

# Contractors' insurance masterclass - introduction

DELIVERED BY ALAN TICKNER – FCII,  
FIRM

FEBRUARY 2025

---



# Introduction/housekeeping

---

Welcome and thank you!

60 minutes webinar format – muted and video off. Polls, Chat, Q&A

## **Alan Tickner – FCII, FIRM**

- Background over 40 years in the Insurance industry primarily in Broking sector
- CII Mentor
- Now consultant to major construction firm and technical trainer for Nick Thomas & Associates

## **Nick Thomas & Associates**

- Up to the minute training solutions addressing the challenges of the modern insurance professional
- Technical insurance; sales, communication and soft skills; customer service; management and leadership; performance, resilience and wellbeing training



# Objectives

At the end of the session delegates will:

- Be aware of what a contract works policy covers
- Owner Controlled Policies
- Understand what liability cover a contractor requires

# 6 Main Aspects in Construction

---

1. Planning and Design
2. Site Preparation
3. Foundation and Structure
4. Mechanical and Electrical
5. Finishing
6. Inspections and Approval

# Contractors' All Risks 1

---

Policy that covers risks associated with a construction project

## Contract Works

- Free issue Materials
- Temporary Works
- Employees Tools and Personal Effects



# Contractors' All Risks 2

---

## Contractors Plant

- Constructional Plant
- Temporary Buildings
- Hired In Plant

## Defects Exclusions

## Public and Employers' Liability and others



# All Risks for Contractors

---

- Plumbers Joiners and other trades 3-5 employees
- Medium size subcontractors –commercial trades
- Major Contractors
- Contract Works Option A, B or C
  - 6.5.1 Non-negligent cover for neighbouring properties
  - Public and Employers Liability
  - Professional Indemnity
- Defects Exclusions



# Owner Controlled Insurance Programme

---

## Benefits

- Cost
- Cover
- Control
- Claims

## Structure



# Contractors all risks - contract works defects

A steel frame building with roof completed, cladding partially completed and dwarf brick wall completed. The nuts and bolts used in construction of the steel framework proved to be inadequate, and the whole structure collapsed, damaging everything. The various defect exclusions would limit indemnity as follows -

- DE1 - all damage would be excluded
- DE2 - all damaged items excluded except for the dwarf brick wall
- DE3 - steel framework excluded; roof, cladding and dwarf brick wall paid for
- DE4 - only the nuts and bolts excluded
- DE5 - all damage paid for, but improvement costs of nuts and bolts excluded



Example from The Insurance Institute of London's Report of Advanced Study Group 208B - Construction Insurance

# Contractors all risks - public liability

---

Legal liability in respect injury or damage to property and nuisance trespass, obstruction or interference with any right of way, light, air, water or easement

## Exclusions

- High risk locations-chemical works, oil refineries
- Damage to Goods Supplied
- Advice and Design
- Asbestos

## Conditions

- Fire Precautions, application of heat, angle grinders
- Underground Services
- Bona Fide Subcontractors



# Contractors all risks - public liability

---

## Indemnity to principal

- Standard requirement in contract between principal and contractors, contractors and sub-contractors
- May be within 'additional persons covered' clause

## Contractual Liability

- liability assumed by the Insured either directly or indirectly by a contract or agreement entered into by the Insured.



# Contractors all risks - JCT clause

## 6.5.1. non-negligence liability

---

Non-negligence, JCT 6.5.1, party wall insurance

Public liability responds to negligence

- But employer and contractor may also be liable for damage to third party property without negligence
- Need additional cover
- Gold v Patman and Fotheringham (1958)
- JCT contract condition 6.5.1 sets out cover required (e.g., removal of support, collapse)

