

# Contractors All Risks Section

## Definitions

### 1. Property Insured

Any property belonging to **the Insured** or for which they are responsible and for which a **sum insured** is included in the **Schedule** whilst on or adjacent to the **Contract Works** and intended for use in connection with the contract including

#### a. Contract Works

The permanent and temporary works undertaken by or on behalf of **the Insured** in performance of the contract or speculative development including **Site Materials** anywhere within the **Territorial Limits** but excluding any contract

- i where the original **Contract Price** or **Contract Period** exceeds the maximum specified in the **Schedule**
- ii which is separately insured.

#### b. Site Materials

All unfixated materials and goods delivered to or placed on or adjacent to the **Contract Works** and intended for incorporation in them but excluding **Own Plant and Tools Hired in Property and Temporary Buildings**.

#### c. Own Plant and Tools

Tools contractors plant and equipment belonging to **the Insured** or hired to them under a hire purchase or lease agreement or on free loan and for use in connection with the **Contract Works**.

#### d. Hired in Property

Tools contractors plant equipment site huts and other temporary accommodation and their contents (other than computer or other data processing equipment) hired by **the Insured** for use in connection with the **Contract Works** and for which they are responsible under the terms of their hiring agreement or otherwise but not tools contractors plant equipment site huts or other temporary accommodation and their contents on hire purchase or subject to a lease agreement or on free loan.

#### e. Temporary Buildings

Site huts and other temporary accommodation and their contents (other than computer or other data processing equipment) belonging to **the Insured** or hired by them under a hire purchase or lease agreement or on a free loan and for use in connection with the **Contract Works**.

#### f. **Property Awaiting Sale**

Property built by **the Insured** whilst not under a contract for sale or rental after the date of completion. Completion shall mean completed or complete other than the prospective purchasers or tenants choice of decorations or final fitments.

#### g. **Employees Tools and Personal Effects**

Employees hand tools and personal effects whilst on or adjacent to the **Contract Works** and intended for use in connection with the contract.

Employee in respect of Definition 1g. shall mean any person under a contract of service or apprenticeship with **the Insured**.

### 2. **Maintenance Period of Insurance**

The period not exceeding that specified in the **Schedule** during which **the Insured** is responsible for rectifying defects arising from the **Contract Works**.

### 3. **Contract Price**

The actual price specified in any contract between **the Insured** and **Employer** or the actual cost to **the Insured** of any single defined phase of a speculative development including Professional Fees and the value of Free Issue Materials.

### 4. **Contract Period**

The duration of work specified in any contract between **the Insured** and **Employer** or in the case of speculative development the duration of any single defined phase of such development.

### 5. **Employer**

Any person(s) or incorporated company on whose behalf the **Contract Works** are undertaken under contract.

### 6. **Mechanically Propelled Plant**

Self propelled vehicles designed to be used solely as a tool of trade on a contract site or vehicles which are not licensed for road use and used solely as a tool of trade on a contract site.

### 7. **Territorial Limits**

#### a. **United Kingdom**

b. Any other member country of the European Union.

## 8. Money

Cash bank and currency notes cheques crossed bankers drafts postal orders luncheon vouchers current postage stamps trading stamps holiday with pay stamps National Savings stamps National Savings certificates Premium Bonds credit sales vouchers or receipts VAT purchase invoices unexpired units in franking machines gift tokens deeds bonds bills of exchange promissory notes treasury note or securities and consumer redemption vouchers belonging to **the Insured** or for which **the Insured** are responsible.

## 9. Unoccupied Building

Any building or part of any building which is empty or not in use by **the Insured** or any tenant of **the Insured**.

## Cover

A. **The Insurer** will indemnify **the Insured** against loss of or damage to the **Property Insured** occurring within the **Territorial Limits** during the **Period of Insurance** by any cause not excluded by this **Section**.

