Contract works insurance at a glance



What is contract works insurance?

When you're working on a construction site, plenty of things can go wrong. Damage or loss to a building could cost you time, money and even your reputation. Meanwhile, an onsite injury can result in considerable pain, stress and financial loss.

That's why having the right amount and type of contract works insurance is an important part of your business toolkit, allowing you to get on with the job with less stress and worry.

Who should consider it?

Contract works insurance is recommended for small, medium and large commercial, industrial and domestic builders, sub-contractors and owner-builders.

Most owner builders take out contract works insurance for a specific contract, while professional builders generally choose an annual policy that covers multiple contracts.

"Millions of dollars in tools, equipment and materials are stolen from construction sites every year. This can have a significant cost impact for builders and their clients and result in delays to the building period if supplies are unable to be replaced."

Housing Industry Association, 2021

Did you know?

Timber, copper wire and whitegoods are among the common items stolen from home building sites.

(Domain, 'Thefts from house and land sites rise', 2021)

$650m

The amount of high-cost construction machinery stolen from work sites around Australia each year.

(The West Australian, 'How to protect your construction equipment from theft', 2020)

45%

The percentage of construction projects worldwide that are delayed due to adverse weather.

(MDPI, Weather-Related Construction Delays in a Changing Climate, 2021)

What can it cover?

Contract works insurance can cover the building which is under construction, whether it's a kit home, straw bale or mud brick home, multistory apartment or commercial buildings. It can also cover the equipment used in construction, as well as public liability risk. During renovations to an existing structure, it can cover damage to the structure which occurs during the construction process.

Depending on your policy, contract works insurance can cover you against:

Type of cover	Potential benefits
Property damage	Physical loss or destruction of tangible property, plant and equipment as well as removal of debris.
Public liability	Sub-contractor liability, products liability and cross liability.
Product liability (only available from some insurers)	Third party personal injury or property damage resulting from an occurrence caused by your products after they cease to be in your possession or control.
Legal expenses/defence costs	Legal costs and expenses you are legally liable to pay following legal proceedings brought by or against you.
Existing structures (optional cover)	Sudden and accidental physical damage to existing structures caused by natural events and the actions of the builder or contractor.

What usually isn't covered?

Exclusions, the excess you need to pay and limits of liability can vary greatly depending on your insurer. Policies generally won't include cover for:

- Loss after work has ceased for more than the number of days specified in the policy.
- Consequential loss.
- Cost of rectifying or correcting defective workmanship.
- Work underground or in water unless specifically agreed by the insurer.

Case Study

After working for other construction company owners all his working life, Craig starts his own small earthmoving firm. In the first couple of years, he borrows money and invests much of his income back into the business, buying the latest equipment and a work vehicle.

After starting work on a new construction at a new site, he leaves his tools and equipment locked in a garage on the site overnight. But that night, thieves break into the garage and steal Craig's tools, worth $25,000.

Craig contacts his insurance broker who helps him put in a claim. He's quickly reimbursed for his loss, so he isn't out of pocket and can keep his business running.

Contact us today

Brendan Wright
0403 605 692
bwright@mclardymcshane.com.au
ACN: 124320878 | **AR No:** 1309874
McLardy McShane Corporate

Steadfast

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