Separate section or extension to contractors' PL

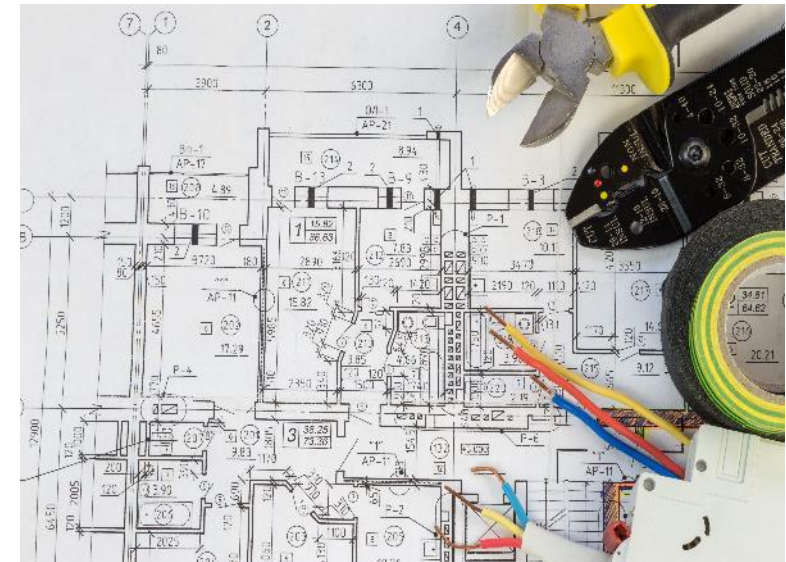
- Joint names of the employer and the contractor
- Arranged by contractors with their insurer
- Paid for by employer



# Design and build professional indemnity

Contractors also have a professional indemnity exposure – design liability

- Meaning of Design and Build
- design alterations during a build (very common)
- Joint insureds?
- Retroactive dates
- Common Extensions
- Collateral Warranties



# Contractors' all risks

---

Hard market – risk management is key

Seeing conditions added to policies

- Joint Fire Code conditions (applies to all projects above £2.5m)
- Storage of materials - theft risk, site security
- Managing Escape of Water Risk on Construction Sites e.g., automatic water shutoff valves
- Cladding – fire risk, heat conditions

Timber– framed buildings – may have JFC conditions added

Removal of low-claims rebate

Reducing defect cover available



# Broking information required

---

## How long firm has been in business

- Names and experience of directors (CCJs)
- Claims experience

## Detailed description of type of work undertaken

- Position in contract chain (main contractor or sub-contractor)
- Usual contract conditions
- Maximum contract size
- Split between work in/on new build and existing buildings

## Turnover - last 5 years turnover, split between

- Contracts where the Employer is responsible for insuring
- Types of locations worked at
- Work involving use of materials containing asbestos
- Work above 10M from ground level / below 1M



# Broking information required

---

Details of work involving the use of timber frames/modern methods of construction

Details of employee and site risk management

- Does insured act as site controller?
- Site security

Estimated maximum exposure any one site

Details of plant

Estimated maximum exposure for own / hired in plant on site/own premises

- Annual hiring charges



# Objectives Revisited

At the end of this session delegates now:

- are aware of what a Contract Works policy covers,
- Controller Owned Policies
- understand what liability cover a contractor requires

# Thank you! Questions?

---

## Contact:

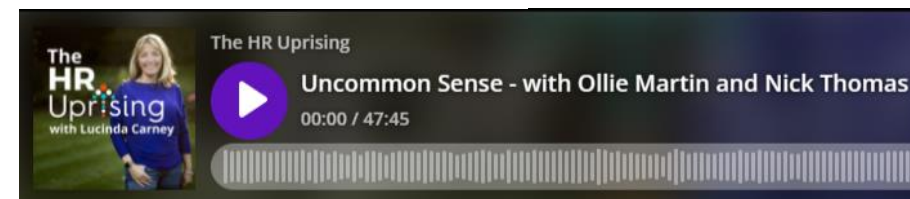
Email: [nick@nickthomasassociates.co.uk](mailto:nick@nickthomasassociates.co.uk)

Website: [www.nickthomasassociates.co.uk](http://www.nickthomasassociates.co.uk)

LinkedIn: <https://www.linkedin.com/in/nick-thomas-64046113/>

LinkedIn Company:  
<https://www.linkedin.com/company/nick-thomas-associates/>

*'Up to the minute training solutions addressing the challenges of the modern insurance professional'*

The logo for HRUprising, with 'HR' in blue and 'Uprising' in purple, where the 'i' is replaced by a colorful dot-matrix graphic.

[Click here](#) to listen to Nick's latest podcast appearance on 'HR Uprising' talking about workplace performance, resilience and health