

What Is Contract Works Insurance?

Contract Works insurance, at it's simplest, covers the works in progress on a construction site for almost any peril or loss, such as fire, flood, storm, malicious damage and theft. For example, if a contractor is building an extension to a house, a Contract Works policy will insure the new works as it is being erected and the materials and fittings.

A Contract Works insurance policy can also be extended to include:

- Plant that you own
- Plant that you hire in
- Your tools
- Your employees tools
- Temporary buildings

What isn't covered? Insurance brokers aim to give the best advice we can – and this includes telling you what you are NOT insured for. A stand-alone Contract Works policy will not include public and employer's insurance, or, usually, any existing structure. Of course, insurance policies vary between insurance companies so make you sure you compare the cover offered between them and not just pick the cheapest one!

If you already have public and employer's liability insurance (or are planning to buy public and employer's liability insurance), Contract Works insurance may be an optional extra and this can be the cheapest option for small firms that do not require high limits of cover.

Who buys Contract Works insurance?

- General Builders
- Building Contractors
- Property developers
- Property refurbishers
- Electricians
- Double Glazing installers
- Shopfitters
- Bricklayers
- Carpenters and joiners
- Ceiling artexers
- Plasterers
- Partitioning contractors
- Dry lining firms

- Floor and wall tilers
- ...and just about anybody else in the construction industry which is involved in new work and wishes to insure the work in progress plus the materials and fittings.

How is the premium calculated? This can vary! Contract Works is sometimes based on how many manual workers (employees and labour only subcontractors) that work in your business, and other times on your contracting turnover. Something to consider is what limit of cover that you require. This will be to cover the biggest contract that you undertake regardless as to how long it will take to complete. For example, if you have a contract to build 10 houses at a total cost of £1,500,000 over a period of 2 years, you will need a £1,500,000 limit of indemnity. However if your biggest contract is £50,000, but you undertake one of these every other week, you will only require £50,000 limit of indemnity.

Be careful that you insure the entire contract. Recently, we had a client who was insured for £1,000,000. However, they had taken over a £2,000,000 contract from a builder that had gone bust and had left just £250,000 of work to be completed. As our client 'owned' a £2 million contract, he needed a limit of indemnity for £2 million. The reason for this is had the entire works burnt down, they would have been responsible for rebuilding the entire building, including what had been completed by the collapsed firm.

Our client was not happy to pay the substantial additional premium for this increase in cover, but they would have been less happy had he suddenly found himself short of a million pounds had the site been totally destroyed!

What else should you consider? As with all insurance policies, you must read the 'key facts' or summary of cover. Does this fulfill your needs? Do you have temporary buildings such as toilets or a site office? If you hire in plant, will this need insuring? If so, ask the hiring company what their costs are and compare against the Contract Works insurance. Check what the security conditions are – at Versatile Insurance we deal with more theft of plant and tools claims than any other type of Contract Works claims. It is almost certain that the entire site will need to be fenced and locked. Also, check the excess – this can be very high (I have seen £5,000) and can be different for, say a theft claim, compared to a fire claim.

Lastly, when does the insurance finish for the works? A typical Contract Works insurance policy will also include a 'maintenance period' clause. This will cover a completed building whilst it is being sold by the contractor and can be as short a period of 30 days, or, ideally, much longer. However, don't forget to renew your policy if it is due for renewal before your contract is completed or the buildings are not yet sold!

Recommended Insurance Companies

These brokers offer the most competitive quotes and a great service. They all specialise in providing Contract Works cover and various building insurance schemes. We hope you find it useful.

- [Versatile Insurance Professionals](#)
- [Quadris Insurance](#)
- [Rowett Insurance](#)
- [Compare-contractors-insurance.co.uk](#)
- [Zurich](#)
- [Thames Underwriting](#)
- [Coversure](#)
- [This Insurance](#)
- [Arthur Marsh & Son](#)
- [Cover Force](#)