Construction Insurance

Product overview
All construction, erection and installation work contain an element of risk, whether created by the nature of the work to be carried out, by the contractual liability or by the perils of the location in which the works take place.

HSB Engineering Insurance, as part of Munich Re, recognises the importance of providing the right insurance covers for the construction industry and has a range of policies available to mitigate the risks.

Construction insurance solutions from HSB Engineering Insurance

HSB Engineering Insurance has developed a range of construction policies to cover all aspects of a construction project; from the contractors’ plant, contract works, machinery movement and installation through to specialist machinery inherent defects insurance.

Specifically designed with the construction industry in mind, the focus of our covers is on minimising the disruption to a project. Risks such as third party liability, delays in the project start-up and completion, commissioning and testing of machinery, and owned and hired-in plant can all be covered by having the right insurance in place.

Construction insurance

Our construction insurance solutions provide the following policies:
- contractors all risks covers the contract works on an annual or single project basis
- erection all risks covers the plant and machinery during the installation and maintenance period
- contractors plant insurance covers owned and hired-in plant
- machinery movement covers machinery during the loading, unloading and re-siting process
- machinery inherent defects insurance covers installed mechanical and electrical plant
- residential development insurance covers renovations, extensions or repair work on private dwellings

Why choose HSB Engineering Insurance?

HSB Engineering Insurance is a leading specialist provider of engineering and technology insurance and inspection services.

Our underwriters and risk engineers have extensive experience in providing construction insurance and are recognised as experts in this field. Drawing on our vast expertise in the construction sector, we are able to provide insurance products to meet the insurable risks of a specific project.

- policy wordings specifically designed with contractors, property developers and construction plant owners in mind
- extensive underwriting expertise of construction projects
- specialist engineering knowledge of plant and machinery
- cover available across the UK and Europe. We can also consider underwriting risks in other global territories
- access to experienced in-house construction loss control risk engineers
- a dedicated, customer-focused in-house claims team with specialist knowledge of the construction industry
Contractors’ all risks (CAR)

CAR insurance, sometimes referred to as contract works insurance, provides comprehensive cover for construction, buildings and civil engineering projects. Due to the complex nature of contract works, this policy is designed to provide cover for any damage that occurs during the construction process.

Available on a single risk or annual basis, our policy can be arranged in the name of the contractor, the principal or joint names depending on the project requirement.

Our CAR policy provides cover for:
- materials from the commencement of loading for despatch to site (including transit and incidental storage)
- contract works during the construction period
- maintenance and defective design
- free issue materials where these are included in the declared values

Cover can be extended to include advanced loss of profits, owned contractors plant and hired-in plant.

Erection all risks (EAR)

During a construction project, the responsibility for insuring against loss or damage to electrical and mechanical plant whilst in the erection and installation stage often falls to the contractor or employer.

EAR insurance provides cover for machinery installation and refurbishment and is available on a single risk or annual basis. Like CAR, the policy can be arranged in the name of the contractor, the principal or joint names depending on the project requirement.

Our EAR policy provides cover for:
- machinery from the commencement of loading for despatch to site (including transit and incidental storage)
- erection and installation of plant and machinery during the construction period
- defective design and machinery breakdown during testing and commissioning
- free issue materials where these are included in the declared values

Cover can be extended to include advanced loss of profits, owned contractors plant and hired-in plant.

Thieves steal materials stored offsite

Theft of materials occurred whilst in offsite storage. We encouraged our client to adopt a ‘just in time’ philosophy for delivery of materials to site, cutting down the area needed for site storage and leading to improved security. Cover remained in place for situations where materials needed to be left on site.

Claim: £38,240

Damage caused to a crane and contract works

Accidental damage occurred to a crane and contract works on a construction site. We arranged for removal and repair of the crane so remedial action could be taken on the works immediately. Our client adopted improved standards for the selection of ground conditions when undertaking lifts.

Claim: £8,629
Contractors’ plant insurance recognises the dependency of the construction industry on a wide range of plant and machinery; from tower cranes and large mobile cranes, to excavators, generators and hand tools. Due to the nature and use of these types of plant, they are susceptible to risks such as damage on site, damage in transit, fire and theft.

Our contractors all risks policy provides protection for unforeseen loss or damage to construction plant and machinery. Cover is available for owned or hired-in plant and targeted at plant owners, hirer or construction industry contractors. However, it is also relevant for manufacturers and businesses that often need to hire in plant and machinery.

