MECON INSURANCE

UNDERSTANDING **EARTHWORKS ADVANTAGE** ENDORSEMENT

Earthworks Advantage Insurance is extra cover that can protect you from the cost of remediating earthworks subsidence, collapse or displacement, caused by the weather and/or defective design.

You can add it as an optional extra to your Single or Annual Construction Insurance.

FAST FACTS

On average **80%** of all building construction involves some form of bulk earthworks.

Most earthworks collapse-related claims involve issues surrounding the design and/or weather influence.

PROTECTION FOR YOU AND YOUR COMPANY

With standard Construction Insurance, there are certain events related to earthworks that would be excluded under your policy. For example, because rain may be considered an 'expected' event (if normal for the area and time of year) you may not be covered from damage caused by rain.

You also wouldn't be covered for the result of defective design, as the policy assumes you would be able to recover costs from another policy (for example your architect or engineer's insurance policy). Rain and defective design have the potential to cause problems with your earthworks projects, and the costs of stabilising the affected area, replacing dislodged material, and even reducing moisture in stockpiled material can quickly mount up.

Earthworks Advantage Insurance can provide certainty of cover during earthworks and excavations, covering landslip, subsidence, collapse or displacement events.

HOW IT WORKS

Here's an example of how Earthworks Advantage could help:

Construction business owner Peter engaged an engineer to design a basement level excavation. The design presumed the geology could support near vertical sides to the excavation without needing any retention. But after rain, that was normal for that time of the year in that area, one side of the near-complete excavation collapsed almost along its entire length.

To rectify the situation, the excavation was temporarily stabilised using gravel to refill the excavation, then 'bored and poured' piling was installed in the area of collapse. Afterwards, the gravel was re-excavated. Stockpiled soil that was intended for back-filling then had to be dried before it could be used. As a result, Peter was left with $585,000 in additional costs. After the special excess of $25,000 was paid, Peter's Earthworks Advantage Insurance covered the costs of:

- gravel infill ($100,000 to supply and remove)
- retention piles ($450,000)
- soil-drying operations ($10,000)
- consultant's fees and extra plant hire costs ($25,000).

WHAT'S COVERED – AND WHAT'S NOT?

✓	✗
The cost of reducing moisture in stockpiled material caused by the weather.	Increased salaried staff costs.
If you're underway with construction works and weather or defective design results in earth movement such as landslip, subsidence, collapse or displacement, the cost of: • replacing insured material • constructing a support and retention system • temporarily stabilising the area and removing it when required	Claims where you were responsible for the earthworks design. Loss or damage you are not contractually liable to remediate.
Increased costs of working.	Claim amounts in excess of **$50,000** or **10%** of the project's value.

POLICY DETAILS

The endorsement wording provides the details, but these are the main things relating to a claim:

COVER	POTENTIAL BENEFITS
Maximum indemnity	You're covered for costs up to $1 million, or 25% of the project value (whichever is less)
Special deductible (excess)	Unless a higher excess amount already applies to your standard Construction Insurance, there's a special excess of $25,000 that you need to pay towards any Earthworks Insurance claim
Increase in cost of working	You're covered for additional or unbudgeted equipment hire, labour or machine operation costs, consultants' fees and the like, up to a total of $50,000 or 10% of the project value (whichever is less).
Drying saturated soil	You're covered for drying saturated soil up to a total of $10,000.
Responsibilities	You must be contractually liable for the cost of remediating the loss or damage addressed in the endorsement.

Get in touch

If you're in construction, talk to MECON Insurance today about our unique range of insurance options that can extend your coverage to provide the protection you need.

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