

Kitchen and Bathroom Installation

No matter how large or small a home may be, there are a few universal features—such as the kitchen and bathroom. While the amenities in either spaces may differ, the installation process for both presents similar challenges and risks. One such challenge deals with what type of subcontractor you may hire—specifically labour-only or bona-fide—to complete particular tasks during installation. Another pressing challenge is ensuring that you have the correct insurance for the project that is comprehensive enough to cover any potential risks.

However, no matter the challenge that may arise during the installation project, as long as you have taken the steps to properly plan the project, your construction company should be able to reduce the potential risks.

Potential Risks Associated with Kitchen and Bathroom Installation

Regardless of the size of the kitchen or bathroom, there are a number of risks associated with the installation process. Inadequate preparation could lead to the following:

- Asbestos is commonly found in floor tiles, textiles and some composite materials—such as those used to make toilet cisterns. Beginning a project without first conducting an asbestos risk assessment could lead to serious health problems.
- Improperly fitted gas pipes could lead to carbon monoxide poisoning or an explosion.
- If your company doesn't take the proper due diligence in disposing the waste created by the construction project, you could be held liable if

you or a third party dump it illegally, or it pollutes the environment.

- Kitchens and bathrooms are generally smaller spaces that offer limited mobility. If the work environment is unsafe, it could contribute to workers slipping, tripping and falling.

Understanding all the potential challenges involved in a kitchen or bathroom installation can help streamline the project.

- Dust is a common by-product of construction projects and if the proper precautions are not taken, it could lead to lung cancer, asthma and other respiratory diseases.
- Electricity can be dangerous, as it could cause a worker or the homeowner to be shocked, or start a fire.
- Improperly fitted water pipes may leak, which could cause water damage, mould and flooding.
- The Construction (Design and Management) Regulations 2015 (CDM 2015) is meant to ensure the health, safety and welfare of all your workers, and if any of your workers are injured on the job, you could be held liable.
- Other contractors or your own subcontractors working on the same project could expose your company and workers to unnecessary risks if they have not taken the appropriate health and safety precautions.

Provided by **Crendon Insurance Brokers Ltd**

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- Late payments are the single largest risk to the long-term sustainability of construction companies, as they can lead to the loss of employees, damage to your reputation, disruption to your supply chains and even the collapse of your business. The average construction company waits 107 days before it receives payment—well above the average of 71 days for SMEs across all sectors, according to industry research.
- If your employers' liability and public liability insurance has gaps—such as not providing cover for labour-only subcontractors—you could be held liable for damaging and costly risks.

While this does not represent a comprehensive list of all the potential risks that kitchen and bathroom installation could present, it does reflect some of the most damaging.

Differentiating Labour-only and Bona-fide Subcontractors

Your construction company may not be able to complete every single job—such as wiring, tiling and plumbing—that a project requires. For that reason, you may hire a subcontractor to fill that need. Even though both of the standard subcontractor classifications are similar, confusing the two can expose your company to costly and damaging risks. To differentiate between the two, ask yourself the following questions:

Labour-only

- Are they paid hourly, weekly or monthly?
- Can they receive overtime or bonus pay?
- Do they work a fixed number of hours?
- Can the principal contractor direct them how, when and where to carry out their work?
- Can the principal contractor direct them from task to task?

If you answered yes to all or most of these questions, the worker is probably labour-only.

Bona-fide

- Are they paid on a fixed-price contract?

- Do they decide their own schedule?
- Do they decide what, how, when and where to do their work?
- Are they responsible for correcting unsatisfactory work?
- Do they work without supervision?

If you answered yes to all or most of these questions, the worker is probably bona-fide.

If you do confuse the two, the most common risks that may happen include the following:

- A bona-fide subcontractor has insufficient or no employers' liability or public liability insurance. As a result, after an incident, your company is liable even though the subcontractor was at fault.
- Your company had not notified **Crendon Insurance Brokers Ltd** about hiring labour-only subcontractors so they were not covered under your employers' liability or public liability insurance. As a result, if they were responsible for an incident or become injured or ill due to their work, you could be wholly accountable for the damages.

The Appropriate Insurance for the Project

Even though a kitchen or bathroom installation may seem like a straightforward project, you should nevertheless have comprehensive insurance, which should include the following:

- **Public liability** provides cover against negligent injury or property damage that you cause to a member of the public due to your work.
- **Professional indemnity (PI)** provides cover against errors or omissions in service, advice or design.
- **Product liability** provides cover against liabilities for losses due to injuries caused by malfunctions or defects in your products.
- **Employers' liability** provides cover against claims of negligence made by employees who suffer injury or ill health due to their work.

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- **Contract works or contractors all risk** provides cover for ongoing renovation, extension or other works until completed. Additionally, you can extend cover to include materials on-site and in transit, like site huts, security fencing, tools and equipment.

For each of your insurance policies, you should discuss the project and potential challenges with **Crendon Insurance Brokers Ltd** to ensure that your company will have enough cover so you don't have to pay out of pocket if the worst were to occur.

Managing Your Contractual Liability

Often, a building project will use the Joint Contracts Tribunal (JCT) standard contract, although there is no obligation to use a specific form.

In addition to explaining exactly how the work will be carried out, the contract should also state what insurance is required and who is required to have it—the contractor or subcontractor.

There are several clauses included in a standard JCT; some of the most important include the following:

- **Clause 6.4:** Requires the contractor to take out and maintain employers' liability and public liability insurance for the duration of the building project.
- **Clause 6.5.1:** Specifies whether non-negligence cover is required. The contract may require the contractor to purchase additional insurance to cover injuries or damages caused by collapse, subsidence, heave, vibration, weakening or removal of support, or lowering of ground water.

While not a part of a standard JCT, you should also determine whether you are part of a collateral warranty, which creates a contractual link between the construction team, including contractors, subcontractors and third parties, such as tenants, landlords and purchasers.

If you do enter into a collateral warranty, make sure you know it could impact your PI insurance in the following ways:

- It could increase your potential liability by expanding the range of potential parties who may bring a claim against you.
- You may be required to extend the length of your PI insurance, which, in turn, may increase your PI premium.
- It may require you to increase the value of your PI insurance to cover the warranty in its entirety.

Alert **Crendon Insurance Brokers Ltd** if you do plan to enter into a collateral warranty to verify whether the agreement will require you to adjust your PI insurance.

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Whether you are installing a bathroom or a kitchen, there are numerous costly and dangerous potential risks that you must address. However, with the proper planning and insurance, you can overcome any challenges that may develop during the project.

For more information about how you can better safeguard your construction company from potential hazards, contact the professionals at **Crendon Insurance Brokers Ltd** today.