

## **A non-technical, simple guide to JCT 5.4A, 5.4B and 5.4C insurance for employers.**

At Versatile Insurance Professionals, we are experts at arranging insurance for the construction industry. This includes the professionals such as project managers, project coordinators, quantity surveyors, building surveyors and property investors as well as all of the trades such as ground workers, plumbers, roofers and bricklayers.

We have many years of experience in both insurance and the construction industry and are pleased to explain some of the technical terms that might be used by your architect.

Firstly, let us look at why you have been quoted any “JCT” clauses at all.

JCT is an acronym for “Joint Contracts Tribunal” and is a huge subject. We will only be dealing with the insurance aspects here that you are likely to run across. If you are instructing works to be undertaken (such as a home owner extending their house or a builder constructing a new property), you are described as the “employer.” Your architect (or project manager) will be advising you which insurance provisions to comply with when, for example, you are building a new house or extending a property.

Aside from JCT cover (which we will deal with shortly), there are other insurance policies that the contractors, or you, need to hold:-

- Public Liability insurance for all contractors, whether a trade or professional
- Employer’s Liability insurance for any business that employs workers (although there are exceptions to this)
- Professional Indemnity insurance for anyone is giving advice or making plans (such as the architect, quantity surveyor or project manager)
- Contractors All Risks insurance to cover the works in progress
- Buildings insurance to cover any existing structures. This is normally arranged by the owner.

Naturally, at Versatile Insurance, we arrange all of the above! Please click on the links for more information and, if required, quotations.

Now for a simple explanation of the following terms:-

- JCT 21.2.1
- JCT 6.5.1
- JCT 5.4A
- JCT 5.4B
- JCT 5.4C

JCT 21.2.1 and JCT 6.5.1 are clauses that require you to buy insurance if a neighbouring property is damaged by certain causes, such as subsidence, whilst the works are being undertaken (or shortly after) *and no one was at fault*. This seems very

odd concept and we ask you to click here if you want to learn more or obtain a quotation.

This article is about explaining JCT sections 5.4A, 5.4B and 5.C and, surprisingly, is not about us selling you any insurance for these clauses! However, we hope that if you are impressed with our knowledge of the subject, you may consider buying insurance from us in the future, or recommending us to any of the contractors that you are dealing with (or you may well be a tradesman or professional).

JCT 5.4C requires the employer to take out a “Joint Names” insurance policy for the existing structure. This means that the builder’s name needs to be added to the home policy which can be tricky, because buildings policies often have a “contractors clause,” which basically excludes any claims caused by the builder, or other contractors! You need to contact your buildings insurer to sort this out.

JCT 5.4A requires the employer to be included as “Joint Name” with the contractor on the insurance policy for the new works. The works whilst in progress is normally covered by a Contractors All Risks insurance (sometimes known as Contract Works insurance) and this would normally be held by the main contractor. Many policies automatically include the employer as a joint policyholder, although this will need to be checked with the relevant insurer or insurance broker.

JCT 5.4B requires the employer to “Joint Names” insurance policy for the new works and the existing structure.

As you can see, these are not extra insurance policies for you to buy, but are simply requirements to have both the employer and contractor named on the same insurance policy.

We hope you have found this useful and look forward to arranging Buildings insurance for your Property, or Public Liability, Professional Indemnity, Contractors All Risks or JCT insurance for you or your contractor soon.

Ray Colenutt DipCII, the writer of this article, has over 30 years of arranging insurance in the construction industry and is the managing director of Versatile Insurance Professionals Ltd.

**Versatile Insurance specialises in insurance schemes for [Public Liability](#), [Contractors All risks Insurance](#), [Professional Indemnity](#), [Property insurance](#), [JCT 21.2.1](#), builders, property developers and tradesmen. Operating in the UK and Northern Ireland, Versatile Insurance has built up an unrivalled range of contacts within the construction industry enabling us to offer fast and competitive quotes for business insurance. Our highly experienced and friendly team are here to help and advise.**