

# Construction Project All Risks product information



For Intermediary Use

This document should be used for intermediary reference only, as it does not detail the conditions, limitations or exclusions of the cover. Please see the policy wording or proposition brochure for further details.

# Construction Project All Risks insurance policy

Wherever there is the construction of buildings or civil works, there is a risk of loss or damage. The contract governing the works will place the responsibility for this loss or damage with either the contractor or employer. The Construction Project All Risks Policy has been designed specifically for employers to meet their contractual obligations whilst protecting their investment in the project and any constructional plant they own or hire.

The following details give an overview of the policy.

## What is the policy cover?

### Employer's Contract Works – Cover One

In accordance with the requirements of the terms of the Joint Contracts Tribunal (JCT) forms or similar contract conditions.

All risks cover for damage to:

- permanent works
- temporary works
- free issue materials.

Including whilst:

- in transit to and from the contract site
- at the contract site until completed or taken into use
- during the maintenance or defects liability period for a period of up to 12 months after practical completion.

### Employer's Owned Plant and Machinery – Cover Two

All risks cover for damage to owned:

- contractors plant
- temporary buildings used in connection with the contract works.

### Hired In Plant – Cover Three

Cover for the insured employer's legal liability for:

- damage to hired in plant
- continuing hire charges as a result of this damage hired in for use in connection with the contract works.

### Advanced Business Interruption – Cover Four

The financial loss of the insured employer resulting from the interruption or interference with the Contract Works Programme which causes delay in the scheduled start of commercial operation or sale of the enterprise during the indemnity period in consequence of damage insured by Cover One.

### Public Liability – Cover Five

Primary layer cover in the name of the employer, and other parties (e.g. contractors) as required by contract against their legal liability to third parties in respect of the project for:

- injury to persons
- loss, damage, or destruction to material property
- nuisance, trespass, obstruction or interference with any right of way, light, air, water or easement
- libel, slander or defamation of character.

### JCT 6.5.1 – Cover Six

Cover for liability the employer may incur in respect of damage to any material property arising from the works caused by subsidence, heave, vibration, collapse, weakening or removal of support or lowering of ground water.

### What are the territorial limits?

- Great Britain, Northern Ireland, Isle of Man and the Channel Islands
- Public liability cover applies to elsewhere in the world in respect of injury or damage caused by or arising from non-manual activities.

**Are there any policy conditions?**

Yes, the following are examples of some of the main conditions that apply:

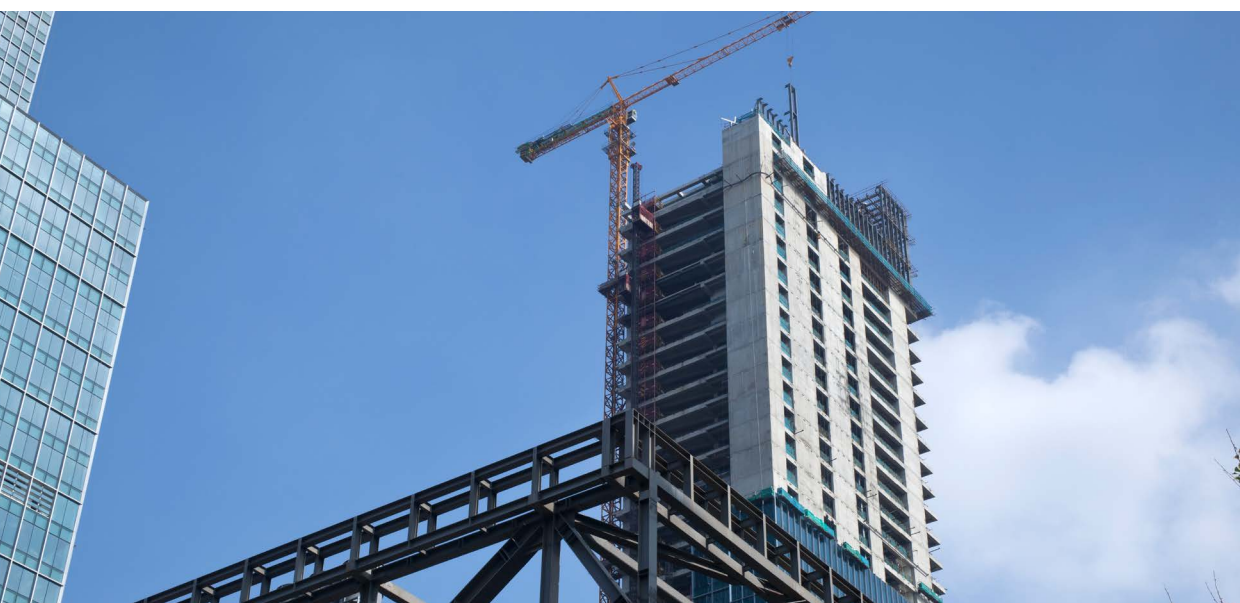
- **Series loss (Cover One)** – the insured shall investigate and remedy any defect discovered in one part of the contract works that indicates that a similar defect exists elsewhere in the works.
- **Consecutive damage** – 72 hour clause (Cover One).
- **Contract works programme (Cover One and Four)** – details of the programme are to be provided at inception and throughout the period of the contract where changes occur.