In addition, **the Insurer** will indemnify **the Insured** against loss of or damage to the **Contract Works** occurring during the **Period of Insurance** and

- a. happening during any **Maintenance Period** and arising from a cause occurring prior to the commencement of the **Maintenance Period**
- b. caused by **the Insured** in the course of any operations carried out by them during the **Maintenance Period** for the purpose of complying with their obligations in respect of maintenance or making good of defects as may be referred to in any conditions of contract.

### B. Employers Interest

The insurance by this **Section** extends to include the interest of any **Employer** for whom **the Insured** is carrying out a contract to which this **Section** applies but only to the extent that such interest is required to be insured jointly with that of **the Insured** under the contract conditions.

### C. Professional Fees

The maximum **Contract Price** includes an amount in respect of architects surveyors consulting engineers and other fees necessarily incurred in the reinstatement repair or replacement of the **Property Insured** following loss or damage by any cause insured by this **Section** but not such fees for preparing or contending any claim. The amount payable for such fees shall not exceed that authorised by the appropriate professional body.

### D. Debris Removal

The insurance by this **Section** includes costs and expenses necessarily incurred with **the Insurer's** consent in

- a. removing debris
- b. dismantling or demolishing
- c. shoring up or propping
- d. cleaning or repairing drains service mains gullies manholes and the like within the site of the **Contract Works**

of the portion or portions of the **Property Insured** damaged in circumstances giving rise to a claim under this **Section**.

**The Insurer** will not pay for such costs and expenses

- I. arising from pollution or contamination of property not insured by this **Section**
- II. exceeding 10% of the sum insured under each item of this **Section** and provided always the sum insured shown in the **Schedule** remains **the Insurer's** maximum liability.

#### E. Property Stored

The insurance by this **Section** includes loss or damage to materials which are intended for incorporation within the **Contract Works** whilst temporarily stored anywhere within the **Territorial Limits** provided that

- a. the **Insured** is liable under contract conditions or
- b. such materials have been allocated to a specific contract undertaken or to be undertaken by the **Insured**

and the value of the materials at any one location does not exceed £250,000 unless the prior written consent of **the Insurer** has been obtained .

#### F. Property in Transit

The insurance by this **Section** extends to include the **Property Insured** whilst in transit within the **Territorial Limits** by road, rail or inland waterway including **Mechanically Propelled Plant** whilst under its own power.

#### G. Immobilised Plant

The insurance by this **Section** extends to include any necessary costs incurred in the recovery of **Own Plant and Tools** or **Hired in Property** which may become immobilised or immovable whilst being used in connection with the contract provided that the cause of such immobilisation or immovability is the subject of an admissible claim under this **Section**.

#### H. Free Issue Materials

Property for which the **Insured** is responsible shall include all materials and goods supplied free of charge for incorporation in contracts insured by this **Section** provided **the Insured** include their value in the **Contract Price** for any contract and in any declaration under General Condition 9.

#### I. Re-drawing Plans and Documents

The insurance by this **Section** extends to include loss or damage to plans drawings specifications documents and records whilst anywhere in the **Territorial Limits** (except on sites of contracts not insured by this **Section**) provided that **the Insurer's** liability is limited to

- a. the value of the materials as stationery together with the cost of clerical labour involved in their reproduction and not the value to **the Insured** of the information contained therein
- b. £25,000 in respect of any one claim and in all any one **Period of Insurance**.

## J. Local Authorities

The insurance in respect of the permanent works extends to include such additional cost of reinstatement following loss or damage to the **Property Insured** as may be incurred solely by reason of the necessity to comply with Building or Other Regulations under or framed in pursuance of any Act of Parliament or with Bye-Laws of any Public Authority.

