

Insurable Risk – the Headache of Compliance

Your insurance broker can show you an efficient and cost effective way of verifying that all parties to a contract comply with the insurable risk conditions, writes Michael Walshe.



In talking with contractors throughout Australia, there is a growing sense of frustration in certifying that all parties to contracts comply with the insurable risk provisions of contract conditions. The head contractor is responsible under the contract to ensure that not only the insurance program complies with the conditions of contract but also certifying the sub-contractors and consultants to the project and certificates of insurance.

Specifically, these conditions include contract works, plant, liability and Workcover. Standard Conditions of Contract may contain minimum components of the required insurance, including waiver of subrogation, cross liability clauses and a minimum Standard & Pools rating of insurers. This process is time-consuming and demands you as contractor have a material understanding of the insurance market and importantly the insurer's profile in the construction risk market.

The indirect cost to Head Contractors to ensure all parties comply with the risk and insurance responsibilities under the contract is a point of frustration and at times can delay commencement. Is there an efficient and cost effective way of verifying that all parties to the contract comply with the insurable risk conditions? Your insurance broker is the main source of ensuring you as Head Contractor comply with these conditions. They should have knowledge of both you as a contractor and your insurance program.

The opportunity to outsource the contractor and sub-contractor verification service to the industry will ensure you can confidently proceed to commence work. This service can now be delivered cost effectively and provide you with a high level of assurance that all parties to the contract comply with the contractual position. Your skill lies in the delivery of master projects and not in monitoring the effectiveness of the insurance program of all parties to a contract.

MBA Insurance Services would be delighted to demonstrate to you how you can free up your governance process to ensure the insurable risk on a project-per-project basis can be efficiently managed. Call us on 9411 4555.