

Contractor's All Risk(CAR) Policy

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Highlights

This policy is specially designed to give financial protection to the Civil Engineering Contractors in the event of an accident to the civil engineering works under construction.

In case the policy period exceeds 12 months, the premium can be paid in quarterly installments with the first installment being more by 5% and the last installment being paid 6 months before expiry of the policy.

Who can take the policy?

The policy can be taken by the principal, contractor or sub-contractor, jointly or separately.

Scope

The policy comprises of 2 Sections :

- Section I-Material Damage-covering physical loss, damage or destruction of the property insured by any cause, other than those specifically excluded in the policy.
- Section II-Third Party Liability-covering the legal liability falling on the insured contractor as a result of bodily injury or property damage belonging to a third party.

The main exclusions under Section I for which no claim is payable, are loss or damage due to:

1. faulty design
2. rectification of aesthetic defects of structure not relating to any physical loss or damage to the structure due to any accident, or of material defect or of workmanship defect.
The exclusion of defective material / workmanship is limited to the parts of the structure immediately affected and does not apply to any consequential loss to correctly executed items, arising out of the accident due to defective material or workmanship.
3. loss or damage due to gradual deterioration, atmospheric condition, rusting etc.
4. loss discovered only at the time of taking inventory.
5. loss arising out of penalty for delay, non-fulfillment of terms of contract.

Add on covers

The policy can be extended to cover the following items :-

1. Clearing and removal of debris
2. Damage to surrounding property not forming part of the contract work.
3. Maintenance visit / extended maintenance cover to cover accidental loss or damage whilst carrying out any rectification during maintenance period and / or any amount incurred for rectification of such original defects or faults during construction.
4. Earthquake
5. Third party liability
6. Terrorism
7. Exalation

How to select the sum insured?

The sum insured selected under section I should represent total contract value including the estimated cost of labour charges and cost of materials but excluding profit. The cost of materials supplied by the principal is to be declared separately.

In case of long term contracts, there is bound to be escalation in prices. The basic policy will pay only as per the original cost and prices. However escalation clause can be opted for, under which escalation upto 50%, can be selected to take care of such increase in prices.

The sum insured under section II should represent the per accident limit (the maximum legal liability that may fall on the insured as a result of an accident in the insured's site). The limit per policy period should be fixed taking into account the maximum number of such accidents which can reasonably be expected to occur.

Period of Insurance

Unlike other policies where the period of insurance is one year, in this policy the period of insurance should be equivalent to the period of contract, commencing from the date of unloading of the first batch of material at the site of construction and expiring on the date of handing over of the contract work to the principal. Although it is possible to extend the policy period in case of delay in completion of contract, it is always advisable to choose a slightly longer period of insurance initially, to avoid paying the higher extension premium.

How to claim?

In the event of any loss or damage giving rise to a claim under the policy, the following steps should be taken :-

- take necessary steps to minimize the loss.
- inform insurance company immediately.
- extend full cooperation to the surveyor deputed by the company.
- submit duly filled in claim form along with necessary documents to substantiate the financial loss suffered as a result of the accident.

Note: Policy details given are indicative, not exhaustive. Please contact your Gulf Union office for further details.



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