



GIRI

Get It Right Initiative

GIRI INSURANCE GUIDE

A perspective on risk management
for construction projects



FOREWORD

The relationship between insurers and construction companies has, for too long, been purely transactional, limited to buying policies and dealing with claims. We believe greater collaboration is needed if the construction industry is serious about reducing error and improving risk management.

The impact of high-profile failures over the last decade has led to a significant reduction in the number of insurers willing to operate in the construction industry, with less competition resulting in a rise in premiums. If we are to reverse this trend, we need to take steps in our own businesses – whether as contractors, clients or suppliers – to demonstrate we are managing risk more effectively. Working more closely with insurers is a great tool to help achieve this.

With strong links to the insurance industry since its inception, GIRI is uniquely placed to broker this relationship and the GIRI Insurance Guide represents the first step. The intention is to strengthen links between our sectors, develop mutual understanding of the benefits of collaboration, and establish a dialogue through which the construction industry can improve risk management and reduce error.

Such cooperation also engenders conversations about how we can minimise the risks associated with innovation, as well as those around the introduction of the new materials that are so vital to address construction's carbon footprint and improve its sustainability credentials.

The GIRI guide is recommended reading for those in the construction industry involved in procuring insurance or implementing risk management practices. We regard it as an important step to forging stronger and more proactive links, for the benefit of all.



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RISK MANAGEMENT PROVIDES PROTECTION AGAINST LOSS, DAMAGE AND LIABILITY AT EVERY STAGE OF CONSTRUCTION. IN DOING SO, IT IS KEY TO REDUCING ERRORS IN CONSTRUCTION, KEEPING PREMIUMS LOW AND IMPROVING PROFITABILITY.

Insurers play an integral role in advising on risk management within construction. This guide brings together advice from experts in the insurance industry on how the sector can help those involved to manage risk throughout the life-cycle of a building project, from concept design and procurement through to end of life.

Hence the document has broad relevance to all those working in the construction industry as it offers guidance to all parties on how to reduce error and risk throughout a project.

It also touches on the growing importance of sustainability in the construction industry and the part insurers can play in facilitating the creation of a sustainable building. With around 40% of the UK's carbon emissions coming from the built environment, construction can have a bigger impact than almost any other industry. However, the sector cannot make the changes necessary without insurers' advice on risk management.

Innovation coupled with regulation will help provide long-term solutions to the issues raised in the guide. The risks arising from these themes are discussed, along with advice on how to manage them.

Insurers' advice on all issues raised in this guide can be summed up as follows:

- Collaboration is vital
- Early engagement with insurers is crucial
- Knowledge is key – understand the risks

Concept design is the ‘jumping off’ point for a project, when client requirements are determined, and a team formed. Procurement decisions must be made and the knock-on implications these have for insurance must be considered. These implications will depend on the procurement route chosen, be it design and build, construction management, traditional, or otherwise. Each project is unique, but the more time spent on clarifying desired outcomes at this stage, the more likely the project is to be successful, and the fewer the errors made.

Top learning points, observations and steps to success

Engage with insurers at tender stage

More often than not, insurers are engaged from RIBA stage 3 onwards, but the earlier communication happens, the better. Clients should make insurers aware of the brief at concept stage so the insurer can supply a list of items for which they would need to discharge their role. This might include requirements around sprinklers or hazardous materials. Once these are identified, they can be factored into designs during stage 2 and included in tender requirements.

This can be helpful to all parties. Contractors, for example, may have a standard response in place relating to the management of hazardous materials but these may not meet the insurer’s requirements. By identifying this early and working it into a tender, such discrepancies can be avoided.

Invest early to avoid costs later down the line

Clients must be prepared to invest in this early stage of development. Getting the right teams in place, contracts set up and risk allocated takes time. Organisations that are willing to make the upfront investment will reap the rewards through fewer errors and a smoother programme. This means involving specialist parties in early discussions and carrying out survey work to get an informed plan together before the details are hammered out.

Early contractor engagement can reduce error

Linked to the point above is early contractor engagement. Quality is key and a race to the bottom in terms of price must be avoided. By bringing in contractors at the concept stage, all parties can work together to reduce risk and the likelihood of errors occurring.

