



Construction insurance

Construction insurance solutions for property developers and building contractors



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insurance management

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Why arranging cover for a large-scale build is a task for specialists

We all know that a major construction project can be a complex and multifaceted operation that needs meticulous planning, monitoring, and management.

By the same token, a development project's insurance can be equally complicated and varied and may deliver patchy and inadequate protection without careful handling, end-to-end coordination, and supervision, potentially exposing the various parties involved to financial loss or litigation.

That's why it's so important to appoint specialists to oversee all your construction insurance requirements at the earliest opportunity and preferably even before development begins.

Clear's construction insurance professionals will work with all parties throughout the process (whether that's with your funders, architects, surveyors, contractors and sub-contractors) to arrange insurance that reflects their respective rights and interests and avoids costly duplication and prevents perilous gaps in cover.

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Make insurance advice a
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construction@thecleargroup.com
01622 683913



Insurance solutions – from planning and design to completion and beyond

All projects can be divided into three main stages:

- Pre-construction
- Construction
- Post-construction

It is essential that insurance cover is applied logically and consistently throughout the build and that the requirements under contract, agreement and legal undertaking are thoroughly considered and managed.

At the pre-construction stage, you may need legal indemnities cover for a defective title, restrictive covenants or rights of light, which we can arrange for you.

If the development is for housing or mixed use, you will need suitable warranty or latent defects insurance that takes into account the requirements of the mortgage lenders. Even if the project has a different profile, this type of cover offers valuable protection for the completed works and anyone acquiring a freehold or leasehold interest in it.

We strongly recommend purchasing latent defects insurance as early as possible and certainly before construction work begins. You will also need construction insurance for the works, employers and public liability protection, and your own possible loss exposures to protect you and all interested parties.

Even after the build, you will want to consider maintenance risks, including property (asset protection), and engineering inspections. Clear's construction insurance specialists can advise you on all insurance-related aspects throughout the development, so you can make well-informed decisions on the levels of insurance you'll need at every stage of construction.



Make insurance a cornerstone of your project

Seeking insurance recommendations as early as possible (and ideally in time to influence the drafting of the JCT contract) is the most prudent and effective route to securing consistent and coordinated protection for your project.

Developers and construction contractors that don't incorporate insurance early enough into their planning find that their project needs and business and personal liabilities are not correctly aligned. In practice, your risk management and insurance should be a prime consideration and included at the very start of all project preparations.

“**Insurance is a critical part of our business and ensuring we have the right policies and cover is of utmost importance.**”

Mathew Moore | Senior Manager
Carrara Marble Ltd

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STAGE ONE Pre-construction

Our team can advise you on all your insurance requirements even before you begin construction and can arrange cover for you at every stage of the project's development.

Legal indemnity insurance

For instance, we can arrange your pre-construction insurance, which will likely include **legal indemnity insurance** policies, such as:

- Restrictive Covenant
- Defective Title
- Rights of Light

Environmental liability insurance

Additionally, you may need to consider **environmental liability insurance**, which covers unexpected expenditure on:

- Clean-up costs
- Relocation costs
- Prevention and remediation costs
- Damages for Nuisance





STAGE ONE Pre-construction

Latent defects insurance

Structural defects can appear in a new build months or even years after construction is completed.

Latent defects insurance is designed to cover the cost of remedying these defects and provides:

- Cover for inherent damage to the property after practical completion
- 10 or 12 years' cover from practical completion
- Increased rebuilding costs over the period of cover

The NHBC Guarantee offers non-insurance protection for housing developments. There are, however, a wide range of insurance products on the market for residential developments, commercial or mixed-use developments and most are recognised by UK mortgage lenders as suitable security for any proposed loan.

Clear can offer a number of bespoke solutions for residential developments, commercial and mixed-use projects that meet all the mortgage lender's requirements.

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STAGE TWO Construction

Beginning the construction of a large-scale building project is always accompanied by risk.

Having our insurance solutions team on hand to guide you through the complexities of construction insurance will enable you to manage your exposure and make key decisions on cover with far more certainty and confidence.

Our insurance solutions team can arrange all types of construction-related cover, including insurance for property damage, third-party injuries or damage claims.

Contract works (contractors all risk/erection all risks)

Contract works insurance is intended to cover the building work in progress on a site.

It can pay to repair or reinstate work damaged by an insured event such as fire, flood, storm, vandalism or theft.

Contract works insurance traditionally provides cover for:

- Reinstatement of the works (in joint names as required by the contract)
- Materials and property for incorporation

This cover can be extended to include:

- Existing structures (JCT 6.7 or similar)
- Advanced loss of profits or rental income
- Business interruption/increased costs incurred
- Delay in start-up
- Plant, owned and hired in (including tower cranes) where required





STAGE TWO Construction

Public/product liability insurance

Public and product liability insurance is designed to protect your business against claims from clients and other third parties for personal injury or damage to their property.

The policy provides cover for:

- Death, illness or injury to a third party
- Damage to third-party property
- Nuisance, trespass, loss of amenity
- Associated costs following sudden and unforeseen pollution

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STAGE TWO Construction

Avoiding underinsurance

Underinsurance remains a common problem in the UK and poses a very real risk in construction. A mishap such as a fire in a large-scale construction project, especially one that comprises multiple occupancies, could lead to a substantial loss.

It's critical, therefore, that you calculate the correct indemnity limit to ensure that you are adequately covered. Limits can range from £5m to more than £100m.

