

## Contractual Implications

As discussed, there may be very specific insurance requirements stemming from your contract with the builder. If, for example, you are entering into a JCT contract (a standard 'off the shelf' contract commonly used to govern the relationship between the property owner and the contractor in domestic renovation situations), you may be required to note the contractor as a 'joint insured' on the Buildings and the Contract Works (materials, fittings, works in progress). Ours is a 'Contract Works' rather than a 'Buildings' policy so, whilst it is possible to insure the building, the essential element of cover is the 'contract works' insurance. The works cover is sometimes provided by the builder, but if you proceed in this way, our solution will not be available to you. Please note the section below for a summary of why a 'Contract Works' solution is better than splitting the insurance between yourself (Buildings) and the builder (the works).

If you are using a JCT contract, then please ensure that one of the following insurance clauses is selected (depending on which version of the contract you are using):

JCT Minor Works Version – Insurance Clause 5.4B  
JCT Intermediate/Standard Version – Insurance Option C

These are the clauses which make you responsible for both Buildings and Works insurance, thus enabling you to purchase a 'Contract Works' policy.

I'm happy to give your professional team guidance here so feel free to pass my contact details on to the relevant parties.

### **The Benefits of a Contract Works Solution** (as opposed to splitting the insurance)

- You retain full **control** of the insurances and don't need to rely on the insurances of the contractor (ensuring quality of cover, payment of premiums, that there are no exclusions or warranties which could result in the avoidance of a claim)
- You enjoy **'all risks' cover** for the building and the works and there are no gaps in cover. If you allow the contractor to insure the works, we have to source 'unoccupied buildings in the course of renovation' insurance. The cover provided under such a policy is much more limited and will almost certainly exclude damage to the building caused by the contractor. We provide this cover
- **There is only one insurer**, avoiding frustrating and costly arguments between insurers as to who is responsible for a loss. The claim process is much more streamlined. You won't have to try and wangle a settlement from the contractor's liability/contract works insurers if he damages the building or, for example, there is a theft of materials
- **We can assist in any claim situation**. If the contract works are insured by the contractor, we cannot exert influence on any claim process involving his insurers
- **Contractual implications** – if you utilise a JCT contract (or similar) with the main contractor, there is frequently a 'joint names' requirement (where the contractor is noted as a joint insured). Our offering allows for this. Even where there is no joint names requirement, our insurer partners undertake to pay building claims and then seek to recover their costs from the contractor's insurers rather than to try and foist a claim onto the contractor's liability insurers. A standard building insurer is likely to take a different approach.
- **Cost** - Your contractor may very well include an amount on his tender to reflect the fact that he is providing contract works insurance so you might be paying for this insurance anyway.
- **Cover** – If the contractor goes bust, or walks off the job, he'll take his contract works cover with him and your capital investment will be unprotected.