Large infrastructure frameworks demonstrate good working practice, with clients inviting contractors to collaborate from day one during procurement and concept design. This is something the sector should embrace and build upon.

Consider procurement routes and contract set up

The risks attached to early decisions vary and it’s vital these are understood from the beginning. When choosing a procurement route, be thorough and honest in assessing the risks you and your supply chain will be taking on.

This is also the time to consider what types of contract you intend to adopt and the associated risks. Do you plan to partner and form an alliance, for example? If so, how will risk be spread between the partners?

What you decide at this stage will impact what you’re trying to insure, so don’t hesitate to engage with insurance and legal experts to understand how contracts will work in practice.



Did you know?

Property insurers are keen to get involved in early decision making. Communicating with them will provide assurance that your construction process, materials and methods will not hinder coverage later down the line.

PRACTICAL STEP	PURPOSE
Engage with insurers now and brief them on your plans.	This will help the development of your tender and concept design. It may also highlight contractor standards/controls that are not as effective as they could be.
Bring in contractors early.	Quality is key – avoid the race to the bottom in terms of price. Organisations should be willing to collaborate early to reduce risk.
Understand the risks you and your supply chain are taking on.	The more information you have about how well you and your supply chain can manage risk, the better allocated that risk will be.

Key goals



Early engagement



Knowledge



Clearly identified responsibilities

The early stage and detailed design of a project is a crucial period during which the client's brief moves from a concept to construction plans. The [GIRI Design Guide](#) sets out a series of good practice recommendations for design in terms of the role of insurance and should be referred to alongside this chapter. In particular, insurers are concerned with risk management, so creating and agreeing a project-specific plan of design work will avoid many of the design-stage issues that insurers consider root causes of errors.

Top learning points, observations and steps to success

Clarifying roles and responsibilities

Defining roles and responsibilities has become increasingly important due both to the increase in specialist designers and contractors taking on management roles, and the supply chain becoming more engaged in the design process.

Not all stakeholders understand the difference between specifications, designs and strategies. As a result, important roles are often left unassigned, on the assumption that they have already been allocated to someone in the design team. This is most often seen during design development, where communication between the designers and contractor is limited. The project team must have a clear understanding of who is responsible for each element of the design, at each stage and any potential divergences between employee requirements (ERs) and contractor proposals (CPs).

Handover of design responsibility to the design and build (D&B) contractor

The step between detailed design and construction is vital. This can sometimes be blurred or missed out by D&B contractors, who may commence construction before the design is fully rendered.

When responsibility for design is not correctly handed over and the extent of design development is not fully understood, it is sometimes referred to as 'design and dump'. Consequently, the contractor may not have allowed sufficient resources for design development in their programme or budget, which ultimately increases the risk of error.

Employing a contractor to act as buildability consultant during the design stage may eliminate the design gaps that appear at this point (sometimes called 'for construction' or 'stage 5 of design') as well as the need for value engineering after transfer. Alternatively, contractor input may ensure no gaps result when design packages are sub-contracted.

Appointing a capable design manager at this stage can ensure design responsibility is properly allocated. Both client and contractor should also properly interrogate the design elements of the tender and the contractor's return at this stage.

Culture and resource

The common culture of problem solving as you go, to create an optimistically short construction programme, is counter-productive. It leads to rework and error while reducing quality, but rarely cost. This is one of the main reasons insurers have been leaving the construction market in recent years, and why the premiums of those who have stayed have increased.

This culture can also lead to a failure to dedicate sufficient resources for design on the client side. Often, basic questions about the design team's capacity, resources, skills, experience, finances, and insurance are left unanswered. Due diligence, and ultimately realism, is therefore required because time spent on design is an investment in the project's ultimate success.

General observations

- Prefabrication has been hailed as a way to cut costs and improve speed on jobs, whilst improving their sustainability, quality and health and safety. However, errors can still occur and insurers are aware of this. As such, robust design processes should be in place to ensure any offsite elements fit within the overall design.
- BIM was also welcomed as a route to error reduction, but from an insurer's perspective, has not lived up to the hype. The approach to implementation can be muddled and the tools themselves not used adequately. Every member of the design team should be properly trained to employ its full potential. Weak links may cause problems.
- A 'no blame' culture allows designers to raise concerns without being told they are delaying the project. Near misses should also be flagged to drive improvement.
- Value engineering is great for clients in terms of cost but can reduce quality and result in increased risk. Insurers are therefore wary of it. To combat this, sufficient resource should be put into understanding the long-term impact of any change.
- Design adjustment/updates are sometimes omitted from a project's programme. Works should include 'stop and breathe' moments to review and consolidate design development.
- To ensure production of a complete and approved package of detailed design information, there should be a 'change control' procedure. This will ensure no change can be made without the express permission of the client and/or design team, and that any approved changes are recorded, evaluated, authorised and managed.

