

Allianz Insurance plc

Erection All Risks

Product Information

Allianz 

This information is for intermediaries only

Erection All Risks Insurance Policy

Wherever there is the erection or installation of machinery or equipment, there is a risk of loss or damage. The contract governing the works will place the responsibility for insuring against this loss or damage with either the Contractor or Employer and our Erection All Risks policy can protect either party against the cost of this loss or damage

The following details give an overview of the policy:

What is the Policy Cover?

Contract Works – Cover One

All Risks cover for:

- Permanent works
- Temporary works
- Free issue materials allocated to or incorporated into the works where declared within the turnover.

These are covered:

- While in transit to and from the contract site
- At the contract site until completed or taken into use
- During the maintenance or defects liability period for up to 12 months after practical completion for damage caused by the contractor while rectifying defects.

Owned Plant and Machinery – Cover Two

All Risks cover or:

- Contractors Plant
- Temporary Buildings
- Employees Effects.

Hired In Plant – Cover Three

Cover for the legal liability of the Insured for:

- Loss of or damage to the hired in plant
- Continuing hire charges as a result of this loss or damage.

What are the Territorial Limits?

- Great Britain, Northern Ireland, Isle of Man and the Channel Islands.
- Employees effects will be covered at any contract site within the Territorial Limits.

Are there any Policy Conditions?

Yes, under the main policy conditions the Insured must:

- investigate and remedy any defects discovered in one part of the contract works that indicate that a similar defect exists elsewhere in the works
- keep up to date records of values at risk and provide this information to us annually by declaration
- comply with The Joint Code of Practice on the Protection from Fire of Construction Sites and Buildings undergoing Renovation.



What are the main Extensions?

Professional Fees	Costs necessarily incurred in reinstatement of the works	Offsite Storage	The lesser of 25% of the contract value or £250,000
Restoration of Plans or Drawings	Up to £50,000	Debris Removal	Up to 10% of contract value
Fire Brigade Charges	Up to £10,000	Public Authorities	Up to 10% of contract value
Breakdown During Testing	For new and unused items subject to a maximum of 7 days for testing and 1 month for commissioning	Joint Names	Where required under contract
Damage to Security Devices Cover Two only	Up to £1,000 and Nil Excess	Loss of Keys Cover Two only	Up to £1,000 and Nil Excess
Repair Cost Investigation Cover Two only	Up to £25,000	Additional Cost (Supplementary Expenses) Covers Two and Three	Up to £10,000

What is the basis of Settlement?

Contract Works - Cover One

We will pay for the reinstatement of the works to a condition that prevailed immediately prior to the loss or damage.

Owned Plant and Machinery – Cover Two

- If there is a total loss we will replace the property or pay for the loss or damage in money. This is limited to the market value of each item.
- If there is a partial loss we will pay for the cost of repairing the item up to the amount that would be paid had there been a total loss.

Hired In Plant– Cover Three

We will cover the Insured's legal liability for loss or damage and continuing hire charges stemming from this loss or damage under the hiring agreement or otherwise. Where the plant is over one year old, this liability is limited to the liability under the Model Conditions for the hiring of plant approved by The Construction Plant-hire Association.

What are the main Exclusions?

For Cover One:

- Loss or damage caused by defective design, material or workmanship
- Existing property
- Damage to any part of contract works caused by its own breakdown or explosion other than as extended above
- Loss or damage that the Insured is not responsible for under the terms of the contract
- Refractory linings or brickwork

For Cover Two:

- Loss or damage caused by the property's own breakdown or explosion

For All Covers:

- The policy excess
- Loss or damage occurring during transit by air or sea
- Wear and tear
- Inventory losses
- Damage to property arising from multiple lifting operations
- Any consequential losses such as penalties for delay
- Motor vehicles unless primarily for use as a tool of trade
- Vessels, craft, vehicles or devices designed to float on in or travel under or through water, air or space
- Pollution and Contamination
- Terrorism and E Risks

The above detail is a summary of the cover provided under our standard erection all risks policy.

If you wish to see the full terms and conditions please contact your local Allianz Engineering office for a specimen wording.

Why should your clients buy Erection All Risks cover from Allianz Engineering?

