

Construction Insurance & COVID-19

Important points to note

1. Construction policies contain conditions where insurers cease cover if work onsite stops for longer than 30 or 60 days

Depending on circumstances, this cover can often be extended upon request. MBIB are currently working with insurers to understand how this condition would apply in the event of an extended shutdown. In the meantime, please contact your MBIB account executive should any of your projects cease for a period approaching 30 days.

2. Maximum construction period

Construction insurance policies contain clauses limiting the maximum construction duration. This duration is typically 24 months through most annual policies placed through MBIB, which can generally be extended when requested. With potential project delays due to the coronavirus, please contact us if any projects are expected to be delayed beyond 24 months. Single project policies can also be extended in most instances where works are extending past the maximum construction period.

3. Materials in storage

Project delays or an enforced shutdown may lead to additional project materials being kept in storage. Policies typically have limits of \$250k or \$500k, should project delays result in additional materials being kept in storage rather than onsite, please contact us to extend cover.

4. Site security

Many policies contain proof of forcible entry requirements and/or 'reasonable care' conditions, so ensure your projects and property is as secured as possible to protect against theft & vandalism. Ensuring your sites are secure will also avoid any public access, minimising third party injury incidents.

Other insurance considerations

1. Unoccupancy clauses for vacant properties

With many workplaces now vacant, property and even home policies often contain unoccupancy clauses on office/building/contents insurance. While most of these clauses allow up to 90 days, which is likely to exceed any government shutdown, this may need to be considered in future.

2. Covering equipment at home

Coverage for office based computer equipment is typically insured as contents within an office, but would need to be moved to another policy (General Property policy) to ensure coverage at home for businesses having staff take computer equipment home to work remotely.

Risk management ideas

1. Scheduling of deliveries

Ensure that any high theft risk items are scheduled to arrive as close to practical completion as possible – these include whitegoods, heating and air-conditioning units, water tanks, and miscellaneous electrical items.

2. Securing tools

Where possible avoid having these kept onsite for an extended period, and if they need to be kept onsite, ensure they are in a securely locked container. Often tools are insured on an 'onsite only' basis, so if taking tools home/elsewhere for storage, check your policy or contact MBIB to check your policy, and upgrade cover if needed.

3. Weatherproofing sites for weeks not days

Take all precautions to prevent water or storm damage for an extended period. Insurers have different timelines on event triggers, ie 72 hours – so some storm claims may be classed as 2 or 3 "events if not identified and rectified if possible. Each event would likely result in an individual claim, so preventing losses is critical. If allowable, promptly check job sites following any storms during a potential shutdown period, and notify MBIB in the event of damage occurring.

4. Cyber safety

With many support staff working from home, it's critical to avoid opening any unusual emails and/or attachments to minimise hacking into less secure systems. Encourage your accounts staff to be extra vigilant with verbally confirming any changes to banking details or new payees. Implement or update internal processes to include verbal confirmation from internal directors when making payments, as impersonating staff over email becomes less challenging with unsecured networks.

5. Staff termination

Ensure that you obtain appropriate legal/industrial relations advice prior to terminating any staff to avoid Employment Practice Losses (this is a section under Management Liability insurance), and providing employees with appropriate support in relation to mental and physical wellbeing both during any terminations and in general over the period ahead.

6. Safe working environment

Ensure that you comply with the Department of Health recommendations specifically related to preventing the spread of the coronavirus in the workplace. Employees may be entitled to workers compensation if they contract coronavirus, but Safe Work Australia recognises that employers may not be able to completely eliminate the risk, but must do all that is reasonably practicable to introduce appropriate control measures and regularly communicate these to all workers.

7. OH&S at home

Ensuring OH&S advice is provided for employees working from home to avoid any repetitive strain injury related workers compensation claims.

8. Additional shutdown considerations depending on project type and size

- > Site security & regular inspection
- > Fire security
- > Storage/removal of combustible materials
- > Crane safety
- > Equipment removal or security
- > Traffic safety
- > Contractual considerations
- > Emergency response preparation

We encourage you to stay up-to-date with all government guidelines and restrictions.

Please use this document as a guide only.

Our team are ready to assist with any claims queries, risk management requirements or make-safe options should you need any us.

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