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About Contractor's All Risk Insurance

The Contractor's All Risk Insurance provides comprehensive coverage against loss or damage pertaining to construction work, pieces of machinery, plant and equipment as well as bodily injury to the third party in the event of accidents during the execution of these projects.

The policy provides financial protection to civil engineers in the event of an accident during civil construction work. The coverage may as well be extended to manufacturers, suppliers, contractors and subcontractors. The policy can be availed for the entire project period, right from the arrival of construction materials on the site to the completion of the project.

Importance of Contractor's All Risk Insurance?

India is among the fastest-growing economies in the world with an upbeat outlook towards rapid infrastructural development. Railways, industrial units, housing facilities, dams, flyovers, power plants and other such construction projects have been on the rise. But the rise in these infrastructural projects comes with the rise in myriad material risks. The development of the economy would reflect in the development of public infrastructure. Therefore, despite the risk involved, the work must not be halted. The possibility of damage to the construction materials, machinery or the constructed portion due to environmental and manmade hazards can lead to substantial losses for the contractors.

To mitigate material risks around contraction work, the allowance for insurance of materials, machinery and/ or the constructed portion before or during the contraction period itself is a necessity.

Who Needs a Contractor's All Risk Insurance?

Contractor's All Risk Insurance provides special financial protection to stakeholders of the construction industries like contractor's, financers, subcontractors, project engineers etc. Be it commercial or residential construction projects, the policy binds everyone involved in the contact within a safety net. The policy ensures that both the property and the people involved in its construction are protected.

Contractor's All Risk Insurance is a suitable insurance option for a contractor who has one or multiple projects with more than one parties involved. Simply put, Contractor's All Risk Insurance is ideal when there are more than one stakeholders involved in the contraction of a project. Since most projects involve contractors and subcontractors and myriad construction workers working under them, the Contractor's All Risk Insurance provides financial coverage for the risk involved at every stage of the construction process. Getting the project completed with the minimum risk involvement is best done with the Contractor's All Risk Insurance.

Features of Contractor's All Risk Insurance

The Contractor's All Risk Insurance comes with a plethora of notable features. These features are listed below:

- Provides comprehensive coverage to the constructed project and the stakeholders of the project.
- The coverage is extended right from the start of the project till its handover.
- Comprehensive coverage for civil engineering projects with civil work value more than 50% of the work value.
- Facilitates the extension of coverage to suppliers, manufacturers, contractors and subcontractors.
- Suitable for architects, construction engineers and financers involved in projects of civil engineering.

Coverage

The coverage of the Contractor's All Risk Insurance Plan can be categorized into two major sections: Material Damage and Third Party liability. Material damage refers to the loss or damage to own property and Third Party Liability would mean loss or damage to someone else's property or injury caused to a third party.

The Contractor's All Risk Insurance covers two categories of damages.

Material Damage

Material damage amounts to the loss or damage of one's property during the period of construction. Material loss or damage will be paid for up to the amount which does not exceed the specified sum mentioned in respect of each item. It must not exceed the sum assured.

Third-Party Liability

Third-party liability includes legal liability for accidental loss or damage caused to the property of other persons. It also involves legal liabilities towards fatal or non-fatal injury caused to any person other than employees of the workman or owner within the work premises during the construction of the property.

The Contractor's All Risk Insurance shall pay in case the loss falls within either of these categories.

Benefits of Contractor's All Risk Insurance

The Contractor's All Risk Insurance not only provides extensive coverage to all the stakeholders involved in construction work, but it also comes with a gamut of benefits including the benefit for material damage and accidental death.

Listed below are some benefits of the Contractor's All Risk Insurance.

Material Benefit

Construction work may lead to material losses for the parties involved. The Contractor's All Risk Insurance gets you covered for the losses that parties involved in the construction project may incur at any point of ongoing construction work. The policy covers losses up to a certain amount that does not exceed the total sum insured or the sum mentioned against every item.

Third-Party Liability

On a construction project, accidental damage is always anticipated. Therefore, the Contractor's All Risk Insurance covers legal liabilities involved with the damage, loss or injury to a third party in the event of an accident. The damage or loss to the third party's properties is also covered under this policy.

Risks that are covered under the Contractor's All Risk Insurance are:

- Faults in construction
- Negligence and human errors
- Earthquake, shock and fire
- Water damage
- Storm, flood and cyclone
- Water damage
- Collapse

Add-on Cover

The policyholder can also enhance the umbrella of coverage at the very renewal of the policy. Additional coverage can be availed by the policyholder by paying additional coverage.

Listed below are some of the add-on covers that may be availed by the policyholder.

- Certain construction equipment like scaffolding and shuttering material.
- Damage incurred to surrounding property concerning the construction work.
- Rectification of faults or defects occurred during the construction process.
- Damage or loss while carrying rectifications during the maintenance period.
- Cover for maintenance and maintenance visit.

Exclusions

Exclusions in an insurance policy are pre-defined circumstances under which the insurance company is not liable to disburse the policyholder's claim.

Like every other insurance policy, the Contractor's All Risk Insurance comes with a bunch of exclusions. Some of these exclusions are listed in the points below:

- Wilful negligence of the insured
- Normal wear and tear

- Contractual liability
- Bad workmanship or defective material
- War and nuclear risk
- Loss or damage due to faulty design
- Disappearance or shortage

Claims Process for Contractor's All Risk

The policyholder can file a claim for the Contractor's All Risk Policy easily without the hassle by following the steps mentioned below:

- Provide information to the insurance company of the damage or loss done via mail, SMS or phone call.
- In case the loss or damage is caused as a result of theft or burglary, a complaint must be filed with the police immediately. The policyholder must also have a copy of the complaint with him.
- Following the receipt of all documents, the company sends a survey team to evaluate the damage done.
- After the verification of all documents and the evaluation of the losses, the claim could be successfully disbursed.

Documents Required for Claims

The following are the documents required for claims in the event of damage or loss pertaining to the Contractor's All Risk Insurance.

- Duly filled claim form
- A delivery receipt or purchase invoice
- A copy of the police report, if lodged
- Technical damage report, for machinery, lost
- A delivery receipt or purchase invoice