The main features and benefits of our Policy wording are:

Insured Property	<ul style="list-style-type: none"> • All Risks cover for: • all permanent and temporary works undertaken in performance of the Contract Works as well as free issue materials and other materials allocated to or incorporated into the works where declared within the turnover. • all Owned Plant and Machinery. • Legal liability of the Insured for: • loss or damage to Hired In Plant and any continuing hire charges resulting from this loss or damage.
Joint Names	<ul style="list-style-type: none"> • The majority of the most commonly used contract conditions for machinery installation require insurance to be arranged in both the contractor's and the employer's name. Under this policy cover is automatically extended to apply to any party that is required to be a joint named insured under the contract to the same manner and extent as the main Insured.
Transit and Storage	<ul style="list-style-type: none"> • Where materials to be incorporated into the Contract Works are in transit cover is provided automatically for any incidental storage required for a period of up to 14 days.
Completion	<ul style="list-style-type: none"> • Cover will continue for up to fourteen days after completion or hand over of the Contract Works where the contractor is required to provide this under the terms of the contract.
Maintenance or Defects Liability Period	<ul style="list-style-type: none"> • Where the contractor has a contractual obligation to return to the site after completion in order to remedy any defects we will provide cover for any loss or damage caused by the contractor while on site.
Breakdown during Testing and Commissioning	<ul style="list-style-type: none"> • The policy is automatically extended to ensure that breakdown of any new and unused machinery forming part of the Contract Works is covered while it is being tested or commissioned.
Loss Settlement	<ul style="list-style-type: none"> • Full indemnity for loss of or damage to the Contract Works. The policy is specifically written to provide cover for loss or damage for which the Insured party is responsible under contract.
Optional Cover for Plant	<ul style="list-style-type: none"> • The Insured can choose to arrange cover for the Contract Works in isolation or can cover constructional plant, whether owned or hired in, as part of the Erection All Risks policy.
Employees Effects	<ul style="list-style-type: none"> • Cover can also be arranged for personal effects of the contractor's employees. This includes cover for items such as clothing and tools for example but does not include loss or damage to vehicles or money.
Extensions	<ul style="list-style-type: none"> • 16 extensions (12 being detailed on the previous page) written to allow the Contractor or Employer to comply with the insurance requirements under which the contract is completed.
Period of Cover	<ul style="list-style-type: none"> • Cover can be arranged <ul style="list-style-type: none"> • over the period of a single contract where the employer is arranging insurance • on an annual basis covering all contracts undertaken by a contractor or arranged by an employer.

Does my client require an Erection All Risks policy or a Contractors All Risks policy?

The cover provided by an Erection All Risks (EAR) policy is very similar to that of a Contractors All Risks (CAR) policy. However, there are significant differences between an EAR risk and a CAR risk. In summary, please find below the differences between an EAR and CAR risk:

Erection All Risks		Contractors All Risks	
1	The main purpose of the work being carried out is the erection, installation and commissioning of plant and machinery.	1	The main purpose of the work being carried out is the construction of buildings or other structures. This includes building related trades such as roofing, foundations and repair/alteration work.
2	Associated building work is included in the policy (e.g. construction of a plant room or laying of foundations).	2	Associated plant and machinery work is included in the policy (e.g. lifts or boiler installations as part of new building construction).
3	There is an emphasis on mechanical testing and commissioning of new plant once installed. The policy can be extended to cover periods of commissioning in excess of one month.	3	While breakdown during testing is provided under the policy, this is a small element of the risk. If a longer period of cover is required the risk should be covered under an EAR policy.
4	Where the contractor is working on existing plant and machinery for the purposes of repair or maintenance, cover can be extended to include this custody property to the extent required by the contract. This is subject to additional terms and conditions.	4	Where the contractor is constructing buildings without a contract with a view to selling (speculative building), the buildings are covered following completion for a period of 90 days for commercial buildings and 180 days for domestic buildings.
5	Overall, the main risk is associated with the handling and commissioning aspects of the risk, with limited exposure to environmental perils.	5	Overall the main risks are from environmental perils, fire and theft, with limited exposure to testing or commissioning losses

Please find below some common contracts and trades where an Erection All Risks policy may be suitable:

- **Installation of building services plant in offices or other commercial premises.**
Including heating, ventilation and air-conditioning (HVAC) plant, lifts and escalators and electrical plant installations.
- **Plant installations in warehouses.**
Including overhead travelling cranes, automated order picking systems, heating and ventilation plant and electrical installations.
- **Plant installations in factories.**
Including process machinery and associated plant such as pneumatic systems, electrical distribution systems, steam generation and ventilation plant. Process machinery includes plant such as bottling lines, food preparation, textile manufacture and CNC machine tools.

- **Computer and electronic installations.**
Including PC's, computer networks and uninterruptible power supply systems. Cover would exclude breakdown and software corruption.
- **Communication installations.**
Including telephone exchange equipment, routing equipment and fibre optic networks.