**The Insurer** will not pay for

- a. such cost incurred
  - i. which can be recovered elsewhere
  - ii. where notice has been served upon **the Insured** prior to loss or damage
  - iii. for which there is an existing requirement which has to be implemented within a given period
  - iv. in respect of any part of such **Property Insured** which is undamaged other than the foundations or that part which is the subject of loss or damage
- b. The amount of any rate tax duty development or other charge or assessment arising out of capital appreciation which may be payable by reason of compliance with any of the aforesaid Regulations or Bye-Laws.

Provided that the work of reinstatement shall be commenced and carried out without unreasonable delay.

## K. Negligent Breakdown and Continuing Hire Charges - Plant Hired In

Subject to a **sum insured** appearing against the **Hired in Property** item on the **Schedule** the **Insurer** will indemnify **the Insured** in respect of

- a. Loss of or damage to **Hired in Property** hired in by **the Insured** to undertake a contract arising from any breakdown of such property due to the negligence of or misuse or misdirection of the property on the part of **the Insured** or his **Employees**. Provided always that in respect of each occurrence **the Insured** shall be responsible for the first £350 of any loss or damage.
- b. **The Insureds** liability under the terms of a hiring agreement or otherwise to pay continuing hire charges consequent upon loss of or damage to or negligent breakdown of **Hired in Property** by **the Insured**. The period in respect of which payment is made under this extension in respect of any one occurrence shall be the period beginning 48 hours after the loss or damage and ending not later than 3 months thereafter.

#### L. Speculative Building - Property Awaiting Sale

**The Insurer** will indemnify **the Insured** in respect of loss of or damage to **Property Awaiting Sale** until

- a. the date such property is sold let occupied or handed over or
- b. i 180 days after the date of completion in respect of any private dwelling not exceeding 4 storeys or
  - ii 90 days after the date of completion for any other property

whichever is the earlier.

Provided that **the Insurers** liability shall not exceed the amount specified in the **Schedule** in respect of any one property or a range of properties under one roof.

Nothing in this extension shall be deemed to extend the insurance beyond the date of expiration or non-renewal of the **Section** or **Policy**.

#### M. Show Houses and Show Flats

The insurance by this **Section** includes loss of or damage to show houses and show flats built by or on behalf of **the Insured** and their contents and used by **the Insured** solely for this purpose whilst not under a contract for sale or rental.

Provided that

- i. whenever any show house or show flat is closed for business all security devices shall be put into full and effective operation and that such devices shall include
  - a. British Standard locks on all external doors
  - b. key operated window locks on all ground floor and other accessible windows
  - c. an intruder alarm with an audible signalling device
- ii **the Insurers** liability in respect of show houses and show flats shall not exceed £500,000 in respect of any one property or a range of properties under one roof
- iii **the Insurers** liability for the contents of any show house or show flat shall not exceed £50,000 in respect of any one property.

#### N. Consecutive Damage

Any loss or damage to the **Property Insured** at any one contract site during any period of 72 hours caused by or arising from storm tempest subsidence collapse flood or other water damage shall for the purpose of the **Excess** specified in the **Schedule** be deemed to be one occurrence.

#### O. Expediting Costs

The insurance by this **Section** includes any additional costs of overtime weekend and shift working hours bonus payments plant hire charges express delivery and the like necessarily and reasonably incurred by **the Insured** with the consent of **the Insurer** to expedite reinstatement or replacement or repair of any loss of or damage to the **Contract Works** for which an Indemnity is being provided by this **Section**.

Provided that

- a. **the Insurer** will not be liable for any costs incurred which relate either to expedition or the completion of any construction erection or installation of **Property Insured** not lost or damaged or to the expedition of the completion of the **Contract Works** at a faster rate than would have been obtained had no loss or damage occurred
- b. **the Insurers** liability for such additional costs is limited to 25% of the **Contract Price** but not exceeding £50,000.

#### P. Plant and Tools

The insurance by this **Section** extends to include **Own Plant and Tools Hired in Property and Temporary Buildings** at the **Insured's Premises** or elsewhere in a locked building or locked compound.

