

12 May 2020

# Briefing Note

## CECA Member Briefing: CECA Covid-19 & Insurance

### Introduction

As part of its response to the COVID-19 pandemic, CECA has joined a Construction Leadership Council working group to specifically address issues with insurance arising from the pandemic. As a first step, the group is focusing on the challenges for businesses regarding Bonds, Trade Credit and Professional Indemnity Insurance.

This briefing provides an outline of the group's proposed workplan and will be updated as the workstream develops.

### Professional Indemnity Insurance

The issue of obtaining PII has always been challenging for CECA members. Over the last two years, members have reported a hardening market, with some underwriters leaving altogether and others having to tighten requirements in order to maintain profitability.

The outbreak of COVID-19 has already impacted on renewals because 1 April was the second most common renewal date for PII, with approximately 20% of firms attempting to secure new cover during this period.

But just as important as renewals, is the management of claims arising from COVID-19.

The group is gathering evidence on the management of PII claims and renewals in these challenging times.

### Bonds

Performance bonds are used as a guarantee that a project will be completed by a contractor in accordance with the contract.

COVID-19 means that contractors may not be able to complete projects on time due to the pandemic, resulting in claims on performance bonds.

There are also concerns about the issue of new bonds in the current climate.

The working group is looking at how we can best resolve these challenges.

### Trade credit

Trade credit is extremely important within our sector. Trade credit insurance provides cover for businesses if customers who owe money for products or services do not pay their debts or pay them later than the payment terms dictate.

The Association of British Insurers submitted a report to Government in April looking at the impact of COVID-19 upon the insurance industry, and proposed a number of recommendations to help preserve the insurance market and its clients for the long-term.

The Construction Leadership Council is now calling for an update from the ABI and Government to this report to enable the construction industry to actively contribute to the policy solutions being developed to manage the impact of this virus.

The industry working group is focusing on finding workable resolutions with the ABI and Government for the problems our sector will experience as we return to work.

If you would like to feedback your experiences on any of the issues raised above please e-mail CECA Director of External Affairs Marie-Claude Hemming - [marieclaudhemming@ceca.co.uk](mailto:marieclaudhemming@ceca.co.uk).

For more information, please contact CECA Director of External Affairs Marie-Claude Hemming on 07950 166331 or e-mail [marieclaudhemming@ceca.co.uk](mailto:marieclaudhemming@ceca.co.uk)