Did you know?

Insurers can be conscious about scarcity of specialist products and materials. You can allay some of these concerns by bringing in manufacturers and supply chain partners early to give surety of supply.

PRACTICAL STEP	PURPOSE
Follow the GIRI Design Guide for detailed guidance.	The <i>GIRI Design Guide</i> has excellent, practical information for the design stage of a project. Follow it to limit errors.
All designers should be properly resourced, trained and skilled. Ensure they understand their responsibilities, especially when handing over design responsibility.	Investing time and resource in design will save time, increase quality, reduce errors, and ensure a client's vision is delivered to a workable programme and budget.
Set design freeze points and stick to them. Have 'stop and breathe' moments in your programme.	This limits unmanaged change, meaning everyone, including insurers, has certainty around programme, budget and risk.

Key goals



Compliance



Focus on quality



Clearly identified responsibilities

The construction phase is a busy time when the manufacturing, delivery and commissioning of the project is conducted and completed. It is also when handover preparation begins. Logistics are central to this stage, as are health and safety (H&S), fire safety and ensuring adherence to sustainability strategies. Resolving site queries from stakeholders, including insurers, is a key contractor requirement. Insurers are always concerned about quality during this stage of a project. As such, they are wary of changes that speed up the programme but end up being a false economy, or cause difficulties later.

Top learning points, observations and steps to success

Communication

It is often recommended to hold early and regular engagement with insurers throughout the construction phase. Having an open, collaborative relationship will reduce errors and resultant claims. Typically, the industry tends to only engage with insurers when something goes wrong. A proactive approach, with early meetings and regular conversations, can tap into the insurance sector's extensive knowledge about common errors that lead to claims.

A key strategy for managing an insurer's requirements is to have well defined roles and responsibilities. It is also important to have a clear control system in place that allocates tasks, sets actions by dates and assigns ownership to them. The management of these tasks should be addressed at monthly project meetings.

The ideal situation is an informed client who is proactive, collaborative and understands that an insurer is there to help create a safe and compliant site. A clear construction management plan, implemented well and covering all insurance provisions, is also key to achieving this.

Scheduled inspections

Insurance inspections are an important part of a policy's obligations. Someone from the insurer's business team or a specialist surveyor will visit site for half a day to ensure there are no problems that could cause errors and resultant claims. These inspections are usually carried out on a quarterly basis. Because of the importance of these visits – and the wider reputational damage should anything go wrong – there should be representation from the contractor's senior management and the client team for them both to fulfil their professional requirements.

Record keeping

As vital as records should be, they are not always accurate or up to date. The first thing insurers will ask for upon notification of a potential error, is all records relating to the issue, such as notes of meetings, photographs, diary entries etc.

As technology has developed, the construction industry has become better at keeping records. Apps are now often used for things like digital H&S forms, logging tasks and snagging. However, there is still a reliance on users to prepare those documents fully and make them easy to find. This means the site workforce need to be properly trained in any app they use, as well as motivated to use them correctly, to make the technology practical and effective.

The Building Safety Act is likely to lead to improvements in record keeping, particularly with the implementation of the 'golden thread'. This requires a single source of safety information for all higher-risk buildings (HRBs) to be maintained and kept up to date. There may be sense in a similar approach being applied more widely.

Design changes

Leading on from record-keeping is the issue of design changes mid-construction. If design changes occur, effective change management means;

- That good records with clear notes of meetings etc must be kept
- There must be clearly assigned roles and responsibilities within the construction project team about the ownership of those changes

Brokers and risk assessors

For general insurance queries, insurance matters, or for advice, contractors can talk to brokers, risk assessors, or sometimes a risk management company employed by the insurance company.

