



APEX Insurance

Engineering Insurance

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Types of Engineering Insurance

- ≡ Contractors' All Risks Policy (CAR)
- ≡ Erection All Risks Policy (EAR)
- ≡ Contractors' Plant & Machinery Policy (CPM)
- ≡ Machinery Insurance Policy (MI/MBD)
- ≡ Loss of Profit (Following MBD)



Types of Engineering Insurance

- ≡ Electronic Equipment Insurance Policy (EEI)
- ≡ Boiler & Pressure Vessel Insurance Policy (BI)
- ≡ Deterioration of Stock Insurance Policy (D.O.S)
- ≡ Others products as per market demand; such as
Advanced Loss of Profits ALOP/ Delay in Start Up,
Decennial Liability.



Types of Engineering Insurance CAR



Types of Engineering Insurance EAR



Types of Engineering Insurance

CPM



Types of Engineering Insurance MBD



Types of Engineering Insurance EEI



Types of Engineering Insurance BI



Types of Engineering Insurance DOS





Engineering Insurances During or pre-Construction/Erection phase

- ≡ Contractors' All Risks / Erection All Risks
- ≡ Contractors' Plant & Machinery (CPM)
- ≡ Decennial Liability



Engineering Insurance Types – Post construction

- ≡ Machinery Breakdown and LOP following MBD
- ≡ Deterioration of Stocks following MBD
- ≡ Boiler & Pressure Vessels Insurance
- ≡ Electronic Equipment Insurance
- ≡ Civil Engineering Completed works



CAR / EAR policies

- ≡ Most commonly used wording is the Munich Re Standard policy wording which includes:
 - ≡ Provisions
 - ≡ Conditions (both General & Special)
 - ≡ Exclusions (General & Special as well)
 - ≡ Additional Endorsements (3 types)



CAR POLICIES

≡ Used to cover projects when the civil works form more than 50% of the Total Contract value; for example: concrete buildings, roads, bridges, airports, tunnels, water and sewer pipelines, dams, infrastructure projects and others.



CAR POLICIES



EAR POLICIES

≡ Used to cover projects when the electromechanical works form more than 50% of the Total Contract value; for example: power plants, generating and nuclear plants, transformers and others.



CAR / EAR POLICIES

Who is the “Insured” under this policy?

- ≡ The Principal
- ≡ Main Contractor (or joint venture if this is the case)
- ≡ Sub-contractors
- ≡ Designer Engineer / Supervision Engineers
- ≡ Any Other beneficiary as the case may require (for example, Banks, Lenders, etc...)



CAR COVER

- ≡ All Risks policy covering any sudden accidental damage to the contract works (as specified in the Schedule) UNLESS excluded under “Exclusions”
- ≡ Add to that that it can cover Third Party Liability (Section II) of the Policy. Who is the TP?



CAR COVER

- ≡ Contractors' Plant & Machinery can be covered under Section I as well, among other items, such as existing surrounding property and removal of debris.
- ≡ The schedule of the policy has to be designed and filled carefully. Why?



Examples of scope of cover

- ≡ Natural Perils (Storms, heavy winds, flood, earthquakes, etc...)
- ≡ Technical issues (faulty workmanship, faulty material and in some cases faulty design)
- ≡ Human factors (negligence, theft, fire, etc...)
- ≡ Liability towards Third Party (for both bodily injuries and property damages)



Examples of scope of cover



Examples of scope of cover



CAR / EAR policy - Exclusions

≡ General Exclusions (applying to all sections)

War, Civil war, nuclear reaction, contamination, willful act of the Insured, cessation of work, etc...

≡ Special Exclusions (applying to each Section separately)

Consequential loss, the deductible, WC/EL, wear & tear, Motor TPL liability, etc...



EAR COVER

- ≡ Very similar to CAR but with some differences, mainly the period of insurance.
- ≡ In EAR policies the POI includes storage phase + Erection phase + Testing & commissioning + maintenance period
- ≡ Details of the SI will also include cost of freight, customs, cost of erection... depending on the nature of the project.



CAR COVER

Cover will stop automatically if:

- ≡ Period of Insurance specified in the schedule has expired, or
- ≡ If the project (or part of it) is handed over or put into service. Why?
- ≡ Note that cover during maintenance period is limited and not on an “All Risks” basis.



