

This is not an ADB material. The views expressed in this document are the views of the author/s and/or their organizations and do not necessarily reflect the views or policies of the Asian Development Bank, or its Board of Governors, or the governments they represent. ADB does not guarantee the accuracy and/or completeness of the material's contents, and accepts no responsibility for any direct or indirect consequence of their use or reliance, whether wholly or partially. Please feel free to contact the authors directly should you have queries.

Insurance Considerations for Business in Infrastructure Projects

Why a Broker

- Access to multiple markets
- Obtaining the required capacity
- Using Specialists
- Advocate for claims

Contract Works Insurance

- Loss or damage to works being undertaken
- Liability coverage for third party property and personal injury
- Adapting of coverage to contract – testing and commissioning, transport of material, existing structures, removal of debris, professional fees post loss, delay in start up etc.
- Claim example – building collapse from earthquake

Is Contract Works Insurance easy to get – It depends

- What is the project
- What is the contract value
- Where is the project
- The quality of the underwriting information – contract terms, timelines, parties involved.

Considerations in setting up a Contract Works Policy and the most appropriate Structure

- Project Specific or Annual policy
- Principal or contractor arranged
- Contract Requirements – indemnity and insurance
- Project specific and Principal arranged are the preferred options

Common Pitfalls

- The project commences before the insurance starts
- The period of insurance doesn't align to the construction period
- Optional extensions aren't investigated or included
- Regulatory and jurisdiction challenges aren't fully investigated
- Inconsistent coverage terms where subcontractors provide their own coverage
- No cover for design error or faulty workmanship – Lack of Professional Indemnity Insurance – architects, surveyors, engineers etc
- Contractors agreeing to indemnities that are wider than the coverage provided under the policy

Design and Build Contracts – Liability Considerations

- General or Public Liability coverage
- Professional Indemnity – number of years cover is required for under the contract

Vinaka