



Supplementary Conditions (SC)

# **Liability insurance for architects and engineers**

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# Supplementary Conditions (SC)

## Part A Underlying Provisions of the Insurance Contract

### A1 Scope of the contract

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The provisions of the “General Insurance Conditions: Liability Insurance for Companies” (GIC) apply unless the provisions below specify otherwise.

### A2 Indemnities

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D1.3.2 GIC is superseded by the following provision:  
The sum insured or sublimit is considered to be a double aggregate per insurance year, which means that it is paid at most twice for all claims arising from losses and costs incurred in the same insurance year.  
Under this provision, however, the sum insured or sublimit specified per event for *construction and installation defects* as defined in C1 and C2 SC applies only as a single aggregate for each *individual construction project*, which means that it is paid at most once for all claims arising from *construction and installation defects* in connection with the same construction project, regardless of the length of the construction project.

### A3 Obligations

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#### A3.1 Recommendations from specialists

The insured must ensure that the recommendations from specialists such as geologists, geotechnicians and hydrologists are observed.

#### A3.2 Information about underground works

Prior to commencing any work in the ground such as earthmoving, digging, pile-driving, drilling or compacting, the insured must ensure that the relevant offices (such as that of the construction owner, site management, planner) inspect the plans or otherwise obtain information about the exact location of underground works.

#### A3.3 Report on the condition of neighboring structures

The insured must ensure that a report about the condition of neighboring structures is documented prior to commencing construction if these structures are to be underpinned or undercrossed.

#### A3.4 Inspection of contaminated sites

The insured must ensure that an appropriate inspection of contaminated sites as defined in E1 GIC is conducted prior to commencing remediation of such contaminated sites, and that any safety measures required based on the inspection are implemented in accordance with professional standards.

## Part B

# Scope of Insurance – General Provisions

### B1 Insured risk and insured liability

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In addition to the scope of insurance defined in the GIC, the insurance also includes statutory liability arising from:

- *construction defects* pursuant to C1;
- *installation defects* pursuant to C2;
- the role of construction owner pursuant to C3;
- the delegation of work to sub-planners pursuant to C4;
- the role of *general planner* pursuant to C5;
- the role of *general contractor* pursuant to C6;
- the role of *design build contractor* pursuant to C7;
- planning and own execution pursuant to C8;
- the involvement of self-employed drafters pursuant to C9.

### B2 General exclusions

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#### B2.1 Exclusions in addition to B4 GIC

B2.1.1 The insurance does not cover claims in connection with contractual penalties imposed on the insured or other parties involved in the construction.

B2.1.2 The insurance does not cover claims in connection with damage and defects due to the performance of work as part of a *consortium of planners or contractors* in which an insured is involved.

B2.1.3 The insurance does not cover claims in connection with property damage, *construction defects* or *installation defects* resulting from ground movements. This exclusion applies only if no appropriate ground surveys were conducted or if the safety measures required based on the ground surveys were not taken.

A ground survey is not required if, according to an expert opinion, a ground survey can be dispensed with due to the existing conditions or due to the results of ground surveys previously conducted for other construction works that can be used for the construction project planned.

#### B2.2 Exclusions in amendment of B4 GIC

B2.2.1 B4.3 GIC does not apply:

- if the agreed liability is accepted on the basis of the conventional SIA-Norms and -Regulations;
- if the agreed liability is accepted on the basis of the standard FIDIC Conditions in connection with construction projects abroad.

B2.2.2 B4.6 GIC is supplemented as follows:

In the case of extensions, renovations, expansions, repairs or improvements, the subject of the work always refers to the existing structure as a whole:

- if it is underpinned or undercrossed;
- if work is performed on its supporting or load-bearing elements, such as foundations, beams or supporting walls that could compromise their support or load-bearing capacity.

B2.2.3 B4.9 GIC is supplemented as follows:  
The insurance does not cover:

- damage to land caused by walking or driving on it, or storing debris, materials or equipment on it;
- unavoidable damage to land and *structures* caused by falling debris from blasting.