#### Q. Interested Parties

**The Insurer** agrees to automatically note the interest of any other party if requested by **the Insured** in any of the **Property Insured** and which attached before the happening of any loss or damage to the **Property Insured** but only to the extent that such interest is not otherwise insured and subject to their identity being disclosed in writing to **the Insurer** by **the Insured** in the event of such loss or damage.

#### R. Contract Price Increase

If the final price of any contract exceeds the Maximum **Contract Price** stated in the **Schedule** then the Maximum **Contract Price** shall be increased proportionately to a figure not exceeding 125% of the Maximum **Contract Price**.



## S. Housing Grants Act

**The Insurer** will indemnify **the Insured** against an award (or any part thereof) made in respect of a construction dispute and resulting from an adjudication procedure which complies with the provisions of the Housing Grants Construction and Regeneration Act 1996 or any succeeding legislation.

Provided that

- a. indemnity shall only apply to the extent that such an award relates to loss damage or liability for which an indemnity is provided by this **Section**
- b. any payment made by **the Insurer** in respect of such an award shall be made without prejudice to any other rights of **the Insurer** under this **Section**
- c. it is a condition precedent to any liability of **the Insurer** to make any payment under this **Section** that where there is a construction contract dispute relating to loss damage or liability for which an indemnity is or may be provided by this **Section**
  - i. any **Notice of Adjudication** received by **the Insured** shall be forwarded to **the Insurer** immediately upon receipt
  - ii. **the Insured** shall provide notice to **the Insurer** of any intention by them to issue a **Notice of Adjudication**
  - iii. **the Insured** shall not accept any award made by an adjudicator to such a dispute as being final without the prior agreement of **the Insurer**.

### Limit of Indemnity

**The Insurers** liability for any one loss during any one **Period of Insurance** shall not exceed in total the maximum **Contract Price** and the sum insured for each item shown in the **Schedule**.

## Exclusions

This **Section** does not cover

1. loss of or damage to
  - a. any aircraft or aero spatial device
  - b. any vessel or craft or device designed to float in or on or travel through water or plant and equipment mounted on board
  - c. any mechanically propelled vehicle (including any attached trailer) other than **Mechanically Propelled Plant**
  - d. **Money**
  - e. property forming or which has formed part of any structure prior to the commencement of the **Contract Works**
  - f. property for which **the Insured** is relieved of responsibility by conditions of contract
  - g. property more specifically insured
  - h. the **Contract Works** or any part of them for which a Certificate of Practical Completion has been issued or which have been handed over to the **Employer** or purchaser or occurring after the **Contract Works** have been completed pending sale or rental other than to the extent stated in respect of
    - i. the **Maintenance period**
    - ii. Cover L Speculative Building Property Awaiting Sale
    - iii. Cover M Show Houses and Show Flats
    - iv. the period of 14 days immediately following the issue of a Certificate of Practical Completion during which **the insured** shall under Conditions of Contract remain responsible for such permanent work or any part thereof
  - i. cutting edges tools trailing cables flexible pipes driving belts and chains or conveyor belts unless accompanied by loss of or damage to the complete item
  - j. rubber tyres by the application of brakes or by punctures cuts or bursts
  - k. **Hired in Property** on hire to **the Insured** unless such hire is subject to the model hire conditions of the Construction Plant-hire Association or conditions no more onerous to **the Insured**  
  
Where hiring conditions are more onerous to **the Insured** than the model hire conditions of the Construction Plant-hire Association then **the Insurer** will indemnify **the Insured** as if such Construction Plant-hire Association hire conditions were in force
  - l. trees shrubs and plants caused by frost or the failure of seed to germinate.

2. loss of or damage to and the cost necessary to repair replace or rectify
  - a. **Property Insured** which is in a defective condition due to a defect in design plan specification materials or workmanship of such **Property Insured** or any part thereof
  - b. **Property Insured** lost or damaged to enable the replacement repair or rectification of **Property Insured** excluded by a. above.