CAR / EAR Main UW Factors

1. Nature of the project Scope of works:

- ≡ Road construction, concrete buildings, power plant, dams, water pipelines, sewer system, etc...
- ≡ Each project has different and unique circumstances.



2. Period of insurance

- ≡ Expected weather conditions during construction phase
- ≡ The duration of the contract and the maintenance period.
- ≡ The longer the POI the more exposure for TP as well.



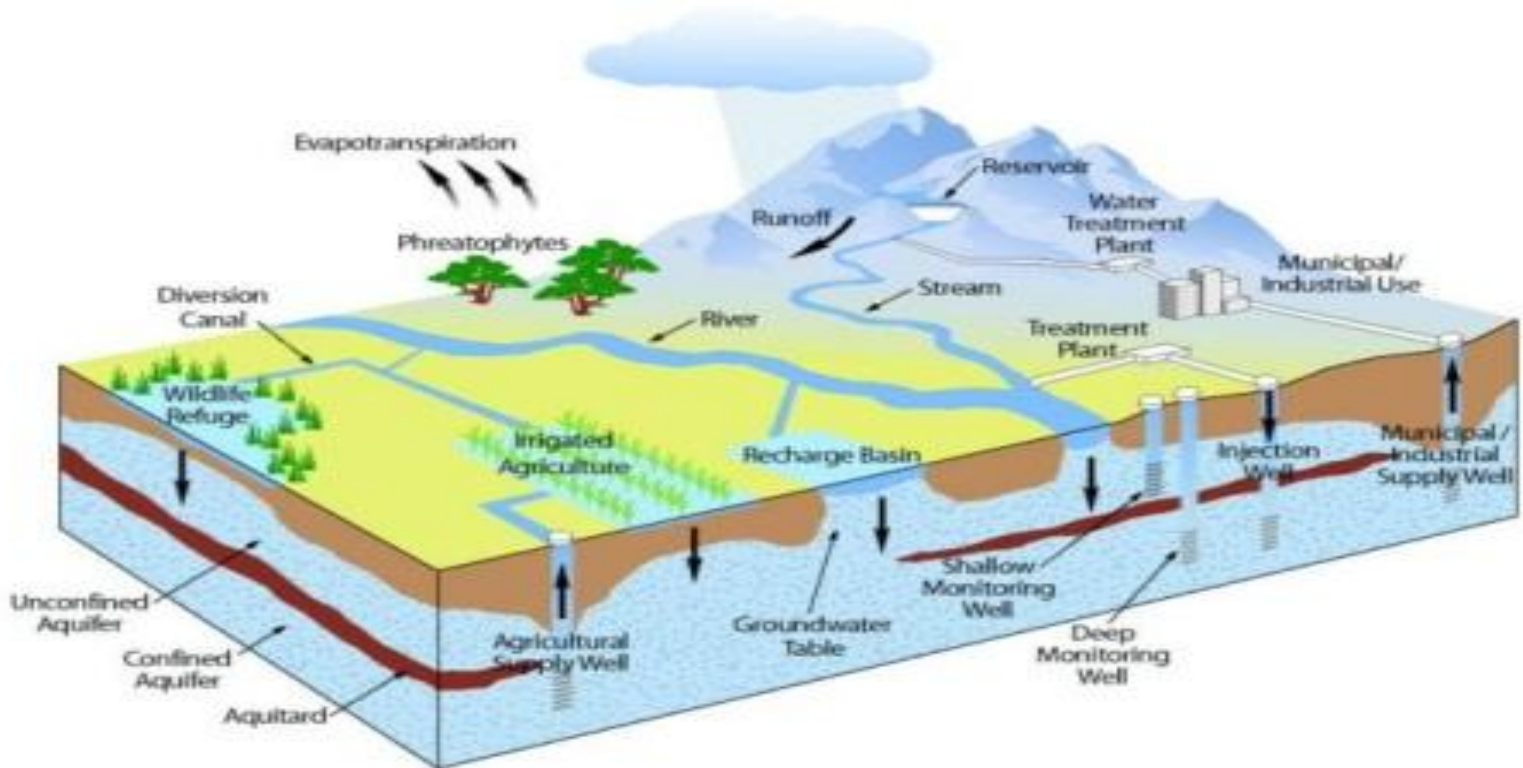
3. Geological Information and nature if the site(s)

≡ Slope, soil type, terrain (roads projects), water table, etc...