B2.2.4 B4.22, second indent GIC does not apply to the provision of construction or building plans to third parties.

### B3 Structures and installations abroad

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If an insured or a third party commissioned by the insured renders insured services in connection with a *structure* or an *installation* abroad that is required by law to be insured, the following applies in amendment of B4.4 GIC:

#### B3.1 Conditions of coverage

Insurance cover within the framework of the contractual provisions is valid only on the condition that any statutory obligation to take out insurance has been met and that the required coverage has been purchased for the insureds.

#### B3.2 Difference in limits and conditions coverage

The benefits provided by AXA are limited to the part of the indemnity that, with respect to sum insured or sublimit (difference in limits coverage) and conditions (difference in conditions coverage), exceeds the scope of coverage under the insurance required by law.

The sum insured or sublimit pursuant to such statutory insurance is deducted from the sum insured or sublimit specified in the policy.

#### B3.3 Deductible

If AXA pays indemnities under the difference in conditions coverage, the insured must pay the deductible set out in the policy.

If AXA pays indemnities under the difference in limits coverage, the deductible set out in the policy does not apply.

## Part C

# Scope of Insurance – Special Provisions

### C1 Construction defects

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#### C1.1 Scope of coverage

The insurance covers claims arising from *construction defects* that are attributable to faulty planning, calculation, site management or advisory activities by the insureds.

B4.5 and B4.6 GIC do not apply in connection with *construction defects*.

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#### C1.2 Loss prevention costs

The following applies in addition to C2 GIC:

Within the scope of the provisions agreed with respect to sums insured and deductibles for *construction defects*, the insurance also covers the costs of preventing *construction defects* to the extent provided for in C2 GIC.

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#### C1.3 Pecuniary loss and loss of earnings

The insurance also covers pecuniary loss and loss of earnings as a result of insured *construction defects*.

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#### C1.4 Exclusions in addition to B2

C1.4.1 The insurance does not cover claims in connection with damage and defects to building components that are prefabricated in series and are not intended for a *structure* planned by the insured.

C1.4.2 The insurance does not cover claims in connection with damage and defects to *structures* that are constructed fully or in part for the account of the following persons or legal entities:

- an insured or his or her spouse or registered partner;
- partnerships, associations or legal entities in which the insured or his or her spouse or registered partner holds a financial interest;
- partnerships, associations, natural persons or legal entities that hold a financial interest in the policyholder's business;
- partnerships, associations or legal entities in whose operations the policyholder's parent or holding company holds a financial interest. This provision applies only if the financial interest held either directly or indirectly by the parent or holding company in both the policyholder and the sister company is at least 50%.

This provision does not apply if the financial interest of the above natural persons or legal entities in the *structure* to be constructed does not exceed 50%.

If the *structure* to be constructed is sold prior to completion of the construction work, the following applies:  
For any damage and defects in connection with *structures* and *installations* that arise following notarization of the contract of sale with natural persons or legal entities not mentioned above as purchaser, the exclusion will not apply if the insured can credibly demonstrate that, at the time the contract of sale was notarized, it was not aware of any acts or omissions that could give rise to liability on its part.

### C2 Installation defects

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#### C2.1 Scope of coverage

C2.1.1 Insurance coverage under C1.1 also applies mutatis mutandis to liability for claims arising from *installation defects*.

C2.1.2 The insurance covers claims arising from damage to and defects in newly developed *installations* or parts of installations, provided that these are further developments of *installations* or parts of installations built in accordance with recognized standards or on the basis of extensive experience.

The insurance does not cover claims arising from damage to or defects in *installations* or parts of installations that serve purely research and development purposes or that are still in the experimental or development stage and have not yet been successfully tested (prototypes).

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#### C2.2 Loss prevention costs

The following applies in addition to C2 GIC:

Within the scope of the provisions agreed with respect to sums insured and deductibles for *installation defects*, the insurance also covers the costs of preventing *installation defects* to the extent provided for in C2 GIC.

