

Treasurer's Instruction No	1221
Title	Contractor Insurance Requirements for Building and Construction Works
Effective date	1 July 2015
Objective and Background	Provides instructions on the process that agencies must follow for building and construction works in order to effect Principal-nominated insurance.
Version Number	7

Black letter (or bold) items within these Instructions are mandatory and other plain font items are instructional or for the purpose of providing guidance only.

- (1) This Instruction applies only to the procurement of building and construction (not goods and services nor roads and bridges) and is to be read in conjunction with other Instructions relating to such procurements which are contained in the 1200 series of the Treasurer's Instructions.**

Further information on building and construction procurement, including a definition of "building and construction" and "roads and bridges" and information on the types of services that fall under these categories is located on the [Purchasing website - Buying for Government](http://www.purchasing.tas.gov.au) (www.purchasing.tas.gov.au).

For information in relation to procurement of goods and non-construction related services, refer to the 1100 series of the Treasurer's Instructions.

Insurance for roads and bridges works is managed and paid for by the Department of Infrastructure, Energy and Resources.

PRINCIPAL-NOMINATED INSURANCE OF THE WORKS, AND PUBLIC LIABILITY INSURANCE

Treasury has negotiated an insurance policy for use by contractors for works and public liability insurance.

Part of the advantages of the Principal-nominated insurance policy is that insurance cover is on terms known and satisfactory to the Government.

A copy of the Principal-nominated insurance policy is available from the Manager, Contract Management Unit, Department of Treasury and Finance, Procurement and Property Branch.

Information on what works are covered or excluded in the Policy is available by contacting the Government's insurance broker at:

Jardine Lloyd Thompson
Level 3, 2 Kirksway Place
HOBART TAS 7004
Phone: 03 6220 7401

- (2) Agencies must ensure that contractors effect insurance of the works and public liability insurance through the Government's Principal-nominated insurance policy for:**

- (a) all major works projects; and,**

Reference to this requirement and information on the premiums etc is included in the Crown Solicitor pro forma Request for Tender documentation for major works.

- (b) all minor works projects with a value of \$50 000 and above commenced on or after 25 January 2014, unless a risk assessment undertaken by the agency indicates that the use of the Principal-nominated insurance policy is not warranted.**

Agencies should consider insurance issues as early as possible before the competitive process commences.

Where the policy is to be used for minor works, the agency should consult Crown Law to ensure that the procurement documentation issued, as well as the ultimate contract with the contractor, will reflect the need for the contractor to use the Principal-nominated policy.

- (3) Agencies must advise the Government's insurance broker of contracts to be covered by the policy and provide to the broker a copy of the Formal Instrument of Agreement in a timely manner following the awarding of contracts to ensure that appropriate insurance is initiated.**

It is an agency's responsibility to ensure that appropriate insurance is in place, including that to cover existing buildings if required.

A brief summary of the policy and premium payable can be provided by the Government's insurance broker directly to the contractor.

- (4) Where Principal-nominated insurance is to be used, agencies must ensure that a contractor does not commence work until evidence has been received by the Superintendent or the agency that the Principal-nominated insurance is in place.**
- (5) An agency must make arrangements to effect cover, should a contractor fail to do so.**

If the Government's broker is advised of a contract that is required to be covered under the policy but the contractor fails to pay the premium, the insurance broker will advise the agency's contact officer. The superintendent is to be notified and is to make arrangements for the agency to pay the outstanding premium and, where allowed for in the contract, is to deduct this amount, plus \$250 to cover the principal's costs from any amounts becoming due to the contractor under the contract.

When using the Crown Solicitor's pro forma RFT document for major works, this is referred to in clause 13 of Annexure Part C. For minor works projects, agencies should ensure that similar provisions are included in the contract documentation. If necessary, advice from the Crown Solicitor should be obtained on changes to documentation.

The actual procedures to be used are at the discretion of the agency.

Failure by the contractor to pay the premium on any Principal-nominated insurance does not invalidate the cover. The Principal may effect or maintain the insurances, and provided the matter is covered by the procurement documentation issued, the

amount of any premiums paid to the broker, plus an amount of \$250 to cover the Principal's costs, shall then be a debt due from the contractor.

- (6) An agency must, when either the scope or cost of a contract is varied, advise the Government's insurance provider of any changes which may impact on the insurance requirements.**