Our contractors plant policy provides:
- cover on a specified or blanket basis for owned plant
- broad description of plant cover covered with owned plant insurance on a reinstatement (new for old) basis up to 12 months old
- legal liability cover for hired-in plant under the terms of the hire agreement
- cover for plant whilst hired out

Our policy contains no security conditions as standard. However, premium discounts are available for customers who install quality security systems (such as Thatcham-approved devices) and register with the Construction Equipment Security and Registration scheme (CESAR).

Cover extends to include repair investigation costs, debris removal and recovery of immobilised plant.

Machinery movement

During a construction project, plant and machinery can be more susceptible to losses during transit and movement. Theft, fire and damage caused during the loading, unloading and re-siting process are all common risks and can cause significant interruption to a project if they occur.

Our machinery movement policy is designed to cater for the loss and damage caused to plant and machinery during the transit and installation process. Principally targeted at haulage contractors and manufacturers, the policy is also relevant to businesses that move and re-site machinery on a regular basis.

Our machinery movement policy provides:
- cover for one-off moves or an annual basis
- cover for machinery dismantling, removal, re-siting, and transit

Bulldozer damaged by fire

An electrically-originated fire caused damage to a bulldozer. Forensic examination showed the source of fire emanated from the engine compartment. We worked with our client to identify a suitable fire suppression system to mitigate any future fire damage should the situation ever reoccur.

Claim: £64,142

Printing press damaged during transit

During the unloading of a five-colour lithographic offset printing press from a container lorry, the lifting frame slipped and allowed the printing press to fall 2.5m to the floor. Several machined surfaces within the press suffered significant damage, requiring the press to be returned to the manufacturer in Japan for repair.

Claim: £135,000
Machinery inherent defects insurance (MIDI)

Modern buildings are becoming increasingly complex with up to 30% of construction costs relating to the mechanical and electrical services that support them. These mechanical and electrical services can be plagued by defects caused by poor design, materials or workmanship and this can be highly problematic for the owners and occupiers of affected buildings.

Our machinery inherent defects insurance policy provides:
- cover for actual or impending damage caused by an inherent defect in insured property that existed prior to practical completion of the building
- cover for new buildings undergoing construction, ‘shell and core’ building refurbishments and for completed buildings which are less than two years old
- cover for periods of up to 12 years*
- fully assignable cover to successive owners
- cover for mechanical and electrical services installed in the building including boilers, space heating, ventilation/air conditioning systems, lifts and escalators, electrical distribution systems, equipment used for building security and environmental control

Additional cover is also available for the loss of rental income suffered as a result of a defect.

All projects insured on our MIDI policy are the subject of a technical audit, during construction of the building, carried out by our highly experienced engineers. Designs and specifications are audited and inspections take place throughout the installation period to ensure that quality is maintained.

*Cover is available for up to 12 years following practical completion of the building.

Residential development insurance (RDI)

Designed specifically to cater for renovations, extensions or repair work on private dwellings, our RDI policy provides contract works cover which includes the existing structure. This specialist insurance has been developed to cover the works on high value properties which would not be covered under the existing home insurance policy.

Our residential development insurance policy provides:
- cover for construction all risks for the new build and/or refurbishment or extension works being undertaken
- all risks cover (existing structures) for the private dwelling being the subject of the contract works
- all risks cover for owned and hired-in plant used in performance of the contact works
- public liability cover following negligence for the property owner and, by specific agreement, other parties to the contract

Cover can be extended to include plans and documents, maintenance periods, dismantling or demolition, offsite storage, architects, surveyors and consulting engineers’ fees, and immobilised plant.

Optional cover is also available for non-negligent liability (6.5.1) such as collapse, subsidence, heave vibration, weakening or removal of support, or the lowering of ground water arising from the contract works activities.

Defects cause chiller failure

A defective surge protection facility resulted in extensive damage to a centrifugal air conditioning compressor after less than 500 hours of operation. Major repairs were undertaken and inspections revealed similar defects in two identical chillers on site, requiring remedial work.

Claim: £223,650

Property damaged by fire

Extensive damage occurred to a property when fire broke out at the property undergoing major refurbishment whilst in the final stages of completion. An investigation by both the fire brigade and forensic specialists suggested the fire emanated from the faulty installation of an electric fire place which was installed without adequate heat insulation.

Claim: £998,410
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and registered as a branch in Ireland: 906020.
Authorised by the Prudential Regulation Authority
and regulated by the Financial Conduct Authority
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Registered in England and Wales: 03010292
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HSB Engineering Insurance Services Limited
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HSBEI-1304-0418-2

This is an overview of HSB’s construction insurance
products. For full details of the covers available and
further information, please contact your local HSB
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