

### **Suitability**

This policy is designed to protect the interest of civil contractors and Firms involved in construction activity against the damage or destruction of various civil engineering projects undertaken by them. The policy is suitable for all types of civil engineering construction works ranging from small buildings to massive dams as they are susceptible to damage by a variety of external and internal causes during the course of construction.

### **Salient Features**

- This is a comprehensive policy designed to cover all risks associated with civil works right from the time of commencement of works at site till the contract works are taken over or put into use.
- The policy covers:
  1. Fire / lightning.
  2. Accidental damage during construction like dropping or falling, defective workmanship and material, lack of skill, negligence, malicious act and human error.
  3. Act of God perils such as flood and inundation, earthquake.
  4. Collapse, collusion, impact.
  5. Theft and burglary, malicious and terrorist damage.

### **Extra covers**

Policy may be extended to cover

1. Air freight
2. Additional customs duty
3. Express freight
4. Over time wages
5. Expenses for clearance and removal of debris
6. Damage to surrounding property
7. Third party liability
8. Escalation in costs
9. Contractor's plant and machinery at the construction site
10. Defects in construction, which surface during maintenance period for which the contractor is liable under the terms of agreement with the principal.

### **Benefits**

Claims are payable at the prevailing market rates for restoration of affected property to the condition immediately before the occurrence of damage. Cost of any improvement and modifications will not be admitted. The amount of loss payable is subject to under insurance if any, and the policy excess.

### **Premium**

Premium chargeable depends on the nature of the project, the project cost, the project period, geographic location and the period of testing. Discount in premium is allowed for large projects with sum insured more than 100 crores, the higher deductibles opted and for the fire protection available at the site. Premium may be paid in installments where the project period exceeds 1 year. In case of early completion of the project also, refund of premium may be claimed for the balance period of insurance.

### **Requirements**

A completed proposal form giving full details of the project, its costing, details of additional covers sought.

### **Recommendations**

Project costs are huge in view of heavy investments made by various agencies in infrastructure sector. Any loss or damage would throw the project haywire apart from causing heavy losses both financially and to human life. Defects in construction may also surface during the maintenance period. In order to safeguard the project and his own interest, a contractor should necessarily go for contractors all risk insurance.