Exclusion a. shall not apply to other **Property Insured** which is free of such defective condition but is damaged as a consequence of such defect

For the purpose of this **Section** and not merely this exclusion the **Property Insured** shall not be regarded as lost or damaged solely by virtue of the existence of any defect in design plan specification materials or workmanship in the **Property Insured** or any part thereof.

3. theft or attempted theft from any unattended vehicle unless
  - a. all doors and windows and other points of access have been closed and securely locked
  - b. between the hours of 9pm and 6am such vehicle is in a securely locked building or securely locked compound.
4. loss or damage caused by
  - a. mechanical or electrical breakdown or derangement of machinery plant or equipment
  - b. wear tear corrosion obsolescence rust mildew wet or dry rot frost or other deterioration
  - c. direct application of tools or the entry of foreign bodies unless solely due to the acts of malicious persons
  - d. pollution or contamination other than that of or to the **Property Insured**
  - e. normal upkeep or normal making good
  - f. confiscation commandeering nationalisation or requisition or destruction by or under the order of any government or public municipal or local authority.
5. loss or damage caused by or arising from disappearance or shortage which is only revealed when an inventory is made or is not traceable to an identifiable event.
6. liquidated damages or penalties for non-completion or delay in completion of the **Contract Works** or for non-compliance with contract conditions or consequential loss or damage of any kind or description.
7. the amount of any **Excess** specified in the **Schedule**.

8. loss of or damage to **Property Insured** at the site of any **Contract Works**

- a. involving work on waterways or motorways
- b. following a stoppage of work from any cause for a period of 3 consecutive months.

9. Multiple Lifting Operations

damage to **Property Insured** arising out of any lifting or lowering operation in which a load is shared between two or more machines unless the prior written consent of **the Insurer** has been obtained.

10. Sonic Bangs

loss destruction or damage directly occasioned by pressure waves caused by aircraft and other aerospace devices travelling at sonic or supersonic speeds.

11. Northern Ireland

loss destruction or damage in Northern Ireland occasioned by or happening through or in consequence directly or indirectly of riot civil commotion and (except in respect of damage by fire and explosion) strikers locked out workers persons taking part in labour disturbances or malicious persons.

12. Computer Date Recognition

any expense liability loss claim or proceedings arising directly or indirectly from the failure of any computer or other equipment or system for processing storing or retrieving data whether the property of **the Insured** or not to achieve any or all of the purposes and consequential effects intended by the use of any number to denote a date including failure

1. correctly to recognise any date as its true calendar date
2. to recognise capture save retain restore and/or correctly to manipulate interpret calculate or process any data or information or command or instruction as a result of treating any date otherwise than as its true calendar date
3. to recognise capture save retain restore and/or correctly to manipulate interpret calculate or process any data or information as a result of the operation of any command which has been programmed into any computer software or firmware being a command which causes the loss of data or the inability to recognise capture save retain restore or correctly to manipulate interpret calculate or process any data on or after any date.

## Conditions

### 1. Reasonable Precautions

**The Insured** shall take all reasonable precautions in the selection of labour and maintain in efficient condition all plant and equipment used in connection with any contract covered by this **Section** and **the Insurer** shall at all times have access to examine any such plant and appliances. **The Insured** shall ensure that all equipment and plant requiring inspection under any Statute or Order shall be so inspected.

### 2. Additional Claims Requirement

**The Insured** shall if required by **the Insurer** produce or give access to any property alleged to be damaged and **the Insured** shall be bound to satisfy **the Insurer** by such evidence as may be reasonably required that the loss or damage in respect of which a claim is made has actually arisen from one of the risks insured against.

### 3. Subrogation Waiver

In the event of a claim arising under this **Section** following loss or damage to the **Contract Works** by a specified event **the Insurer** agrees to waive any rights remedies or relief to which they might become entitled by subrogation against any nominated or domestic sub-contractor referred to in any contract under the Joint Contracts Tribunal Standard Form of Building Contract.