CAR / EAR Main UW Factors

3. Geological Information and nature if the site(s).



4. Natural Perils exposure

- ≡ This depends also on the period of insurance
- ≡ Also on the extension of period (if requested)



5. Third Party Liability Exposure

- ≡ Surrounding & Neighboring Property
- ≡ Underground facilities and available drawings for such.



6. Experience of the Insured (Contractor)

- ≡ Loss history and performance in previous similar projects.
- ≡ Reputation of the contractor



7. Company's Capacity and policy

- ≡ Treaty restrictions
- ≡ Insurer's previous experience
- ≡ Insurer's Appetite
- ≡ Financial strength



7. Market competition

- ≡ Number of other players and their appetite
- ≡ Reinsurance support
- ≡ RI market attitude (soft or hard)





CAR/EAR Main Endorsements





Cross Liability Cover

Cover under Section II (TPL) shall apply to the insured parties named in the Schedule as if a separate policy had been issued to each party.



Maintenance Visits Cover

loss of or damage to the contract works caused by the operations carried out for the purpose of complying with the obligations under the maintenance provisions of the contract.

Cover from: To:



Extended Maintenance Cover

In addition to the cover granted under the “Maintenance Visit cover”, this clause covers damages to contract works occurring during the maintenance period but caused on the site during the construction period before the certificate of completion for the lost or damaged section was issued.



Removal of Debris Extension

Covers for the costs reasonably incurred by the Insured for:

- Removing debris
- Dismantling or demolishing

Following a covered Loss



Cover for Overtime, Night work and Express Freight

Covers for extra charges for overtime, night work, work on public holidays and express freight (excluding airfreight).

If such extra charges are incurred in connection with a covered loss/damage to the insured items.



Cover of Extra Charges for Airfreight

Covers for extra charges for airfreight

If incurred in connection with a covered loss/damage to the insured items.





Warranty concerning Underground Cables, pipes and other facilities

The Insured should inquire with the relevant authorities about the exact position of such cables, pipes or other underground facilities and takes all necessary steps to avoid damage to same.

Any consequential damage and penalties being excluded from the cover.



Cover for Existing Property

Cover loss to the existing property or property belonging to or held in care, custody or control by the Insured caused by the construction works.

Provided that prior to the commencement of construction its condition is sound and the necessary safety measures have been taken.



Cover for Vibration, Removal or Weakening of Support

- Cover liability consequent upon loss or damage caused by vibration or by the removal or weakening of support, only if such loss or damage results in the total or partial collapse.
- Excluding however foreseeable damages, or the cost of loss prevention/minimization.
- Cover is on *"First Loss Basis"*.





Warranty Concerning Sections

Limits the Insurer's Liability for damages to roads, canals, embankments, etc... to a certain agreed length

Maximum length of Section: xxxx meters



Warranty for Laying Water Supply & Sewer Pipes

Limits the liability of the Insurers due to the flooding or silting of pipes, trenches or shafts only up to the maximum agreed length of opening.

Special precautions should also be adapted by the Insured precedent to Insurer's Liability (securing, closing, backfilling...)

Maximum length: xxxx meters



Cover for Off Site Storage

- Covers loss or damage to property in off-site storage within the territorial limits agreed.
- Subject to special precautions as well (ensuring that the storage area is enclosed, separating the storage units by fire-proof walls, etc...)
- Maximum value per storage unit: xxx USD



50 / 50 Clause

Where it is not possible to clearly tell whether the damage to an item was caused before or after arrival at the final destination, then such damage shall be shared equally between the Marine Insurer and the non-Marine insurer (CAR/EAR).



Cover for Inland Transit

- Cover loss of or damage to locally supplied property insured whilst in transit to the contract site.
- Caused as a result of collision, impact, flood, earthquake, inundation, landslide or rockslide, subsidence, burglary or fire.
- Property should be suitably packed and/or prepared for transit
- Agreed Limit of indemnity: xxx USD



Earthquake Exclusion

The Insurer shall not indemnify the Insured for loss, damage or liability directly or indirectly caused by or resulting from earthquake.





Flood & Inundation Exclusion

The Insurer shall not indemnify the Insured for loss, damage or liability directly or indirectly caused by or resulting from flood and inundation.



Thank You ...