In addition to the conditions noted above the following apply to all policy covers:

- **Survey and risk improvement condition and compliance with The Joint Code of Practice on the protection from fire of construction sites and buildings undergoing renovation.**
- **Suspension of cover** – where work ceases or is suspended for a period in excess of 90 days then cover is suspended unless continuation has been agreed by insurers.
- **Declaration and adjustment of premium** – where the policy is adjustable in accordance with the declaration procedures, the insured employer must keep up to date records of values at risk and payments to contractors / subcontractors and provide this information at the end of the period of insurance.

**What are the main extensions?**

| Contract Works                   |   | Owned Plant & Machinery               | Public Liability                    |
|----------------------------------|---|---------------------------------------|-------------------------------------|
| Professional Fees                | Local Authorities                               | Damage to Security Devices            | Indemnity to Defined Parties        |
| Breakdown                        | Speculative Building                            | Loss of Keys                          | Overseas Personal Liability         |
| Restoration of Plans or Drawings | Avoidance of Impending Damage                   | Repair Cost Investigation             | Motor Contingent Liability          |
| Fire Brigade Charges             | Expediting Expenses                             | <b>Advanced Business Interruption</b> | Legal Defence Cover                 |
| Offsite Storage                  | Additional Costs of Completion of Unbuilt Works | Professional Accountants Fees         | Awards Under the Housing Grants Act |
| Debris Removal                   | Munitions of War                                | Denial of Access                      | Court Attendance Compensation       |





**What is the basis of settlement?**

**Contract Works – Cover One**

We will pay for the reinstatement of the works to a condition that prevailed immediately prior to the damage.

**Owned Plant and Machinery – Cover Two**

- If there is a total loss we will replace the property or pay for the damage in money. This is limited to the market value of each item.
- If there is a partial loss we will pay for the cost of repairing the item up to the amount that would be paid had there been a total loss.

**Advanced Business Interruption – Cover Four**

The following options are available to protect the insured employer against financial loss caused by a shortfall in anticipated income:

- advanced loss of gross profit, or
- advanced loss or gross revenue, or
- advanced loss of gross rent, and /or
- loss of bank interest.

**Public Liability – Cover Five**

Compensation and claimants costs and expenses in respect of the employer’s legal liability to third parties in the event of accidental:

- injury to persons
- loss of or damage to or destruction of material property
- nuisance, trespass, obstruction or interference with any right of way, light, air, water or easement
- libel, slander or defamation of character.

### What are the main exclusions?

#### Cover One

- Damage caused by defective design plan specification material or workmanship
- Existing property
- Damage to any part of the contract works caused by its own breakdown or explosion except during testing / commissioning
- Damage that the insured is not responsible for under the terms of the contract.

#### Cover Two and Three

- Damage caused by overloading of contractors plant
- Damage to contractors plant caused by its own breakdown or explosion except negligent breakdown (Cover Three).

#### Cover Four

- Improvement - financial losses attributable to delays incurred in redesigning altering or rectifying defects or improving the contract works
- Idle time costs associated with the use of contractors plant.

#### Covers One, Two, Three and Four

- Damage occurring during transit by sea or air
- Wear and tear
- Inventory losses
- Terrorism and e-risks
- Damage to insured property arising from multiple lifting operations unless carried out in accordance with BS7121
- Consequential losses fines and penalties not specifically provided by the policy.

#### Cover Five

- Injury to employees
- JCT 6.5.1 risks
- Liability in respect of loss of damage to or destruction of goods supplied
- Advice and design provided for a fee
- Asbestos.