These organisations will be happy to visit and assess sites with the construction manager, on request, to advise on how errors can be avoided. This may be particularly useful if there are design changes (as above) or when using new technology that has not been robustly tested in situ. Risk assessors can give advice on the best way to implement these without impacting policy terms.

Did you know?

There are different risk engineers depending on the type of insurance, such as CAR (Construction All Risks), who assess different types of risk onsite.

PRACTICAL STEP	PURPOSE
Keep accurate, up-to-date records that can be made available to insurers upon request, taking photographs at various stages, attaching them or including them within meeting notes/observation sheets/records	Accurate records ensure you will always be compliant and will help see claims off at an early stage if the evidence is readily available.
Talk to your insurer early and regularly throughout the construction phase.	Insurers are on hand to assist in any way they can. They want to help contractors maintain compliance and see the best way of doing that is through building friendly, collaborative relationships.
Ensure you know the best point of contact at your insurer for any advice or claims.	People assessing claims cannot give advice.

Key goals



Early engagement



Collaboration



Record keeping

During this stage, the completed project is handed over to the client, commissioning finalised and staff trained to operate the building. The structure should be safe and meet both building and fire safety regulations. Occupants must be supplied with the information necessary to operate and maintain it effectively and safely. This is when defects are brought to the attention of the contractor and may be raised with insurers.

Top learning points, observations and steps to success

Handover

A number of key actions need to be fulfilled by the contractor at handover. These include providing thorough, straightforward operation & maintenance (O&M) building manuals and compliant fire safety information. Building manuals given to the client's facility manager are often hefty and include a mixture of printed and digital formats. They may be badly organised, deficient, incorrect or irrelevant to the needs of the facilities manager of the specific building.

The quality of building manuals should be a clearly specified contract requirement. Regulation 38 fire safety information should be focussed and supplied as a separate document so it can easily be used in the building owner's fire risk assessments during occupation. Preservation of design information at handover is also crucial. Often claims occur due to incorrect or incomplete design information being handed on to facilities management companies.

Handover is generally the point at which engagement with insurers changes from one class of business to those focused on insuring the completed property. There are different insurers or insurance policies that retain an interest at handover and beyond, for example, construction all risks, property insurance and professional indemnity (PI) insurance.

At project completion the employer may present a list of defects for the contractor to rectify in the defects liability period, typically 12 or 24 months and for any damage to the property that is caused as a consequence of any such defects. A recurring issue that commonly leads to claims post-handover is escape of water and water damage. The risks posed by fire have also been highlighted in recent years. Insurers are also concerned with legislation around health and safety (H&S) and sustainability, the latter typically involving new and untested materials that may make buildings less resilient. The use of such materials is commonly raised by contract works insurers prior to construction of the building.

Limitation periods (by virtue of the Defective Premises Act) can now stretch as long as 15 years and PI claims can arise at any time during this period. The period post-handover is usually when 'snagging' issues arise, and defective design and/or specification (professional negligence giving rise to defects) may also be discovered as a building is made operational and for some years afterwards. Accurately recording and preserving all information relating to the design and construction process is vital in the defence and management of claims.

Engagement with insurers and brokers is encouraged during this period if issues arise, to determine the appropriate policy that will respond to potential insurance claims.

Occupation

The passing of risk from contractor to client is when most arguments arise. To avoid this, insurers (PI, building insurance, and building warranty) aim for a smooth transition via effective data sharing. Accurately recording and sharing information during the design and construction process has been proven as the best way to mitigate claims, keeping all parties fully aligned and informed throughout.

The 'golden thread', which is a central tenet of the Building Safety Act, requires the sharing of all information describing the building's construction and any modifications to the approved design, as well as detailing its compliance with regulations. This, along with a clear understanding of how the building will be used, managed and maintained, can form the backdrop to detailed, comprehensible O&M manuals.

Fire safety is a key part of the ‘golden thread’, with early appointment of the ‘responsible person’ vital to making sure building users and fire risk assessors are inducted and trained where needed. Insurers are likely to pay note to fire safety management and assessments.

Maintenance

Effective planned and preventative maintenance is an essential requirement for insurers offering policies such as structural warranty and maintenance contracts (where required, for example the JCT repair and maintenance (RM) contract). In many contracts there is an extended defects liability period of around 12-24 months.

