

Abode

Listed Property Insurance

Part of **HOWDEN**

CONTRACT WORKS INSURANCE – GLOSSARY



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Useful phrases and terminology

ARCHITECT

Designs and draws the plans.

C.A.R.

Contractors All Risks.

CESSATION OF WORKS

Where works have ceased and contractors have not been on site for a defined period of time, usually 30 or 60 days.

CFA PILING

Continuous flight augering (CFA) is a technique used in construction (<http://en.wikipedia.org/wiki/Construction>) to create concrete piles.

CONTRACT VALUE

Price that the employer is paying for the works in its entirety. This can be subject to alteration before, during and at completion of the works, depending upon any delays, changes to the specifications/vdesigns etc. For insurance purposes, the amount insured should include not only the value of the main contract, but also any subsidiary contracts and any direct purchases.

Dilapidation Report

A Dilapidation Report or Schedule of Condition Report details exactly the existing state or condition of a building prior to the works commencing. It details the condition and any damage which has already occurred as well as areas likely to give problems in the future with photograph illustration recording. These documents are useful in a claim situation and, if they have not been produced, then the onus of proof that damage was not-pre-existing will rest with the renovator.

Direct Purchases

Purchases made by the employer that do not form part of the main contract.

E.L.

Employers' Liability.

Employer

The contracting first party/property owner.

Excavation

Digging below ground level.

Existing Structure

The existing land, permanent buildings, domestic outbuildings and garages at the risk address owned by the employer.

Foundation types

Pad Stones.

J.C.T.

Joint Contract Tribunal. This organisation has produced an off the shelf contract which will manage the relationship between employer and contractor. There are 4 versions; Homeowner – the simplest version suitable for the smallest projects; Minor Works – for smaller less complex projects; Intermediate – for larger and more complex projects; Standard – this version can cope with very large and complex domestic and commercial renovations. Joint Fire Code Contractors equivalent to an ‘application of heat’ warranty. Joint Names Where two parties are named in the insurance contract, generally the employer and the main contractor. This will frequently be a requirement under the JCT suite of building contracts.

Landscaping Preparing land for gardens

Load Bearing Walls Internal and External walls that help to support the building.

Main Contract Types

- Standard Building Contract (SBC) – large/complex contracts typically over £1,000,000.
 - Intermediate Building Contract (IC) – complex works typically £50,000 to £1,000,000.
 - Minor Works Building Contract (MW) – Works typically up to £100,000 or non-complex up to £250,000.
 - There are many other types including Design & Build and Homeowner Contracts.
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Method Statements

A statement of the methods to be used for a specific element of the job that is produced by the contractor and agreed by the project manager/architect.

Non Neg/21.2.1/6.5.3

Non Negligent Part Wall Insurance. This insurance will indemnify the renovator for damage to third party property stemming from the works where negligence cannot be proven. Under the Party Wall Act there is a ‘strict’ liability to neighbours for certain heads of structural damage. This is why this type of policy is frequently required. In the absence of negligence, the contractor’s liability insurers will refuse to deal, but the renovator still has an obligation to reinstate.

Party Wall

Boundary wall, excluding timber fences. Can include internal and external walls. A wall that is on one owner’s land but is used by two (or more) owners to separate their buildings.

Party Wall Act

The Party Wall etc Act 1996 (<http://www.legislation.gov.uk/ukpga/1996/40/contents>) provides a framework for preventing and resolving disputes in relation to party walls, boundary walls and excavations near neighbouring buildings.

Party Wall Agreement

An agreement including processes and obligations to protect both parties that share an adjoining wall.

Performance Bond

A performance bond is a surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor.

P.I.

Professional Indemnity.

P.L.

Public Liability.

Plant

The apparatus or equipment used in the contractor’s trade. This can be owned or hired. It is frequently the contractor who supplies and insures these items, but the property owner may, on occasion, be required to insure plant.

Practical Completion

Practical completion is when all the works described in the contract have been carried out. A point may be reached where the work is for all practical purposes sufficiently complete to be put into use but is not necessarily fully complete in all respects. This is acknowledged in many standard forms of contract. It is defined as coming into existence either when certified by the person so authorised or, in certain stated circumstances, as a consequence which flows from then taking over a part or parts of the works.

Practical Completion Certificate

Evidence of Practical Completion, at which time the risk of loss or damage to the works passes from the contractor to the employer.

Procurement

A generic term embracing all those activities undertaken by a client seeking to bring about the construction or refurbishment of a building.

Project Manager

Oversees the work on site, appoints contractors/suppliers in collaboration with employer. May be supplied by the contractor or the architect, or may be appointed directly by the property owner.

R.S.J.

Rolled Steel Joist.

Schedule of Works

A detailed description of the planned works.

Snagging

Outstanding matters after the main construction has been completed.

Structural Engineer

Professional person employed for the design and planning of the structure and to ensure they are built to be strong enough and stable enough to resist all appropriate structural loads. (http://en.wikipedia.org/wiki/Structural_load)

Structural Warranty

An insurance policy which provides cover in the event of a defect occurring on the property caused by the design, workmanship, materials or components. The cover is either a 10 or 12 year policy as defined under the building contract, divided into three main parts:

- Building period
 - Defects insurance period
 - Structural insurance period.
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Subrogation

Insurers right to pursue recovery from a third party once they have paid their insured.

Tender

Obtaining quotes from various contractors/suppliers.

The Works

Fixed and unfixed materials, fittings and works in progress, labour and associated fees in connection with the building, alteration, refurbishment and/or renovation project.

Types of Contractor

Bona Fide - Bona fide sub-contractors generally work under their own direction and provide their own materials and tools. They should also take out their own Public Liability Insurance. Provided they are not working under the employers' direction, have their own legal liabilities which they insure themselves, there is no need to include these in the count of employees.

Labour Only - Labour only sub-contractors generally work under the direction of the employer and they do not provide their own materials or tools or than small hand tools. They are usually paid a day rate and would tend to be casual labourers, sole traders, volunteers or friends & family. They would be considered as employees for the purposes of an Employers Liability Insurance policy.

Underpinning

Underpinning is a method used to increase foundation depth or repairing faulty foundations.

Use of Heat

Processes involved in the course of construction including roofing, plumbing, welding.

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