#### Cover Six

- Damage to the works
- Fines, penalties or liquidated damages
- Damage to property caused by negligence breach of statutory duty omission or default of the insured.



#### All Covers

- The policy excesses or time exclusion
- Motor vehicles and mechanically propelled vehicles unless primarily used as a tool of trade
- Waterborne vessels and craft
- Prototype, experimental, untried or unproven works or machinery
- Pollution or contamination.

The main features and benefits of our Policy wording are:

|   |   |
|---|---|
| <b>Extensive Cover</b>                                | In one policy document, the insured employer can arrange insurance protection against: <ul style="list-style-type: none"> <li>• damage to the contract works, contractors owned and hired-in plant</li> <li>• financial loss via the purchase of advanced business interruption cover – available on a loss of gross profit, revenue or rent basis and, if required, including the cost of debt finance via bank interest charges (provided that Cover One – contract works is insured)</li> <li>• their public liability risk in connection with their legal liability to third parties under law and specifically in connection with the provision of a safe site of work under the CDM Regulations.</li> </ul> |
| <b>Cover for Multiple Insured's</b>                   | The majority of the most commonly used contract conditions used when construction and civil engineering work is undertaken require insurance to be arranged in both the contractor's and the employer's name. Cover for contract works and public liability is available in the names of the employer and other parties as required by contract.  |
| <b>European Union Building Compliance</b>             | Subject to the terms, conditions and exclusions the policy extends to include the additional cost of reinstatement that the insured employer incurs due to: <ul style="list-style-type: none"> <li>• legal obligation to comply with EU or UK building legislation or regulations or by-laws or requirements</li> <li>• the insurer's requirements to replace an automatic sprinkler installation in accordance with the current LPC Sprinkler Rules or any change in interpretation of existing regulations.</li> </ul>  |
| <b>Denial of Access</b>                               | When advanced business interruption cover is insured, the employer will also benefit from additional extensions to protect them from: <ul style="list-style-type: none"> <li>• the effects of delay resulting from inability to access the contract site due to damage or government / local authority action due to danger or disturbance in the vicinity (within 1 mile) of the contract site</li> <li>• requirement to reinstate cover (provided additional premium is paid).</li> </ul>   |
| <b>Defective Design Cover</b>                         | Cover is provided for the cost of defective design on the basis of the market standard DE3 (1996) wording.  |
| <b>Guaranteed Maintenance</b>                         | Where the contractor has a contractual obligation to return to the site after completion in order to remedy any defects we will provide cover for any damage caused by a defect that originates prior to the maintenance period. Cover is also provided for any damage caused by the contractor whilst on site.   |
| <b>Transit</b>  | Where materials to be incorporated into the contract works are in transit, cover is provided automatically for any incidental storage required for a period of up to fourteen days.   |
| <b>Completion</b>                                     | Cover will continue for up to fourteen days after completion or hand over of the contract works where the contractor is required to provide this under the terms of the contract.   |
| <b>Breakdown</b>                                      | The policy is automatically extended to ensure that breakdown of any new machinery, forming part of the contract works, is covered whilst undergoing testing and commissioning.   |
| <b>Extensive Primary Layer Public Liability Cover</b> | Subject to terms and conditions and exclusions – the public liability section of the policy includes extensions solely in connection with the defined business activity for: <ul style="list-style-type: none"> <li>• financial loss*</li> <li>• legionellosis liability*</li> <li>• pollution clean up costs*</li> <li>• public relations expenses*</li> <li>• the public liability extensions listed in the "extension" table on page 3</li> </ul> <p>* inner limits apply</p>  |
| <b>Speculative Buildings</b>                          | Where buildings are constructed outside of any contract for the purposes of future sales, as in the case of many developers, the property will be covered automatically under our speculative building extension. Cover is provided during construction and after practical completion for up to one hundred and eighty days for domestic buildings and ninety days for commercial buildings, or to the date of sale, whichever occurs first.   |

The above detail is a summary of the cover provided under our standard Construction Project All Risk policy. If you wish to see the full terms and conditions please contact your local Allianz office for a specimen wording.

**Allianz Insurance plc.**

Registered in England number 84638.

Registered office: 57 Ladymead, Guildford,  
Surrey, GU1 1DB, United Kingdom.

Allianz Insurance plc is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

Financial Services Register number 121849.

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