

What Is JCT Insurance?

Building an extension or new house? Find about what is NOT covered by the normal insurance policies!

If you are refurbishing or extended your building or erecting a new one, you need to ensure that the main contractor holds “contractors all risks” insurance for the project, and that they, plus any other contractors, also hold Public Liability insurance or, for any professionals you may appoint (such as an architect or surveyor), professional indemnity.

However, there is a further insurance that should be considered if there is any danger that a neighbouring property may suffer any damage due to your works. This is called “JCT 21.2.1” (*sometimes referred to JCT minor works contract*) after the relevant section of the Joint Contracts Tribunal.

If a neighbouring property subsides or collapses due to the negligence of the contractors (Public Liability) or architect (professional indemnity), then a claim would be directed to them (and do make sure you have evidence of their insurance in writing).

However, what happens if it cannot be proved that anyone was negligent? After all, a demolition of a building, or work undertaken on a party wall, may have had perfectly drawn plans and the works had been undertaken correctly, but the next-door property starts to subside only a few weeks or months later? This means that no-one was negligent and therefore none of their insurance policies will make a payment.

Works to rectify the damage can cost £20,000 or more and even if it is insured under the owner’s buildings policy, the insurers would be looking to make a recovery against somebody. This will inevitably be against you and without appropriate insurance, this will result in you having at the minimum, a large legal bill to defend yourself, or at worst, also paying for their repairs in full plus their legal costs.

Although it seems unfair that you, the “employer”, have not appeared to have done anything wrong, it is established in law that the buck stops with you. The solution is straightforward, and that is to ensure that the main contractor obtains an insurance policy, in joint names with you, to cover the project. This need not cost you any money if you make it a requirement of the project and the contractor includes it within his price.

As a ball-park idea of premium, it starts from around £600 where demolition is undertaken by hand and the nearest property is a considerable distance away. Not surprisingly though, if heavy machinery is being used or a party wall is being worked on, expect this to be far higher!

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