Regular inspection, testing, and maintenance, as well as renewal of structure, fabric and building services over the life of the building, require properly-trained facilities management staff. Sometimes, these obligations require specialist operatives, trained and supervised under third party certified schemes. Comprehensive records should always be kept, maintaining the ‘golden thread’ of building safety information, and made available to insurers on request. Insurers providing PI insurance to facility managers (FM) will welcome evidence that the FM is conducting effective inspection, testing and maintenance and that the necessary data is being accurately recorded. Such information can be useful in identifying whether a defect is due to poor design/installation or poor ongoing maintenance.

A concentration on cheapest procured cost (capex) often results in underfunding of design leading to errors and defects. This focus on minimising capex can increase maintenance budgets (opex) due to selection of cheaper, less durable products, with capital expenditure being prioritised over maintenance budgets. For example, in a school that has separate budgets for maintenance and operation, over time, funds will have to be diverted to the latter, to ensure service levels are maintained.

Did you know?

A lot of recent claims at handover, relating to water damage events, result from new plumbing techniques that can be more susceptible to leakage. Such problems can be addressed in the design phase through specification of automatic shut-off valves and leak detection systems.

PRACTICAL STEP	PURPOSE
Make handover information succinct and easy to digest, with separate building manuals and fire safety information.	Knowledge is key when using and maintaining a building efficiently and effectively. Separating fire safety information makes it clearer, reflects its importance, and ensures it is easy to find.
Commit to regular maintenance and ringfence the operation budget.	The safety of occupants relies on a building’s upkeep and effective facilities management. Small opex investments can extend the life of your investment. Risk also increases with lack of maintenance, which could lead to safety risks and higher premiums.
The ‘golden thread’ of information should continue from the information provided at handover so that during occupation it is kept up to date.	Ensuring current information is used will result in fire risk assessors basing their assessments on up-to-date information. This makes it easier for insurers, reducing the risk of surprises when renewing a policy.

Key goals



Information transition



Collaboration



Record keeping

The end of life is when consideration must be given to how a building might be refurbished and reused, or whether to demolish and rebuild it. The need for sustainable solutions is increasingly present, however retaining some or all of a building can be more risky when compared to a new build. The biggest consideration in repurposing is whether an existing structure can be brought up to modern standards for safety and energy efficiency. Other factors include whether the work and costs involved make it viable, or indeed, whether the age of the structure deems it too great a fire risk to insure.

Top learning points, observations and steps to success

Unpacking risk

As well as the risk of fire, safety, and energy efficiency concerns, older buildings also come with other potential risks such as asbestos. Further risks may come to light once the refurbishment or repurposing of the building begins. These uncertainties can cause delays, unanticipated works and increased costs. The challenge is to satisfy insurers' potential concerns by providing underwriters with enough information regarding cost and risk, through thorough surveying for example. In this way, the appropriate policy cover will be procured at a mutually agreeable premium.

Understanding the level of information required and the associated costs is complex and the subject of much discussion. With older buildings, it is often difficult to obtain historical records of the foundations, structure and load capacity.

Such information may reveal the need for significant adaptations to the structure, as well as mechanical and electrical fit out. All of these issues present challenges for contractors in terms of practicality and safety.

Compliance is key

Existing buildings may have characteristics such as beam depths, ceiling heights and fire resistance that are not in line with current building regulations, thus requiring adaptation to make them compliant. If not dealt with at the early or design stage, subsequent amendments to plans may significantly increase the overall build cost of a project. Consequently, they may also affect the insurance premium. These issues can be even more complex when applying for planning permission or where listed buildings are involved. Repairs to such properties often require specific materials and specialised tradespeople.

In an inflationary environment, with high material costs, long lead times and a lack of skilled workers, there is both the need and the will to retain and reuse older materials to deliver these schemes. In such cases, insurers need reassurance that the project will still attain the quality expected of a new build project and that materials are of an adequate standard. Insurers may ultimately require that such projects are re-validated or certain warranties remain in place.

Mitigating challenges

Additional risks will of course be considered by insurers when underwriting new projects that recycle materials such as commercial office buildings reusing flooring, doors or even foundations. From an insurer's perspective, clear lines of responsibility for the various risks between the construction policy and the building policy will be required. Early engagement and the provision of full detailed information is also key.

