

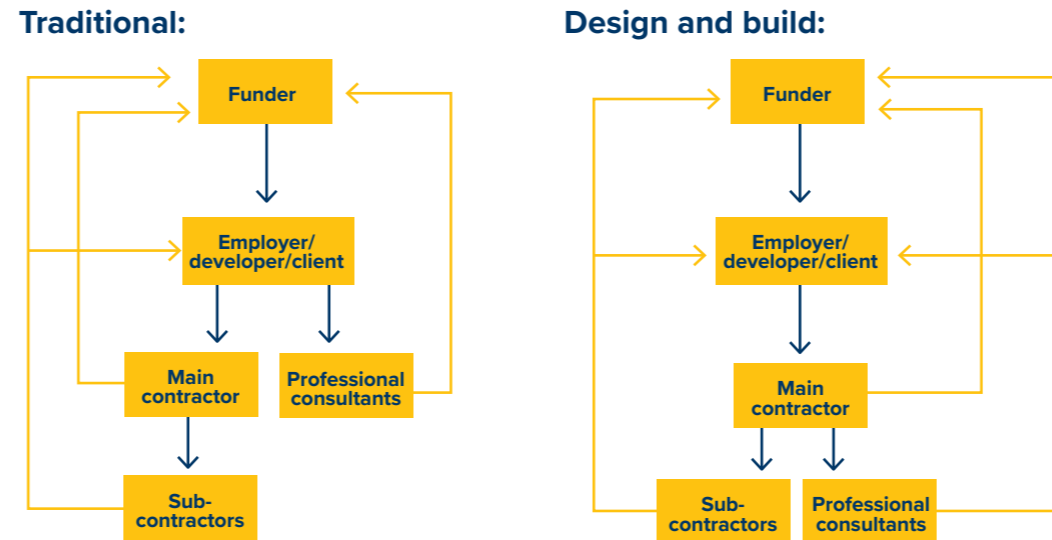
## 1. PARTIES TO A CONSTRUCTION PROJECT

The main participants in a construction project are:

- **Employer/developer/client:** The person who wants a project built.
- **Funder:** financing the project.
- **Main contractor:** overall responsibility for building and can have design responsibility if it is a design and build contract.
- **Sub-contractors:** employed by the main contractor to carry out specific parts of the works.
- **Professional consultants:** such as architects, engineers, surveyors, specialist consultants etc employed by either the employer or the main contractor depending on the procurement method.
- **Validation/checking engineer:** employed directly by either the employer or the main contractor to check and report on the sub-contractor's work

## 2. PROCUREMENT METHODS AND COLLATERAL WARRANTIES

How the parties all fit together depends on the procurement method used (contracts shown with blue arrows, collateral warranties shown with yellow arrows).



## 3. STANDARD FORM CONTRACTS

### Construction:

- JCT
- NEC, and
- GC/Works

### Engineering:

- FIDIC
- ICC, and
- IChemE

### Professional consultants:

- RIBA
- RICS
- NEC, and
- ACE

## 4. TYPICAL CLAIMS IN A CONSTRUCTION PROJECT



## 5. RISKS UNDER A CONSTRUCTION PROJECT

Different losses will be dealt with by different insurance policies, for example:

- **Professional Indemnity (PI) Insurance:** Defective design. Regulatory bodies (and contracts) often require consultants to maintain minimum levels of insurance.
- **Contractor's All Risk (CAR) Insurance:** Covers contractor for physical damage to the works and site materials.
- **Property Damage and Business Interruption (PDBI) Insurance:** Damage to property and interruption to the business (normally held by the employer).
- **Employer's Liability (EL) Insurance:** Protects against injury to employees.
- **Public Liability Insurance:** Personal injury or death to members of the public caused by the works; loss or damage to certain property.
- **Erection/Construction All Risks (EAR/CAR):** Covers all parties on a specific project against loss or damage to the works.

But the scope of the insurance policy may be different from the wording in the contract, leaving some losses uninsured.

**Note: defective workmanship is normally not covered by professional indemnity insurance. Performance bonds or guarantees may protect employers.**

Always check the policy wording! If in doubt, speak with your broker or legal adviser.

## 6. ANY QUESTIONS?

For more in depth knowledge, please contact us:



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