



## EDITORIAL

### 2021 will be much like 2020

The health crisis will continue to have dramatic economic and social consequences. This period, which has already been with us for over a year, has turned both our professional and personal lives upside down. Some sectors have been hit hard and will take time to recover. Our thoughts are with all those, entrepreneurs and employees alike, who are experiencing uncertain times or who feel discouraged.

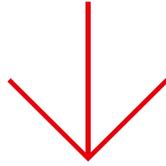
Throughout these long months, Swiss Risk & Care has supported its customers by advising, informing and defending them in an insurance market where conditions have tightened and rates have seen an upward trend. Our role as broker has more than ever been up to the reputation of our profession: placing our clients' interests at the fore.

We have decided to devote the first issue this year to a topic that is relatively unknown and rarely talked about: construction insurance. Even if a consequence

of the first wave of Covid was to extend worksite durations, the building sector has quickly bounced back to its habitual rate. There are many inherent risks in construction and renovation that may threaten a project's completion. Being able to benefit from experience and advice regarding insurance cover and being assisted in construction management by legal and engineering experts has become even more essential in these uncertain times. The teams at Swiss Risk & Care together with those of the SIACI SAINT HONORE Group, who are known throughout the world of construction insurance, are ready to help you fulfil your projects.

I hope you enjoy this issue!

Pierrick Leprince  
CEO & Administrator



# Construction Insurance: the advantages of “Globale chantier”

**Many incidents may occur on a worksite between the first pencil stroke on the plan and the end of construction work. When responsibility is contested, litigations could mean the project’s progress is called into question. There is a solution to offset these problems: contract a “Globale chantier” wrap-up insurance policy through your broker. We focus on this solution that benefits companies constructing or renovating a building.**

Whereas some industries are currently agonising, the construction economy is healthy. This sector rapidly found solutions to face the coronavirus situation and was able to reorganise so that business could completely resume and flourish. However, this is not without risk by far. Many accidents are possible in construction: the collapse of a retaining wall, theft of materials, ripping up a gas pipe, etc. These incidents may cause significant extra costs for a business in its role as project owner and can undermine the entire project. Therefore, it is a good idea for any company constructing or renovating a building to contract insurance that will protect it from the financial consequences of these accidents.

*‘Many types of insurance are involved in the construction industry: Construction Works, Third-Party Liability, Construction bonds and Building Insurance. The function of each cover and the way they interact is so complex that mistakes can be made. Having the guidance of an experienced broker is a guarantee that the construction project will have suitable cover at a reasonable price,’*

explains Etienne Verret, Customer Manager at Swiss Risk & Care and a Third-Party Liability expert.

## **Traditional construction insurance**

By ‘construction insurance’, we are generally referring to Construction All Risks insurance and the Project Owner’s Third-Party Liability. Abbreviated to ‘CAR/TPL’, these two types of cover are usually available as a package. For construction, these should be considered in the same way as Casco and Third-Party Liability for motor vehicles. ‘Construction All Risks’ insurance provides protection in case of damage directly affecting the construction site, whereas Project Owner Third-Party Liability comes into force when the damages are caused by a person outside the project.

*‘Regarding fire and natural hazard risks, Cantonal specificities should be taken into account depending on whether or not there is an existing ‘Etablissement Cantonal d’Assurance’ [a public law institution appointed by the Canton to guarantee prevention, rescue responses and insurance against fire and damage caused by natural*

*Being able to count on an experienced broker is the guarantee of adequate cover for a construction project at a competitive price.*

forces], warns Sven Meier, Customer Manager at Swiss Risk & Care.

## **“Globale chantier”: an insurance policy for everyone**

When a construction or renovation project involves many parties, it is advisable for the project owner to take out “Globale chantier” insurance. This guarantees that claims will be settled rapidly and limits the additional cost. How? By insuring all the parties under the same policy. “Globale chantier” insurance includes the following cover:

- Construction works
- Third-Party Liability of the project owner
- Third-Party Liability of all the agents (architects, engineers, surveyors, etc.)
- Third-Party Liability of all the trade contractors (earthwork, masonry, electricity, etc.)
- Visitor accidents

## Construction bonds

Once the construction works have been completed and delivered to the project owner, defects may be noticed. Bank or insurance guarantees for the project must be required from each agent and contractor at the start of the project, to be certain that the costs incurred in repairing these defects do not rest finally with the project owner. Some insurers provide an optional works guarantee directly within the “Globale chantier” wrap-up policy.



In practical terms, the insurance policy mentions the list of all parties involved in the work site and the cover amounts associated with each activity. The total “Globale chantier” premium is invoiced to the project owner, who then re-invoices a premium ratio to each party corresponding to its own cover.