Carry out surveys

Pre-construction surveys are an important tool to fill any knowledge gaps about existing structures. These may be general or may relate to specific issues such as fire compliance or building safety.

Giving clear information to the insurer via a survey or engineer's report, declaring the status of a building, load capacities and how the building is intended to be used, will allow the underwriter to properly assess risk. Going forward, technology may mitigate risk, while the Building Safety Act should help improve the condition of a building over time. However, both will take time to demonstrate a positive effect, and that is why it is crucial to engage with insurers as early as possible during the design phase.

Did you know?

There is no one-size-fits-all insurance policy for repurposing buildings. Each policy must be tailored to suit the needs of the project, so engaging with insurers early is central to allow enough time to assess policy requirements.

PRACTICAL STEP	PURPOSE
Engage the insurance industry as soon as possible.	The more time there is to investigate risk and discuss the details and purpose of a rebuild/reuse, the better the outcome for you and your insurers.
Collect as much information as possible via surveys, condition reports and historic information on the building, to reduce the chance of surprises.	The more information the better. The more reassurance insurers can be given, the lower the premium is likely to be.
Ensure you have a robust supply chain, with sufficient resource and a range of specialists and experts to draw on.	Providing reassurance around the availability of workforce and materials means less risk of delays if the unexpected crops up. Specialists like heritage experts can mitigate fears of delays in listed buildings.

Key goals



Early engagement



Collaboration



Information

Climate change, social disparity, and economic inequality are pressing problems. With around 40% of the UK's carbon emissions coming from the built environment, construction is better placed to make a difference than almost any other industry. Developers, tenants, and government are all increasingly demanding ESG action and expecting the sector to show leadership in practising ethical standards. But it is not just aspirational – ESG can affect funding, asset price and a building's risk profile. As such, insurers, and particularly PI brokers are increasingly asking the project team to demonstrate their ESG credentials. While ESG covers many aspects, the focus of this chapter is on the risks relating to measures that seek to reduce the carbon footprint of a project.

Top learning points, observations and steps to success

Balancing risk

When it comes to making a building sustainable, managing the risk from an insurance perspective can be a balancing act. Sustainable credentials are increasingly demanded by investors and prospective tenants, and legislated for by both national and local government in the drive towards the 2050 net zero target. This creates project risks such as failing to meet international sustainability standards like NABERS or BREEAM, with the possibility that retrofitting may be required.

To meet these standards, new technology is often used, which insurers deem as increasing risk. While innovation is critical, some new products have yet to be tested robustly or for long enough in a real-world setting, and do not always perform as expected. The performance of new technologies over the building's lifetime should always be thoroughly assessed before installation. Insurers are supportive of innovation and carbon reduction measures, so risk assessors are available to discuss how best to use new technology and mitigate risk.

Sustainable materials

As well as changing to sustainable working practices, project teams are increasingly reviewing the materials they use. While carbon savings can be made from local sourcing, concrete and steel production are both energy intensive and the materials have high levels of embodied carbon.

Nevertheless, few materials can match the properties of concrete for a building's core or frame. Replacing high-emission cement with alternatives like fly ash may require an extended programme to allow sufficient curing. Other cement alternatives are yet to be produced on a scale that can make sufficient impact. In some cases timber framed construction is an environmentally friendly alternative, but insurers are wary of the increased fire risk.

There is plenty of industry guidance on how to reduce the risk of using timber, which organisations should seek out. Consider, too, using non-combustible materials on the first or lower floors of the building, as well as on stairwells and lifts, with timber used elsewhere. This offers resilience and lowers the project risk since many fires start at ground level, while still allowing structural timber to be used extensively.

Modern Methods of Construction (MMC)

The increasing prevalence of MMC, where panels or mechanical and electrical (M&E) modules are produced offsite, is a positive development for sustainable construction. MMC can minimise site deliveries and reduce onsite labour (and therefore car journeys), as well as enabling tighter control of materials and minimising waste.

But it is not free from risk. Modules produced offsite, for example, may be brought to site and stored for a period before being fitted, which can lead to a deterioration in quality. Prefabricated components are harder to replace if they break. There can be clashes between different prefabricated components, or gaps in design. More importantly, one error in the manufacturing process runs the risk of being replicated across all identical components in that building.

