

Marsh Specialty

HS2 subcontractor insurance



What is it and how can it benefit you?

Mega infrastructure projects like HS2 offer the construction industry an abundance of opportunities, but it is important to ensure that companies take full advantage while maintaining a comfortable level of risk.

While HS2 Ltd provides an overarching owner controlled insurance programme for the project, it is important to understand how you can comply with your "UK" only statutory and contractual insurance obligations and ensure your business has the required protection in place.

What is the easiest solution?

Marsh Specialty's Construction team has worked with a panel of insurers to design a solution for subcontractors working on the HS2 project. The policy provides protection for three important areas of your insurance obligations:

- UK employers' liability (EL).
- Contractors' plant and equipment.
- UK contingent motor vehicle liability.

This policy provides subcontractors with a straightforward, cost-effective solution to ensure they comply with their contractual and legislative obligations.

Marsh Specialty has worked with a panel of reputable insurers to streamline the compulsory insurances you should have in place.

Your statutory insurance obligations

Employers' liability insurance

EL insurance differs fundamentally from workers' compensation insurance (WC), where the latter guarantees employees injured at work some compensation regardless of whether the employer had been at fault. WC is not required in the UK. EL covers your legal liability if an employee is injured arising out of their employment.

A company with employees working in the UK for more than 14 days must have insurance coverage of at least £5 million* to be provided by an authorised insurer. In this context, the term 'employee' includes labour-only subcontractors, agency workers, and hired-in plant operators.

Failure to insure is a criminal offence and you could be fined up to £2,500* for every day you're not properly insured.

You might also be fined £1,000* if you don't display or electronically evidence your EL certificate or refuse to make it available when asked by an inspector.

Contingent motor vehicle insurance

Third-party insurance is the legal minimum required to drive a vehicle or registered plant on a road in the UK. If you're moving plant or equipment via public highways or roads, the law requires you to have liability insurance to provide cover for injury to any other person, vehicle, animal, or damage to property as a result of an accident.

More concerning, if the plant or equipment is involved in an accident while on public highways or roads, insurance coverage is unlikely to be provided under your existing general third-party liability (TPL) or motor fleet policies.

For uninsured driving you could receive a fixed penalty of £300* and six penalty points*. If the case reaches court you could get:

- An unlimited fine.
- Disqualified from driving.
- The police also have the power to seize, and in some cases, destroy the vehicle that's being driven uninsured.

* Level of fines and limit correct as at time of writing.

Does my insurance programme already provide this coverage?

Employers' liability insurance

Where your company is contracting as a standalone company and you already have a UK-arranged EL policy, this would normally provide sufficient cover unless it has restrictions on the type of work undertaken (for example, tunnelling).

There are two normal exceptions:

- Contracting as part of a joint venture (JV) which is directly engaging employees, a specific EL policy might be required.
- If you are a subcontractor resident outside the UK, you will need insurance that complies with UK legislation, and a specific policy will be required.

Contractors' plant and equipment

The HS2 employer-arranged project policy does not provide coverage for contractors' or subcontractors' temporary buildings, plant, and equipment, whether owned or hired. The following two scenarios could leave a subcontractor uninsured:

- While subcontractors might have existing coverage, JVs run the risk that equipment might not be covered under the partners' existing arrangements.
- Subcontractors based outside the UK might not have a UK contractors plant and equipment policy to provide cover for their own or hired-in equipment both in transit to/from the UK and while in the UK.

Contingent motor vehicle insurance

A general TPL policy will exclude motor liability where a vehicle or item of plant is in a situation where the Road Traffic Act applies. This is the same act that makes motor insurance compulsory.

Items of plant are seldom included under motor fleet policies. In consequence, the incidental exposure of plant on public highways needs to be addressed to avoid being uninsured.

Professional indemnity insurance

Although not part of this insurance offering, Marsh Specialty would be pleased to discuss your professional indemnity requirements for work you perform under the HS2 Project.

What do you need to do?

Our construction insurance specialists can provide you with further details and a premium quotation.

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BENEFITS TO YOU

- **Broad coverage:** Designed to ensure that the nuances of the project have been considered and that you meet your statutory and contractual obligations. No excess for EL coverage, meaning insurers will cover the costs from the first payment.
- **Reduced administrative burden:** The single policy structure streamlines the insurance procurement and administration needs.
- **Ring-fenced from your annual insurance programme:** Claims that are the result of this project will not impact your insurance programme year on year.
- **Uncomplicated claims collection:** A single insurance policy across often-disputed insurance classes ensures there are no gaps in coverage and no disagreements between insurers as to who might be liable. Additionally, Marsh Specialty will work as your advocate to ensure your payment under the policy is optimised.
- **Superior insurer security:** Lead by Allianz Global Corporate & Specialty, the policy provides AA and AA-Standard & Poor's ratings respectively to insureds (ratings correct as at time of writing).

The Marsh Specialty construction practice of some 175 people manages projects with a total value of £180 billion and is one of the UK's largest teams of construction broking specialists. We work together with our Global Construction Specialty colleagues, including the Surety teams, to provide you with an integrated service throughout the lifecycle of your projects.

Contact

For more information please email contactUK@marsh.com

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