Clear's team can help you work out the correct indemnity limit to cover any claims that you might face during construction.

Non-negligent liability insurance

Non-negligence Insurance (JCT 6.5.1 or similar) provides indemnity for any loss, expense, claim or proceedings incurred by the developer for collapse, subsidence, heave, vibration, removal or weakening of support or lowering of groundwater arising from the implementation of the works.

You should consider taking out non-negligence insurance if there is a risk that the proposed works may cause damage to a neighbouring property. While there is no legal obligation to provide this type of cover, where party wall agreements are in place, it should be seen as a practical requirement, nonetheless.

We recommend arranging this cover via the contractor and their public liability insurers. However, Clear's construction insurance team can arrange non-negligent cover separately if required.





STAGE TWO Construction

“ In the modern world of complex contracts and an ever-increasing onus that is placed on suppliers, it is more vital than ever that robust, comprehensive and flexible insurance arrangements are available to my business. ”

Gary Houghton | Director
iGroup Technologies UK Ltd

“ Due to the outstanding service levels, the knowledge and experience and the confidence we have in the competitive pricing, I would highly recommend using Clear MPW, who we've been with for over 15 years. ”

Sam Chandler | Finance Director
Jarvis Group Ltd

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STAGE THREE Post-construction

Once the building project is completed, Clear's team can help you with post-construction 'maintenance' risks by handling property (asset protection).

They can also arrange cover for the property itself, including co-insurance for lenders if required.

Buildings insurance

This policy provides cover for material damage to the building's structure and its surroundings.

This cover can be extended to include:

- Trace and access
- Landlords' contents/common parts
- Machinery and equipment
- Joint-name or co-insured policies to protect mortgages

Loss of rent/business interruption insurance

Loss of rent insurance covers the income you would lose as a landlord if your tenants were no longer able to occupy the property because of an insured event, such as fire or flooding. Similarly, business interruption insurance provides cover for lost earnings following a valid material damage claim.

This cover can be extended to include:

- Public utilities
- Denial of access
- Loss of attraction

Property owners' liability insurance

It is the building owner's responsibility to meet a claim if a tenant or member of the public injures themselves or damages their property on, or as a result of, the building. Property owners' liability will cover claims for costs resulting from such an accident.

The policy covers:

- Death, illness or injury to a third party
- Damage to third-party property
- Associated costs following any claims made against the owner of a property which is linked to the premises

The Defective Premises Act 1972 requires most policies to include property owner's liability insurance regarding any previously owned property.



STAGE THREE Post-construction

Engineering inspection & insurance

You must comply with legislation that requires regular engineering inspections of passenger and goods lifts, lifting equipment, pressure plant and other machinery. Fortunately, insurers can provide engineering inspection services, generally at the same time as placing the insurance.

Clear's team can arrange:

- Statutory inspection of plant and machinery
- Cover for breakdown and specified perils

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Home Builders and Developers Insurance Facility

Established by Clear MPW and the Home Builders Federation (HBF) in 1995 and underpinned by our high-quality service and underwriting, our specialist facility provides a site insurance policy tailored and dedicated to home builders and developers.

The facility features a bespoke policy wording containing many relevant cover enhancements and extensions, providing you with optimum protection for your project.

You can qualify for our tailored facility once the majority of your construction turnover is related to residential, private dwelling construction.

Our scheme is open to all eligible home builders and developers, and there are more favourable rates for HBF members.

What's different about the Clear Home Builders and Developers facility?

There are many covers that are not generally available that make the difference for your type of business...

- A wide Products Liability extension excluding the defective part only
- Completed dwellings are covered until they are sold (many insurers restrict the period of cover)
- Show houses are automatically covered with no period of cover restriction
- Show house contents are automatically included subject to generous policy limits
- Part-exchange properties are included free of charge up to defined limits and covered on an all risks basis (many insurers will not provide this cover or severely restrict the perils they will insure)
- No height or depth restrictions
- No underground services condition applies
- No exclusion of theft from unattended vehicles
- Limited hazardous work exclusion applies (i.e. no specific exclusion for underpinning or piling)



Home Builders and Developers Insurance Facility

Which insurance covers can we arrange?

- Contractors all risks, financial loss, public liability and employers' liability insurance cover under a single policy
- Archaeological finds
- Environmental impairment and remediation (brownfield sites)
- Defective title indemnities
- Restrictive covenant indemnities
- Performance bonds (including S38, S104 and S106 bonds)
- Professional indemnity insurance
- Directors and officers liability insurance
- Motor fleet insurance
- Office insurance
- Property insurance
- Building warranty insurance

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Clear can do more...

As leading, independent insurance brokers, we continually ask what more can we do for our clients?

It's a question that motivates us to seek out and acquire specialist capabilities and innovate products and services to meet our clients' multiple insurance needs. Moreover, by cultivating this diverse insurance ecosystem, we can manage and deliver solutions in a strategic, interconnected and cohesive way.

So, in addition to the risks and cover already in focus here, our team can identify and discuss other risks, services and insurance solutions to further protect your business, your people and you.

For example:

- **Claims Management and Loss Recovery Solutions**
- **Cyber Liability Insurance**
- **Directors and Officers Insurance**
- **Employee Benefits**
- **Key Person Insurance**
- **Legal Indemnities Insurance**
- **Professional Indemnity Insurance**
- **Property Owners Insurance**
- **Right of Light**
- **Trade Credit**

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