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Key Advantages of Owner-Controlled Construction Project Insurances

- Owner has control of the policy
- Owner selects the Sum(s) Insured
- Owner determines level of self-retention
- Claims settlements made direct to Owner
- Third Party claims processed only once
- Expensive sub-actions on Material Damage claims avoided
- ALL contractors included in the policy
- No overlaps of cover
- No gaps in cover
- Owner's supervision of Project more closely secured
- Partial handover arguments avoided
- Owner has greater control of unexposed Project costs
- Period extension premiums kept to a minimum
- Limitation on Contractors' responsibilities significantly reduced
- Reduced Project premium costings
- Delay in Start-Up cover for Owner only available as part of an OCIP
- One package policy – most favourable terms

Disadvantages to Owner of Allowing Contractor(s) to Arrange Project Construction Insurances

- Owner still has to insure his own liabilities
- Owner still has to check Contractor(s) policies fully protect interest of Owner
- Owner still has to check adequacy of Contractor(s) policies
- Large number of contractor(s) policies – possible overlaps/gaps
- Protracted claims settlements
- Site limits contained in Contractor(s) annual policies
- Contractor has no insurable interest in Owners Delays in Start-Up risk and therefore unlikely to be able to insure it

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Classes of Insurance to be Considered

- “All Risks” on Contract Works & Fit-out works
- “Common User” Constructional Plant & Equipment and Owner’s Temporary Buildings
- Third Party Liability
- Delay in Start-Up i.e. Advanced Loss of Revenue (e.g. Profits or Rent)
- Additional Increased Costs of working
- Non-Negligent Liability
- Latent Defects

Insurances still to be Carried by Contractor(s)

- Constructional Plant and Equipment
- Temporary Buildings and Site Hutting
- Road Vehicles and their Third Party Liabilities
- Aircraft/Marine Vessels and their Third Party Liabilities which are usually included within the Material Damage policies
- Employers Liability
- Other Employee Benefits covers