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#### C2.3 Pecuniary loss and loss of earnings

The insurance also covers pecuniary loss and loss of earnings as a result of insured damage to *installations* or parts of installations.

The insurance does not cover pecuniary loss and loss of earnings as a result of insured defects in *installations* or parts of installations.

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#### C2.4 Exclusions in addition to B2

The exclusions under C1.4 also apply mutatis mutandis to liability for claims arising from *installation defects*.

The following exclusions apply in addition:

C2.4.1 The insurance does not cover claims arising from damage to and defects in *installations*, installation parts and products of any kind (such as vehicles, machines, apparatuses, equipment, tools, instruments or other commodities) that were fabricated in series on the basis of the planning, calculation, site management or advisory activities of the insured.

This exclusion does not apply if the series does not exceed six units.

C2.4.2 The insurance does not cover claims arising from loss or damage in connection with the use of new procedures that are still in the experimental or development stage and have not yet been successfully tested.

C2.4.3 The insurance does not cover claims arising from damage due to sooting or corrosion except where the sooting or corrosion was caused by a sudden, unforeseen event.

C2.4.4 The insurance does not cover claims arising from the design of *installations* or installation parts for nuclear plants.

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## C2.5 Obligations

C2.5.1 The insured must:

- when designing or planning *installations* or installation parts, enter into a written contract with the customer that describes the services that the insured must render, prior to commencement of any work on the *installations* or installation parts;
- adequately test the designed *installations* or have them adequately tested (by means of a test run, for example) prior to handover to the ordering party. The test results must be documented in a report. This provision applies mutatis mutandis in the case of partial commissioning.

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## C3 Construction owner's liability

If a structure or a part of it is constructed, remodeled or extended, etc., the following provisions supersede C8 GIC:

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### C3.1 Claims arising from the insured activity

If the policyholder builds a structure or a part of a structure for its own account (construction owner), the insurance covers claims arising from bodily injury or property damage within the framework of the other contractual provisions under the following condition: The damage is attributable to planning, calculation, construction management or advisory activities by the insured that fall under the "insured risk" as defined in the policy, and was culpably caused by the insured.

This coverage applies even if the insured operation uses the structure in its entirety or in part as business premises. The insurance **does not cover** claims affecting the construction project itself or the land belonging to it.

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### C3.2 Claims arising from liability as construction owner

If the policyholder builds a structure or a part of a structure that it uses entirely or in part as business premises for the insured business, its liability for bodily injury and property damage and that of any owner of real property pursuant to E11.4 GIC is included in the insurance, even if this damage is not attributable to activities as defined in C3.1 SC. The insurance **does not cover** claims in connection with a construction project:

- C3.2.1 if the total cost of the project as defined in the estimate exceeds CHF 1,000,000; individual properties that form part of the (overall) project or that are to be built in several lots are, taken together, deemed to be a single structure;
- C3.2.2 if, for the project, an excavation pit is created with a depth of more than one story;
- C3.2.3 if it is built on a slope with a gradient of more than 25%;
- C3.2.4 that involves underpinning or undercrossing a neighboring structure;
- C3.2.5 that involves abutting a structure belonging to a third party. This exclusion provision does not apply in the case of civil engineering work in connection with the creation, expansion, remediation or maintenance of roads, squares, sidewalks, pipes and shafts;
- C3.2.6 that involves lowering the water table;
- C3.2.7 for which work causing strong vibrations (such as blasting or pile-driving) is performed;
- C3.2.8 that involves vibratory sheet piling or extraction;
- C3.2.9 that involves plans for drilling into the ground (for heat probes or pile foundations, for example).

- C3.2.10 Likewise, the insurance does not cover claims: that relate to the construction project itself or the land belonging to it;
- C3.2.11 in connection with a reduction in the flow rate or drying up of a source of water.

