vice president for Zurich's construction unit, said he could not discuss the financial details of the two-year contract with Go Kahuna or how many contractors and subcontractors Zurich insures. "We are the market leader," Hausman said. Zurich was the largest construction insurer in North America in 2004, according to insurance rating firm A.M. Best.

The company's North American commercial premiums were more than \$6 billion during the first half of 2006. Parent company Zurich Financial Services Group employs 55,000 people worldwide. It's difficult to quantify how much the alliance will be worth to Go Kahuna, Hausman said. The association has put Go Kahuna in front of Zurich customers to whom the Baton Rouge firm would not ordinarily have had access.

Go Kahuna, now in the midst of doubling its office space, is already looking for more room to grow, Morgan said.

The company expects to triple the size of its work force, to 30 people, within the next 90 days.

"It's just going to be a tremendous boost to us," Morgan said.

Hausman said the deal has been under discussion for a couple of months.

Zurich is always looking for creative risk solutions for its customers, Hausman said. While it is too early to say

whether that will take place, the Go Kahuna business model appears as if it can accomplish just that.

Go Kahuna charges \$999 a year for certification, Morgan said. With Zurich requiring general contractors to certify a high percentage of subcontractors, the alliance could generate a tremendous amount of business for Go Kahuna.

Certification reduces the general contractors' exposure to lawsuits and uninsured claims, Morgan said. Go Kahuna can do continual verifications to make sure that those licenses and insurance remain in place.

"Normally, when the sub comes in, it has to bring in an insurance certificate. Let's just say they need \$5 million in general liability and worker's comp coverage," Morgan said. "Two months into the job, they look at their general liability insurance and decide it's too expensive so they drop it to \$500,000, and they do the same with workers' comp."

That means if there's a problem that costs more than \$500,000, the general contractor has to take over that liability or eat part of the cost, Morgan said.

Hausman said general contractors spend a significant amount of their time making sure their subcontractors have prequalified for work.

Certification is an important part of that process, and Zurich is doing everything it can to make the process more efficient for its customers, he said. Certification also benefits Zurich-insured subcontractors, who can have their credentials verified at no cost.

Go Kahuna is the only company providing the service for Zurich customers, Hausman said.

Go Kahuna's name is a combination of a fun and memorable phrase with a fitting meaning for a business consultant. Kahuna means guru, or expert.

Morgan said certification gives subcontractors other advantages, such as reducing the need for some prequalification statements and bid bonds.

Certification also helps small-but-legitimate subcontractors distinguish themselves from similar-sized firms that are not licensed and insured, Morgan said.