

# Contractor insolvency

## How Miller is helping project owners

### Our team

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### About Miller

We are a leading independent specialist (re)insurance broking firm with more than 750+ people across our UK and international operations.

Our reputation as the strongest advocates in the business comes from our exceptional people delivering exceptional results for over 120 years.

With a client-first approach, we value our long-standing relationships and continue to build strong and rewarding partnerships.



Miller is a Chartered Insurance Broker, the industry's gold standard for insurance brokers. We have committed to delivering professional excellence and adhering to a Code of Ethics.

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Miller

Contractor insolvencies, both high and low profile, are on the rise. Does your client rely on their contractors to provide insurance for their projects? If so, they are at risk. Miller has developed a unique solution.

In our experience, where a project owner has relied upon the contractor to arrange project insurances (normally using JCT Option A) and the contractor becomes insolvent, they are left with uninsured incomplete works for a significant period of time. This includes the period in which the owner is procuring a new contractor to complete the works, a task which itself can take several months.

To add to these complications, new contractors can be reluctant to take on any responsibility for the works that were carried out by the now insolvent contractor; from an insurance perspective, the works are often subject to a full exclusion in relation to pre-existing defects in design, materials or workmanship.

### Owner controlled insurance programme solution

For commercial building projects ranging in value from GBP10m to GBP100m, Miller can provide an owner controlled insurance programme (OCIP) changing the JCT insurance provision to Option B that becomes effective almost immediately upon contractor insolvency. This provides emergency cover for the works (FLEXA perils) in progress, plus property owner's liability cover to protect the project owner in respect of any loss, injury or damage to third parties or their property.

As part of this unique product, the insurer will conduct a risk management survey to assist the project owner determine any immediate requirements or actions to make the site safe, water-tight and secure. The site survey includes:

- status report of the works completed prior to insolvency
- quality of work carried out pre-insolvency to highlight potential latent defects in the project
- details and value of works completed and remaining
- review and recommendations for the fire and water risk management plans in place and planned
- advice on the process for appointing a replacement contractor.



Following the site survey, we will use the information to:

- maximise coverage - standard coverage is for FLEXA perils with the ability to increase to specified perils (as defined in JCT)
- agree a standstill period in which to appoint a replacement contractor (it being accepted that this could take many months)
- provide a formal premium quotation for the OCIP that will provide cover for the built works and project completion, including the maintenance period.

Understanding the owner's concerns about the lack of recourse against the insolvent contractor, we will seek to ensure that the OCIP cover is broad form with cover for defects and post-completion maintenance period cover.

**Speak to our team to discuss any opportunities.**