Effective quality control and benchmark testing can negate some of these problems. Ensure, too, that clear maintenance and repair guidance for prefabricated elements is provided in operation and maintenance manuals. Crucially, don't cut corners during the design process when incorporating MMC. The design and programme of a project must thoroughly examine all possible consequences of using offsite construction to maintain quality.

Did you know?

The new product safety regulator set up by the UK's Department for Business & Trade and Office for Product Safety & Standards should help to allay risk around new sustainable products before they come onto market.

PRACTICAL STEP	PURPOSE
Ensure new products are tested and assessed by the regulator and risk assessor before they are used onsite.	The risk of new products may affect a policy so work with your insurer to ensure all risks are mitigated.
Ensure the use of MMC suits the building and that it is properly designed at the design stage.	Using MMC may lead to problems down the line if logistics and quality are not considered thoroughly, throughout the project.
ESG should be a board level issue to ensure buy-in for every project.	Meeting ESG targets and aspirations is becoming increasingly important. Change on the ground can only happen if senior leadership believe in it.

Key goals



Technology



Materials



Leadership

Types of insurance:

FOR CONTRACTORS	FOR CLIENTS
<ul style="list-style-type: none"> ● Professional indemnity insurance ● Building/structural warranty ● Public liability insurance ● Product liability insurance ● Employer liability insurance ● Contractors all risk insurance ● Plant and equipment insurance 	<ul style="list-style-type: none"> ● Building insurance ● Building/structural warranty

For contractors

PROFESSIONAL INDEMNITY (PI) INSURANCE

This protects against claims for loss or damages arising from professional negligence or negligent advice.

Who needs it? Anyone who has design responsibility or consults to give advice for a project.

BUILDING/STRUCTURAL WARRANTY

This provides cover for 'latent defects' beyond the defects period. They are often bought by the contractor but provide cover for the client, or the end users i.e. IDI policies (inherent [or latent] defect insurance), usually for a period of ten years.

Who needs a structural warranty? Anybody owning a new building including conversions.

PUBLIC LIABILITY INSURANCE

This protects against liabilities for injury to third parties (non-employees) or their property.

Who needs it? Almost everyone in construction needs this type of insurance. It insures any potential claims for damage to people and/or their property. PL insurance should be renewed every 12 months.

PRODUCT LIABILITY (PL) INSURANCE

This protects against liability for injury to people or property arising from the products you supply, manufacture or in some cases, import.

Who needs it? Anyone who supplies, manufactures or imports products for a project.

EMPLOYER LIABILITY (EL) INSURANCE

This protects against liabilities to employees for injuries or illness.

Who needs it? This is compulsory for employers.

CONTRACTORS ALL RISK (CAR) INSURANCE

This protects against physical damage to works and site materials. A public liability policy may exclude these types of losses, although the two types of insurance may be sold together.

Who needs it? Anyone responsible for construction projects.

PLANT AND EQUIPMENT INSURANCE

This insurance provides cover for equipment or plant. There are different types depending on whether the plant or equipment is hired or owned, and covers for loss or damage. A combined contractor plant policy may cover both hired and owned plant/equipment.

Who needs it? Anyone who hires or owns plant or equipment.



For clients

BUILDING INSURANCE

Building insurance covers the cost of repairing damage to the structure of the property.

Who needs it? Anybody owning a building.

BUILDING/STRUCTURAL WARRANTY

This provides cover for latent defects beyond the standard defects period. It is often bought by the contractor but provides cover for the building owner, usually for a period of ten years.

Who needs it? Anybody owning a new building.

Insurance roles

- Broker
- Underwriter
- Claims investigator
- Claims adjuster

BROKER

A broker is the person that sells the insurance policy. They communicate with customers and manage the transaction.

UNDERWRITER

The underwriter determines or calculates/analyses the risk of a policy and decides whether it should be given and what it should cost.

CLAIMS INVESTIGATOR

The claims investigator examines claims and goes through all the available information, including contacting contractors, interviewing individuals and visiting site, to establish whether a claim is legitimate.

CLAIMS ADJUSTER

The claims adjuster decides how much an insurance company should pay for a claim; reviewing the details of the case, determining the liability and issuing an offer to the customer. If this offer is rejected, the adjuster may negotiate or seek further input from legal specialists.

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