

Construction Insurance

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- **I have trained more than 2,000 individuals to become ACII qualified**
- I have trained over 50% of the individuals in the last 8 years that have gone onto achieve the highest ACII pass in the whole of the UK.
- I train to a pass rate of more than 96% in all CII qualification levels. Certificate , Diploma and Advanced Diploma.
- I have delivered the Allianz scholarship and academy programmes in both the UK and Ireland and the Ask Alan facility for Zurich.
- I have delivered training throughout Europe for many major brokers and insurers.
- I have trained students who have won national prizes in almost all ACII subjects including Insurance Law (MO5), Liability (M96), Commercial Property and BI (M93), Personal Lines Insurance (P86), Business and Finance (M92), Underwriting Practice (M80), Advanced Underwriting (960), Claims Practice (M85), Advanced Claims (820), Marketing (945), Advanced Broking (930) and Advanced Risk Management (992).

Alan Chandler's **Remote** Technical Training Courses alanchandler@uwclub.net

- D&O in a plain English nutshell
- GDPR/Data Protection
- Insurance Distribution Directive
- Vulnerable Customers
- Ogden update
- The perfect storm - Understanding how Covid-19, floods, solvency margins and Ogden are changing your insurance market place
- How broker E&O claims are increasing and how these can be mitigated
- The missed opportunity – how UK employments trends are changing yet the financial services sector is lagging behind
- Financial awareness for account executives and handlers
- Leadership in insurance
- Commercial property insurance
- Business interruption insurance
- Construction insurance
- Liability insurance (EL, PL and Products)
- Professional Indemnity insurance
- Motor Trade insurance
- Directors and officers insurance
- Motor Fleet insurance
- Engineering insurance
- Package insurance
- Legal Principles of insurance
- Household insurance
- Private Motor insurance
- How liability can arise under the law of tort
- Examination Techniques workshop

Alan Chandler Training courses for Cii Examinations alanchandler@uwclub.net

At Certificate Level

- IF1 Insurance legal and regulatory
- IF2 General insurance products
- IF3 Insurance underwriting process
- IF4 Insurance claims handling process
- IF5 Motor insurance products
- IF6 Household insurance products
- IF8 Packaged commercial insurance

At Diploma Level

- MO5 Insurance Law
- M92 Insurance Business and Finance
- M93 Commercial property and business interruption insurance
- M96 Liability insurances
- M80 Underwriting practice
- M85 Claims practice
- M86 Personal Lines insurance

At Advanced Diploma Level (ACII)

- 530 Economics and business
- 820 Advanced claims
- 930 Advanced broking
- 945 Marketing insurance products and services
- 960 Advanced underwriting
- 992 Advanced risk management
- Basically I can set up an entire training programme to take people from nothing to fully ACII qualified.

LEARNING OBJECTIVES

- Understand Contract works cover
- Understand contractors liability cover including non-negligence
- Understand the Business interruption requirements including how to add fines and damages cover
- Understand why the current limits of indemnity offered under contractors policies are often too low

Contracting

- What is a contractor?
- Why are they different?
- How do they operate?
- Where do they need insurance cover?
- When is insurance required?

Contracting

Why are contractors all so different

- Risk management
 - The contracting industry has one of the worst records for health and safety.
 - This is partly due to the nature of the work and activities, but also due to the historically poor attitude of contractors to health and safety generally
 - Material loss or damage is also difficult because the site is only occupied for a temporary period, it is exposed to the elements, and difficult to ensure that effective security is installed, maintained and controlled

Contracting

Types of contracts

Building

Electrical
Plumbing
Roofing
Bricklayer
Insulation
Painting / Decorating

Civil engineers

Groundwork
Structural steel
Bridge construction
Tunneling
Piling
Surfacing
Reinforced concrete

Mechanical engineers

Machinery
Heating / Ventilation

Contracting

Why are all contractors so different?

- Size
 - Dependant on the nature of their work and the type of contracts they accept, they will vary in size from
“1-man band” to multi-national companies
- In view of the fluctuations in the volume and size of work with which they are involved, they utilise a core of employees and then engage other contractors (sub contractors) when the need or demand changes.


