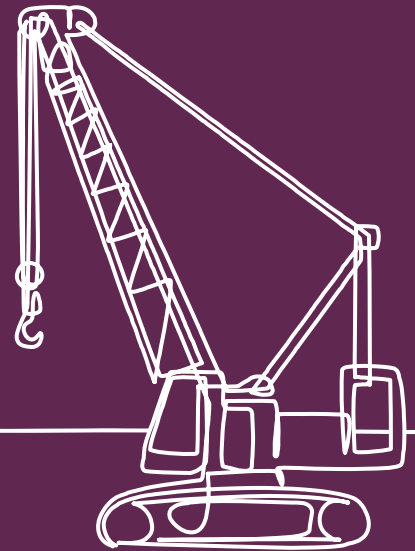




Key covers explained



Not all construction policies offer the cover your clients need as standard. Here are key features of our policy.

HSE fee intervention

Fee for intervention (FFI) was introduced under the Health and Safety (Fees) Regulations 2012. FFI aims to recover the Health and Safety Executive's (HSE's) related costs, including inspection, investigation and taking enforcement action, charging businesses that breach health and safety regulations.

HSE's hourly recovery rate under Fee for Intervention in 2024/25 has been increased from £166 to £174.

This policy will meet the costs where an inspection results in a letter, enforcement notice or investigation by the HSE.

The average fee for intervention invoices is reported to be around £700 and for enforcement notices, £1,500".

Part Product

Many Contractors' Public/Products Liability policies will, as standard, exclude damage caused to a product by its own defect.

We interpret the 'Product' as any and all work undertaken by or on behalf of the insured under a

contract. A 'Product' means anything constructed, altered, repaired, etc., by the insured and no longer in their possession or control.

Our policy only excludes the part of the product that is defective. This allows cover to be reinstated for the overall product and limits the exclusion to the defective part of the product only. For example, consider a new-build property as the 'Product', which is destroyed by fire. The excluded defective component part may be as small and inexpensive as a fuse, with the rest of the product now being covered.

Speculative Build

When a build under contract reaches practical completion, cover under a standard contract works policy ceases, with the transfer of risk moving from the insured to their employer. If there is no employer and no contract, and the insured has purchased land to build in the hope of an onward sale, this is classed as speculative. Where practical completion is reached without a buyer, the insured retains ownership of the risk pending sale. Our policy will provide cover for up to 365 days for residential speculative builds and 90 days for commercial speculative builds, pending the sale, lease, or rental of the property, subject to the contract works policy remaining in force.

Environmental Impairment Liability

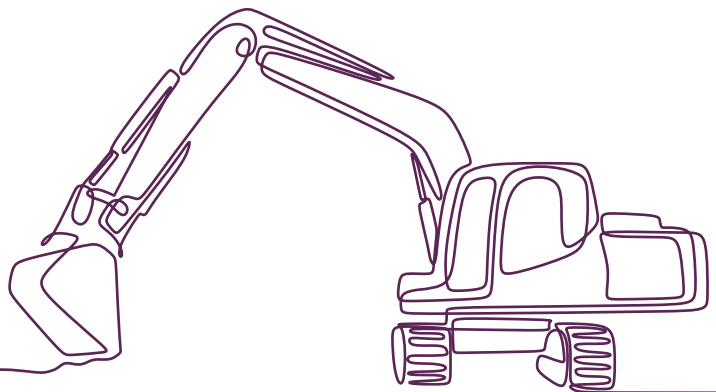
A standard pollution policy will cover circumstances where the incident giving rise to a claim is sudden and occurs entirely at a specific moment in time. Environmental Impairment Liability (EIL) allows cover to be reinstated where the incident giving rise to a claim is gradual. For example, if a fuel tank on site has been gradually leaking into the drains, our policy will respond in the event of bodily injury or damage arising from such a cause.

Professional Negligence

Professional Negligence cover offers protection against financial loss to an employer arising from the design activities of the insured. For example, a plumber designing and installing all the waterworks for a new home may find the system fails. If there is no damage and no injury, but the system simply doesn't work due to an error in the design or specification, Professional Negligence insurance may cover the financial losses incurred by the employer. They may, for example, need to find alternative accommodation and place furniture into storage while the work is being rectified.

Defects Extensions

Many Contract Works policies will, as standard, exclude damage to property that is in a defective condition but will provide cover for other parts of the property that are damaged as a consequence. This is referred to as DE3 and is common among most policies. Uplifts may be available to DE4 and DE5 to provide wider cover. For example, a marble column fails because its inner steel supporting rod is defective in design. The roof collapses, causing extensive damage to an expensive tile floor. Under DE3, the floor and roof would be covered, but not the column. DE4 would cover the floor, the roof, and the column, but not the rod. DE5 covers everything except the cost of an improved type of supporting rod. Our wording provides DE3 cover with the option to uplift to DE4 post-loss should this be economically viable for the insured. DE5 cover can be considered upon request.



Let's build something better together

For further assistance or enquiries, please visit our website to **get in touch** with the team, or email UK_ConstructionEnquiries@penunderwriting.com. We're here to support you in navigating your construction insurance needs with ease and expertise.

These are brief product descriptions only. Please refer to the policy documentation paying particular attention to the terms and conditions, exclusions, warranties, subjectivities, excesses and any endorsements.

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