

# SCHOOL CONSTRUCTION

## MINIMISE YOUR RISK AND YOUR INSURANCE COSTS



### PROTECTING YOUR EDUCATION CONSTRUCTION PROJECTS

The appointed building contractors will be responsible for managing the site risks on all education construction projects in the UK.

All standard UK construction contract forms require insurance to be in place for the most fundamental of these, namely contractors all risks (CAR) and third party liability (TPL). The standard UK contract forms provide options as to who should put these insurances in place. Whoever places the insurances, the costs are always paid by the school as the employer, either directly or indirectly.

The standard contract forms do not look to protect the school's objectives or revenues, nor do they recognise the varying cost of insurance.

Marsh is represented across the entire education sector and also has a major construction practice. We have brought these two specialisms together and developed a solution to help meet the requirements of education projects, with benefits for both the school and the contractor.

### BENEFITS FOR THE SCHOOL

**Cost** – CAR is a comparatively expensive insurance product. Our solution has been shown to produce meaningful savings over the premiums obtained on project policies and put forward by contractors.

**Protection** – Our solution allows the school to insure “school specific” risks, such as the additional costs of working caused by delay following a CAR loss. The school would usually have to retain, transfer or manage these in some other way as they will not be included in any liquidated damages provisions.

**Cover** – The cover provided is designed to be wider than typical contractual requirements and that available under a standard contractor's annual policy. The policy contains extensions and provisions specifically negotiated for this solution. A number of these are for the benefit of the school alone and so are not available from a contractor's policy, e.g. claims preparation costs. They are included at no additional cost. If use of this solution is proposed by the school prior to tender release, Marsh can provide insurance premium costs for the project, before a contractor is selected. As a result, all contractors will be responding to the tender without estimated insurance costs, i.e. on a level playing field. You then have the option of asking for their proposed wording and costs should they provide the insurance, allowing you an easy comparison between their costs and the costs of our solution.

**Certainty of both cover and price** – Our solution offers a project policy, i.e. a non-cancellable policy which is put in force for the duration of the works. Events such as contractor insolvency do not impact the cover in place and a major claim will not result in additional premiums or future rate increases.

**Ease** – The proposal form has been designed for easy completion. We can quickly provide premium indications, together with a description of the cover for inclusion in the tender documents to be issued to potential contractors.

**Flexibility** – Although based around a standard policy wording, the cover is not a set solution and each risk is individually underwritten. This means cover can be adapted to suit individual project risk exposures.

## BENEFITS FOR CONTRACTORS

Our solution provides the following benefits for contractors:

- Allows the contractor to respond to the tender on a level playing field.
- Assists in negotiations on liquidated and ascertained damages (LADs) as it helps avoid issues where the contractor is asked to adopt LADs for delay resulting from insured perils such as fire and storm.

## HOW TO ACCESS THE POLICY

This solution has been specially negotiated via Marsh's Construction and Real Estate Practice; however you do not need to be an existing Marsh client. This is a project-specific offering and the relationship between Marsh and the proposer must be direct for the purposes of this project policy only. No appointment outside of the activity arising from the project in question is required, and no wider relationship is expected unless requested.

## HOW WE TEST RATES FOR COMPETITIVENESS

Pricing is tested against Marsh's benchmark data and we can seek alternative quotations from leading construction insurers per project.

Terms have been negotiated against the entirety of Marsh's education construction client base and will be reviewed and adjusted annually on performance.

Marsh's education construction offering provides cover for:

- Construction all risks.
- Additional costs of working/delay-in-start up.
- Third party liability including 6.5.1 (non-negligent indemnity).
- Hired in plant.
- Terrorism.

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## OUR ADDED-VALUE SERVICES, SOLUTIONS AND RISK ADVICE

Our range of bespoke optional services includes:

- Cover for restrictive/defective title and right to light issues.
- Fire/design risk assessments.
- Latent defects.
- Environmental insurance and business continuity planning.

## WHO WE ARE

Construction insurance is a specialised market and Marsh is a major insurance broker and risk adviser placing more than GBP200m of premium per annum into the UK construction insurance market. This positions us well to seek competitive price and cover terms.

Marsh serves the education sector from pre-school to university.

- We have placed over 180 construction project policies for educational institutions in the last three years.
- Our UK Education Practice has over 2,500 UK education-related clients.

Our involvement ranges from risk management to claims settlements and our experience encompasses work for governors, trusts, estates offices, and principals. In addition to this, we work with consortia, lenders, and local authorities around public finance initiatives and public private partnerships.

To find out how we can help you to minimise your costs and risks, run your projects smoothly, deliver your facilities on time, and achieve best value, or to request a proposal form, please contact one of our representatives below.



Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

The information contained herein is based on sources we believe reliable and should be understood to be general risk management and insurance information only. The information is not intended to be taken as advice with respect to any individual situation and cannot be relied upon as such.

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