Contracting

What does the word contractor mean?

- What is a contractor?

“Undertaker of contract, especially for building to specified plans;
contracting muscle”

(Concise Oxford Dictionary)

- Contract an important part of the definition
 - Contractual responsibilities govern what risks are the responsibility of whom and for how long
 - Contractor - synonymous term with “building contractor”, but wide interpretation of the nature of activities
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Contracting

Why are all contractors so different?

- There is a considerable variety in the nature of activities undertaken by “contractors”.
- It is therefore essential to fully understand ALL of their activities and whether they are involved in any contracts which require specialist skills outside their normal range of activity
- If the contractor does not use a broker then they become the expert in insurance – think about this statement

Contracting

Where do contractors need insurance cover?

All aspects of their activities, and those of some of their sub-contractors

- a) Premises As with any commercial company – yard, offices, storage, manufacturing
- b) Transit To and from contract sites, export to overseas contracts, import of materials and plant for the contract
- c) Site Control of site (permit to work), control the access for visitors, materials etc, monitor the progress of work to ensure completion within the agreed timescales
- d) Elsewhere Storage away from the site, manufacture, assembly work at other locations, dependency on other locations

Commercial Combined Policy

- Material damage
 - Own premises – buildings, machinery, plant, stock
 - Excluding contract works
 - Mainly administration and storage and maintenance of plant / equipment
- Business interruption
 - Own premises
 - Loss or damage to plans, docs
 - Potential delays to site work - penalties
 - Contract sites – if required, extend “premises definition”
 - Fines and penalties – possible extension – how do we arrange this
 - Liquidated damages – specified in contract terms

Commercial Combined Policy

- Employers liability
 - All locations
 - Own and other contractors / sub-contractors – dependent on their own insurance arrangements and contractual relationship
- Public liability
 - Liability arising out of the works being undertaken

- **When is an employee and employee?**
- Sub-contractor – specialists in own disciplines and on completion of their part of the works will hand over to the main contractor.
 - Bona fide sub-contractors – as above
 - Labour only sub-contractors – directed and working under the control, direction and supervision of contractor

Non-Negligence – Site Risk

Clause 6.5.1 (Joint Contracts Tribunal 2005) – formerly known as 21.2.1

- Liability, loss, injury, damage or expense incurred to any T.P. property and caused by:
 - Collapse
 - Subsidence
 - Heave
 - Vibration
 - Weakening or removal of support when carrying out the works i.e. the perils specified in the standard clause, no cover for the contract works

Contract Works Policy (Site risk, including transit to and from contract site)

Material damage = ALL RISKS until completion when it reduces to restricted perils – the irony!

- Contract works
 - Permanent works
 - Temporary works
 - Free issue materials
 - Other materials
- Own plant and machinery
 - Contractors plant
 - Temporary buildings
 - Employees tools and effects

Parties to the Contract

- Principal / employer – commissioning the work
- Funders – lending to the principal / employer to enable the work to proceed
- Architect, consulting engineer, design consultant, surveyor, professional adviser – can be appointed by either principal or contractor
- Managing contractor – responsible for completing the works on time and within budget
- Main contractor – responsible for completion of works on time and within budget, either using own resources or sub-contractors

Collateral Warranties

Contracts -

Employer

Builder

Architect

Collateral warranty - _____

A contract collateral to (or alongside) another contract which creates a contractual relationship, where otherwise none would exist

Material Damage

Contract works – clauses

- Additional interests / parties
- Automatic reinstatement of sum insured
- Debris removal
- EU and public authorities
- Off-site storage – key element is that materials must be stored separately and identified for inclusion in the contract. Not intended to include materials stored at the insured's premises
- Professional fees
- Redrawing of plans and documents
- Show properties – until properties sold or completion of whole contract

Material Damage

Contract works – clauses

- Speculative building – common practice for pdhs to be left incomplete, without bathrooms and kitchens, known as practical completion and cover can be extended for up to 180 days or until property is sold, leased or rented