
Professional Certificate in Construction Legal Compliance (United Kingdom)

Insurance and Risk Management

Absolute Construction Risks: These are risks that cannot be insured or transferred to another party, and the project team must manage them directly. Examples include poor project management, inadequate planning, and design errors.

Additional Insured: A person or organization, other than the named insured, that is protected under an insurance policy. In construction projects, additional insured parties often include the project owner, contractor, or subcontractor.

All Risks Insurance: A type of insurance policy that covers all accidental losses, damages, or losses caused by external events, unless explicitly excluded. It is commonly used in construction projects to protect the property and materials from various perils during the construction period.

Broker: A professional who acts as an intermediary between the insured and the insurance company, helping to negotiate and arrange insurance coverage.

Collateral Warranty: A contract between a party (such as a contractor or subcontractor) and a third party (such as a funder or tenant), where the former agrees to provide warranties and indemnities to the latter regarding the quality of their work.

Completion Date: The date by which a construction project is expected to be completed, as specified in the contract.

Consequential Loss: A type of loss that results from a primary loss, such as loss of income or profits. It is often excluded from standard insurance policies.

Contract Works Insurance: A type of insurance policy that covers the property and materials during the construction period, protecting against various perils such as fire, theft, and vandalism.

Design and Construct (D&C): A procurement method where the contractor is responsible for both the design and construction of a project.

Employer's Liability Insurance: A type of insurance that protects employers from legal liability for employee injuries or illnesses that occur on the job.

Exclusions: Provisions in an insurance policy that specify the risks or events that are not covered by the policy.

Indemnity: A contractual agreement in which one party agrees to compensate the other party for any losses or damages incurred.

Joint Names Policy: An insurance policy that names two or more parties (such as the project owner and

contractor) as the insured, providing coverage for both.

Latent Defects Insurance: A type of insurance that covers defects in a building's design, materials, or workmanship that are not apparent at the time of construction but manifest later.

Limit of Liability: The maximum amount of money that an insurance policy will pay out in the event of a claim.

Liquidated Damages: A predetermined amount of damages that a party must pay if they breach a contract, such as failing to complete the project on time.

Material Damage: Physical damage or loss to property or materials.

Negligence: The failure to exercise reasonable care, resulting in harm or damage to another party.

Non-Negligence Insurance: Also known as "contractor's all risk" insurance, it covers damage to the project caused by the contractor's actions, but not by their negligence.

Performance Bond: A type of surety bond that guarantees the contractor's performance under a construction contract.

Policy: A document that outlines the terms and conditions of an insurance contract.

Professional Indemnity Insurance: A type of insurance that protects professionals (such as architects and engineers) from legal liability for errors, omissions, or negligence in their work.

Project Insurance: A type of insurance policy that covers the entire construction project, including the property, materials, and parties involved.

Risk: The possibility of loss or harm.

Risk Management: The process of identifying, assessing, and mitigating risks in a construction project.

Subrogation: The right of an insurance company to pursue legal action against a third party responsible for a loss that it has paid out under an insurance policy.

Surety Bond: A three-party agreement in which a surety company guarantees the performance of an obligation by one party (the principal) to another party (the obligee).

Third-Party Liability: Liability to parties other than the insured or the insurance company.

Warranty: A guarantee or promise made by the contractor or manufacturer regarding the quality or durability of a product or service.

Withdrawal from Site: The removal of plant, equipment, and materials from a construction site by the contractor, usually due to a breach of contract or suspension of work.