



Insurance for construction business

Construction firms including self-employed contractors like builders, plumbers, roofers or electricians should invest in the adequate insurance policy. The recent findings suggest that more than a half of businesses have the insufficient cover. Read this brief guidance on the types of insurance products available.

Before taking out the insurance policy you need to consider the following aspects:

- define your business activity and the type of works you are carrying out
- assess the risks connected with the particular works and which type of works dominate
- estimate the turnover and annual payroll bill
- declare if there are any sub-contractors. In case when they have the separate contract with the client and their own insurance, materials and tools, they might be considered bona fide sub-contractors.

To establish whether the worker has a bona-fide status, answer some questions:

- If your worker earn in your business more than 20% of their total wage they are not bona-fide.
- If you order the work on a separate section of the job with no supervision it will be an employer not bona-fide sub-contractor.
- If the worker is using your materials and tools, he is not bona-fide.

Contractors All Risk Insurance

Contractors All Risk insurance is necessary for building contractors or developers. This policy covers the building works on structure in case of new builds, extensions or lofts. The standard Public Liability policy will only cover tradesman for damage caused to the third-party premises including the existing structure. Contractors All Risk Insurance will cover any damage caused to the building works and the structure that is being built including the poor workmanship. In addition, the Contractors All Risk Insurance includes cover for future claims with regards to works carried out by the insured.

Contract Works Insurance

Contract Works Insurance protects the project from A to Z. The public liability insurance often do not give the adequate protection. Contract Works Insurance can be taken additionally to



ensure the project is fully covered. Liability policy will not work if the build extends the area of the property outside the original dimensions, such as a rear extension or a loft conversion. In case of the damage to those new parts of the build, through fire, flood, vandalism or other reason a liability policy will not apply.

JCT Insurance

A JCT (Joint Contracts Tribunal) Contract is an contract agreement that defines the responsibilities and the liabilities of each party involved in a building project. There are various types of JCT insurances available that protects both developer and contractor on the particular project.

Legal Indemnity Insurance

This type of the policy is useful in case of the lack of planning permission, structural details, building regulations approval, mistakes in drawings and specifications. Legal indemnity insurance covers all aspects of the build, from initial design to construction, including health and safety issues.

Building Warranties Insurance

A latent defect policy known as building warranty or structural warranty insurance, is covering the cost of rectifying or repairing structural damage to a building, caused by a fault in the design, faulty construction or imperfect materials. This applies to problems with a new build, a conversion or a com-

pleted build, that may not be apparent at the time of completion. The insurance cover will apply from 8 to 12 years. The type of damage covered includes: damage caused by structural defects and ingress of water; remedial work to prevent threat of collapse; costs of dismantling, moving, storing and re-erecting property; as well as all professional fees. In addition, our policies can also include cover for component failure, which will protect you from the premature failure of nonstructural component parts such as: boilers, wiring, pipe work, and even kitchen units.

We recommend to look for the insurance brokers specialising in the policies designated for building contractors like for instance www.constructioninsure.co.uk