*‘For this wrap-up insurance to be contracted, it is important to involve the broker and all the parties who must buy into such a contract from the start of the construction project,’ stresses Etienne Verret.*

### **The advantages of “Globale chantier” insurance**

Although it is not well-known, including within the world of insurance brokerage, “Globale chantier” insurance provides many advantages for all the works parties:

- **Rapid claims settlement**

Having a sole insurer simplifies claims handling and speeds up their settlement. *‘We are in direct contact with the insurer, which enables us to negotiate more easily. There are no more lengthy litigations and*

*responsibility refusals between the insurers of the various companies involved in the claim! The works can resume rapidly, avoiding additional costs due to multiple delays for the project owner,’* explains Sven Meier.

- **Optimal cover**

“Globale chantier” provides uniform and very extensive coverage, particularly regarding supplementary insurance. As project owners define the cover amounts for each activity and are liable for the full cost of the premium, they make sure that no default risk in the cover (outstanding premiums, exhausted financial resources, terminated contracts, unsubscribed guarantees) will occur to undermine their project or unduly burden their budget. When Third-Party Liability cover is agreed right from the outset, the construction parties themselves are assured of benefiting from adequate insurance in relation to the amounts to which they have committed.

- **Advantageous price conditions**

Due to the high premium volume, each company benefits from savings on

the Third-Party Liability insurance premium. We should specify that the turnover relative to the works covered by a “Globale chantier” contract is not invoiced in the contractor or agent’s own Third-Party Liability insurance. The project owner also has lower Construction All Risks costs due to simplified and reduced legal recourse.

- **A controlled claims experience for the companies**

Claims that occur on the worksite relating to the “Globale chantier” insurance do not increase the general claims experience of the Third-Party Liability contracts of each individual party involved in the works. Therefore, these parties avoid any possible rises in premium.

All these advantages are countered by only a single inconvenience: the administrative burden inherent in the “Globale chantier” contract. Indeed, the project owner has to pass on the cost of the insurance to each party. However, this is a lesser evil compared to litigations, additional expense and delayed works.

## THE INTERVIEW

Build with peace of mind when you involve your broker

The considerable amounts of money involved in construction works and the many risks inherent in the very activity of construction mean it is important to have adequate cover. A broker assists companies in building or renovation projects, from choosing the best insurance solution to settling claims. Read of the meeting with Etienne Verret and Sven Meier.



**Etienne Verret and Sven Meier**  
These specialists in construction insurance each have over 10 years' experience in underwriting and managing risk for medium and large-sized businesses.

**What does brokerage support consist of?**

**Sven Meier:** *Just like for any other insurance requirements, our role is to find the most extensive cover at the best price. In the case of construction insurance, we make our client aware of the existence of the "Globale chantier" contract that covers all the parties under the same insurance policy. If the construction or renovation project has a planned budget of at least CHF 20 million, this is a very advantageous solution. Below this amount, we still strongly recommend 'CAR/TPL' insurance. We clearly present the advantages and drawbacks of each option and stress the risks that are not covered, such as defects.*

**Etienne Verret:** *Then, according to our client's choice, we adapt the insurers' coverage models and cover amounts. This adaptation relies on our analysis of the works classification. The risks are different depending on whether it is a new or renovated building, and an urban, industrial or isolated worksite. Our knowledge in the field and our experience of this type of specific insurance enables us to cost it accurately so that in the event of a claim, the expenses will be correctly compensated for. Knowing the insurers also simplifies the choice, exchanges and solutions.*

**How are you involved in a claim?**

**Sven Meier:** *Our role is to defend the interests of our client, the project owner. We represent them in the claims handling process and make sure the allocated cover is applied correctly. With the "Globale chantier" contract, our field of action is widened to encompass all the parties involved, where we also manage the coordination, by working with the insurer.*

**Etienne Verret:** *The real strength of the "Globale chantier" contract is the time it saves when resolving claims. We monitor this stage and challenge the insurer's decisions if they are not in line with the agreed cover. Using a broker is therefore nothing if not advantageous!*

## Introduction of paid leave for a natural caregiver

The new federal law on improving the conciliation between professional activity and caring for family members come into effect in two stages during 2021. Stage one, effective since 1<sup>st</sup> January, grants paid leave in the event of short-term professional absence to care for a family member. This concerns parents, children, siblings, parents-in-law, spouses or partners who have been living with the employee for at least 5 years. The second stage, which will apply from 1<sup>st</sup> July, grants paid leave to an employee whose child is seriously ill or has been the victim of an accident. These new legislative provisions reflect a demographic change. Due to the ageing population, the assistance and care provided by relatives for members of their family will become even more important in the future.

## New entitlements for insured persons

The revised law on insurance contracts (LCA) will come into effect on 1<sup>st</sup> January 2022. The new LCA regulates the relationship between insurers and their clients, bringing improvements for the insured persons and adapting provisions to the current context, notably in matters of electronic exchanges. A 14-day right of cancellation has been introduced and it is possible to terminate long-term contracts after three years. Insured persons can also claim for the benefits covered by their insurance contracts up to five years following the occurrence. Up to now, the time limit has been two years. Insurance companies will be allowed one year to take the necessary action to be in compliance with the law.

### Impressum

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