

EMBARKING ON BUILDING WORK?

HERE IS THE ESSENTIAL INFORMATION YOU NEED TO KNOW ABOUT JCT CONTRACTS AND INSURANCE

WHAT IS A JCT CONTRACT?

The Joint Contracts Tribunal (JCT) suite of contracts is a set of standard documents used by the building industry to help deliver your building project. They set out the responsibilities of all parties and their obligations to each other bringing clarity to your relationship with the Contractor.

If you don't use a standard form of building contract, you expose yourself to your contractors' terms and conditions, or common law to control payment, disputes, insurance and what is actually included in the works. If you haven't undertaken a large project before it makes sense to have a contract, after all you'll be spending a considerable amount of money with someone you don't know.

WHAT HAPPENS IF I DON'T HAVE A JCT CONTRACT?

- Projects embarked on without a contract are often delivered very late and at much higher cost than initially envisaged.
- In the event of an insurance loss, the claims payments may be made to your contractor rather than to you; do you want to be beholden to the contractor for your stage payments?
- If the contractor goes bust, is sacked, or breaches a condition of their insurance, there will be no cover in place for your works or any materials on site. Its just easier and a whole lot more sensible to stay in control of the insurance yourself

WHAT TYPES OF JCT CONTRACT ARE THERE?

Contract Type	Complexity	Contract Sum
Minor Works Building Contract	LOW Minor Structural Works	Sub £250,000
Intermediate Building Contract	MEDIUM Includes Structural Works	Up to £1 Million
Standard JCT Building Contract	HIGH Includes Structural Works	Over £1 Million



WHAT INSURANCE REQUIREMENTS FORM PART OF THE JCT CONTRACTS?

A JCT HOMEOWNER CONTRACT

Is a very simple contract designed for projects like a replacement kitchen, bathroom or conservatory where the risks involved are very low. We don't recommend you use this contract for extensions or larger works because the detail required to reduce the risk to you just isn't there.

THE MINOR WORKS CONTRACT

A Minor Works Contract makes much more sense for projects up to £250,000. Where you (as the Employer) need more control over the insurance of the project.

It has its own specific clauses within section 5 regarding injury, damage and insurance. This section deals with:

- the liability of the contractor for personal injury, death or damage to property
- your insurance of the existing structure and the works under 5.4b
- evidence of insurance

One insurance policy should be arranged to cover existing structures and works against all risks. You should select insurance clause 5.4b of the Minor Works JCT contract - insurance of existing structures and works by you in the joint name of the employer & the contractor.

This means:

- That the existing structure and contract works are insured against all risks for their full reinstatement value.
- There is specific protection for you as the employer against a breach of a policy condition by the contractor, which means that your claim should always be met.

Using this clause also means that you remain in control of the insurance of your major asset and are not open to clauses and warranties of insurance contracts you do not understand, or non-payment by the contractor of their insurance contracts.

THE INTERMEDIATE WORKS CONTRACT

Has specific clauses for injury, damage and insurance under section 6. All of the items covered in the minor works contract are also picked up here. It is useful to note:

- The important clauses relating to property are held in item 6.7 a, b and c, set out in schedule 1 of the intermediate contract booklet.
- Sections 6.7 a and b are used in relation to new works only. Insurance option c specifies insurance by the employer of existing structures and works in or extensions to them.
- This clause is the only one you should use where there is an existing structure involved in the contract and for this reason the insurance may only be held by the employer in joint names with the contractor.

THE STANDARD BUILDING CONTRACT

Mirrors the conditions of the intermediate works contract in section 6, regarding injury, damage and insurance. Again, clause 6.7 should be used, which specifies the insurance of the works and the existing structure by the employer in joint names with the contractor.

You can see that getting the insurance of your project right takes care, detail and proper advice from a broker who understands it. Call us at an early stage for advice!



HOW CAN RISKWORKS WORK FOR YOU & YOUR BUILD PROJECT?

- We can arrange and set up the insurance linked to the JCT contracts
- We can facilitate the set up of the joint name contracts with your builder/architect

To discuss your building project insurance requirements further:
Contact Emma Patrick at

Riskworks Business Services Ltd on **01625 547754**

Or email: emmap@riskworksbusiness.com