

Insurance Clause 18

Under construction ...

SC18.1	General Requirements for Insurances
SC18.2	Insurance for Works and Contractor's Equipment
SC18.3	Insurance against Injury to Person and Damage to Property
SC18.4	Insurance for Contractor's Personnel
	<p>Insurance Issues:</p> <ul style="list-style-type: none"> ▪ Notice of Commence requires some condition precedents' SC08.1, but no requirement for an insurance exists. ▪ Commencement Date usually later as Mobilization date, but the Contractor already prepares his site mobilization with temporary structures (camp facilities, production plants, i.e. crushing and screening plant to process the Employer's free-issued material) ▪ Recommendation: Insurance shall start from the begin of Mobilization works, before the date of Letter of Acceptance ▪ Request to ICC International Chamber of Commerce > Produce a clear and complete form for Insurances to cover the risks of the Construction Industry in a reasonable manner. <p>FIDIC should establish a Standard Form to prevent</p> <ul style="list-style-type: none"> ▪ (a) uncertainty about scope of insurance, defined insurance caps, deductibles, start – finish, insurance premium > Insurance Form like the Performance Sureties and Bonds ICC524 and ICC458 www.ppe61.de/04.2+PS524SuretyBond.pdf ▪ (b) the standard form does not allow the local insurance companies to negotiate the nature and extent of coverage in order to find a fair purposeful hand-out commission. ▪ (c) The Contractor shall be allowed to sign an insurance policy with an international company, not limited to local insurer to prevent “unjust enrichment”. ▪ (d) An item for insurance premiums with a break down of “provisional sums” of 3,0%% of the Bid Price. The provisional sum item shall be computed with the 3% of the Net Bid Price as set out in a transparent way in the Bill No100 “Preliminary and General Provisions” on a monthly or quarterly basis. The Contractor must anyway provide evidence of payment, to get reimbursed by the IPC anyway, if the BoQ No100 shows transparent structure in the “Preliminary and General Provisions” in compliance to SC18.1 ▪ (e.) others – your ideas are welcomed.

This is not a Climate Change circumstances ...

Facebook: > <https://www.facebook.com/watch?v=329092222608354>

Who is responsible for the loss and damage caused by the Flooding?

>>> Employer, >>> Employer's Personnel / Engineer or >>> Contractor?

Starting Point : SC17.3 Employer's Risks (h)

Excerpt: SC17.3 (h) any operation of *forces of nature*, which is unforeseeable OR against which an experienced contractor could *not reasonably have been expected* to have taken adequate preventive precautions.

A _ **Employer's Responsibility**

to provide IDF-Curves (intensity, duration and frequency) of the catchment areas / Flooding definitions about "unpredicted snowfall, melting, and precipitations" over several years, impacts of construction activities upstream due to narrowing cross-sections of the stream (Bernoulli formula, speed, energy) *outside of the Contractor's construction SITE*,

B _ **Engineer's Supervision**

to observe the requirements of the Contractor's obligations + operations & to execute the own assigned task subject to Service Contract?

C _ **Contractor's preventive precautions** (low, medium, high level)

"within the range" of predictable / unforeseeable flooding as defined in the Tender Dossier OR common easily accessible data, e.g. published in the governmental statistic bureaus. The Contractor has apparently done some **preventive precautions** (if adequate for flooding definition) than he has to follow the procedural rules of SC17.4 [Consequences of Employer's Risks]



Claim Notice + Claim Request SC20.1, reasons SC17.3 + Clause 19

How would you assess a Claim caused by SC17.3, SC17.4, and Clause 19 [Force Majeure]

A _ Flooding **thresholds** are **not** defined?

B _ Flooding thresholds are **defined** in the Conditions of Contract / **PCC** – Contract Data, Measurement and Payment Book, and provide a **BoQ100-item** under Preliminary and General provisions?

C_ Do you think the **insurance will recover** some loss, if the claim is submitted within due course?

Please respond to Emma@ppe61.de

www.ppe61.de/17.3+Flooding.pdf + www.ppe61.de/05.5+Procurement-Flooding.pdf

Procurement Issue! Flooding – Climate Change?

An issue to discuss thoroughly.

The Triangle of the three sensitive interdependencies
to **"control / influence / affect" the INVESTMENT amount:**

- (1) **Technical** prescribed **Flooding** Criteria allows the Contractor to evaluate his adequate preventive precautions in his financial bid.
- (2) The **economic effect** due to depict adequate low, medium or high **thresholds** of flooding criteria to identify the financial requirements for the measures, to consider it in the **"Contract Price" generally** or in **"Bill No 100"**, **Preliminary and General Costs, in particular**, if a BoQ-item is designated.
- (3) Find the **balance of "risk-sharing"** of the appropriate threshold value of the "event", to give the Contractor assessable data, in order to reduce huge **speculate costs** (i) "responsible" Contractors are in disadvantage against (ii) bid **gamblers**, which ones, will not consider the "unexpected" risks with 7% up to 13% of the Contract Price.
- (4) The **insurance risks** for loss and damage might be limited to the insurer, and hence the insurance coverage, premiums are on the low side, causing lower handed outs of provisions/commissions and might even **avoid disputes**.

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- A _ How do you define **Flooding criterion**?
- B _ Which criteria are suitable to **characterize the "cause-effect"**
i.e. catchment area, **IDF-Curve** for precipitation, snowfall, and **discharge**
intensity with velocities / energy levels in **streams / rivers**.
- C _ Which **"***SMART"** Indicators would match the purpose best, to identify the **cause** of the flooding with the reasonable **threshold value**
C1 ... **below** threshold = Contractor's Risk Event (CRE) and
C2 ... **above** threshold = the Employers Risk Event (ERE) SC17.3 / 17.4
- D - An appropriate **"risk-sharing" of flooding criteria** considering the **Insurance package** with its premiums, loss and damage amount, **deductibles**, and handouts/commissions, will help to bring down the Bid Price of Contractors due to less **risk allocation** and avoid even **disputes**.

*****SMART**

- S specific feature
- M measurable
- A accessible
- R relevant / essential data
- T time bound