### 4. Automatic Reinstatement of Sum Insured

The insurance by this **Section** shall not be reduced by the amount of any claim paid provided **the Insured** pays the appropriate additional premium on the amount of any loss from the date of the loss to the expiry of the **Period of Insurance**.

### 5. Alteration

If at anytime anything shall occur or be done which materially affects the risk insured **the Insured** shall give immediate notice in writing to **the Insurer**.

### 6. Reinstatement

If any property is to be reinstated or replaced by **the Insurer** **the Insured** shall at their own expense provide all such plans documents books and information as may reasonably be required. **The Insurer** shall not be bound to reinstate exactly but only as circumstances permit and in a reasonably sufficient manner and shall not in any case be bound to expend in respect of any one of the items insured more than its **sum insured**.

### 7. Subrogation

Any claimant under this **Section**, shall at the request and expense of **the Insurer** take or permit to be taken all necessary steps for enforcing rights against any other party in the name of **the Insured** before or after any payment is made by **the Insurer**.

## 8. The Insurer's Rights Following a Claim

On the happening of loss destruction or damage in respect of which a claim is made **the Insurer** and any person authorised by **the Insurer** may, without incurring any liability or diminishing any of **the Insurers** rights under this **Section** enter take or keep possession of the premises where such loss destruction or damage has occurred and take possession of or require to be delivered to **the Insurer** any **Property Insured** and deal with such property for all reasonable purposes and in any reasonable manner. No claim under this **Section** shall be payable unless the terms of this Condition have been complied with. No property may be abandoned to **the Insurer** whether taken possession of by **the Insurer** or not.

## 9. Arbitration

If any difference arises as to the amount to be paid under this **Section** (liability being otherwise admitted) such difference shall be referred to an arbitrator to be appointed by the parties in accordance with statutory provisions. Where any difference is by this condition to be referred to arbitration the making of an award shall be a condition precedent to any right of action against **the Insurer**.

## 10. Joint Code of Practice

In respect of all contracts where the **Contract Price** is £2,500,000 or above **the Insured** undertakes to comply with The Joint Code of Practice on the Protection from Fire of Construction Sites and Buildings Undergoing Renovation dated May 2009 hereinafter referred to as The Joint Code or any subsequent amendment thereto or revised edition thereof current at inception or subsequent renewal of the **Section**.

For the purpose of the Joint Code if the **Contract Price** exceeds £20,000,000 it shall be deemed a Large Project.

The appointed representative of **the Insurer** shall have the right at all reasonable times to enter and inspect any construction site insured under the **Section** for the purpose of checking whether the conditions thereon in all respects comply with The Joint Code.

In the event of **the Insurer** becoming aware of a breach of The Joint Code **the Insurer** will inform the **Employer** or his representative and the Main/Management Contractor's Construction Site management of the nature of the breach specifying the remedial measures required by **the Insurer** (the Remedial Measures) and the period within which these must be completed.

Where **the Insurer** considers such a breach is of sufficient importance **the Insurer** will confirm the same by notice in writing by registered post recorded delivery facsimile transmission or by hand to the **Employer** and Main/Management Contractor at their respective addresses nominated by **the Insured** at the inception of cover or as subsequently amended.

Under the terms of this or any subsequent notice **the Insurer** may suspend or cancel all cover under the **Section** from the date named in the notice not being a date earlier than the date named for the completion of the Remedial Measures it being understood that upon suspension such cover shall be reinstated when **the Insurer** is satisfied that the Remedial Measures have been completed.

The reference to suspension or cancellation of all cover shall apply only to the contract specified in the notice.

This clause shall not in itself be considered a condition precedent to liability but its inclusion shall not prejudice waive or remove the rights of **the Insurer** under the terms of other **Section** or **Policy** exclusions and conditions.