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### C3.3 Difference in conditions and limits coverage

AXA is liable for benefits only for the part of the indemnity that exceeds the scope of coverage (with respect to sums insured or conditions) afforded by any other liability insurance that is, in principle, required to pay benefits for the same loss.

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### C3.4 Taking into account costs saved

If measures that would have been required under construction practice standards (such as surveys of the state of repair of neighboring properties, soil testing, excavation support) were not taken in the realization of the construction project, the part of the indemnity due under liability law that corresponds to the costs saved as a result of the failure to take such measures is **excluded**. This exclusion will not apply if the policyholder or the insured can prove that the measures they failed to take did not have any effect on the occurrence of the insured event and the scope of the indemnity owed by AXA.

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## C4 Delegation of work to sub-planners

If the policyholder delegates planning, calculation, site management or installation work to a third party (such as a sub-planner, project manager, site or erection manager), and if this work falls exclusively under the "insured risk" specified in the policy, the following applies:

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### C4.1 Scope of coverage

- C4.1.1 The insurance covers claims arising from bodily injury or property damage as well as *construction and installation defects* caused by third parties commissioned by the policyholder.
- C4.1.2 The insurance covers claims arising from bodily injury or property damage as well as *construction and installation defects* caused by the insureds themselves.

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### C4.2 Conditions of coverage

- C4.2.1 Insurance coverage pursuant to C4.1.1 applies only under the following conditions:
  - C4.2.1 At the time of their commissioning, the third parties have their own professional liability insurance in which coverage for bodily injury and property damage as well as for *construction and installation defects* corresponding to the third party's area of expertise is included.
  - C4.2.2 Damage and defects as defined in C4.1.1 are attributable to planning, calculation, construction management or installation work that is covered under the professional liability insurance mentioned in C4.2.1.

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### C4.3 Exclusion in addition to B2

The insurance does not cover the personal liability of third parties pursuant to C4.1.1.

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## C5 Role of general planner

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The following applies if the policyholder acts as *general planner*:

### C5.1 Scope of coverage

In accordance with the contractual provisions (such as those regarding limits, deductibles, exclusions and obligations), the insurance covers the policyholder's liability as *general planner* in connection with the following claims:

- C5.1.1 The insurance covers claims arising from bodily injury and property damage as well as *construction and installation defects* caused by sub-planners, project, site or erection managers commissioned by the policyholder.
- C5.1.2 The insurance covers claims arising from bodily injury and property damage as well as *construction and installation defects* caused by the insureds themselves within their insured areas of expertise.

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### C5.2 Conditions of coverage

Insurance coverage pursuant to C5.1.1 applies only under the following conditions:

- C5.2.1 At the time of their commissioning, the sub-planners, project, site or erection managers pursuant to C5.1.1 have their own professional liability insurance in which coverage for bodily injury and property damage as well as for *construction and installation defects* corresponding to their area of expertise is included.
- C5.2.2 Damage and defects pursuant to C5.1.1 are attributable to activities that are covered under the professional liability insurance pursuant to C5.2.1.

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### C5.3 Exclusion in addition to B2

The insurance does not cover the personal liability of sub-planners, project, construction or erection managers pursuant to C5.1.1.

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## C6 Role of general contractor

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The following applies if the policyholder acts as *general contractor*:

### C6.1 Scope of coverage

In accordance with the contractual provisions (such as those regarding limits, deductibles, exclusions and obligations), the insurance covers the policyholder's liability as *general contractor* in connection with the following claims:

- C6.1.1 The insurance covers claims arising from bodily injury or property damage caused by third parties such as building contractors, tradesmen or suppliers commissioned by the policyholder if these third parties perform construction work (including erection and installation work) or deliver goods;
- C6.1.2 The insurance covers claims arising from bodily injury or property damage caused by insureds within their insured areas of expertise.

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### C6.2 Conditions of coverage

Insurance coverage pursuant to C6.1 applies only under the following conditions:

- C6.2.1 At the time of their commissioning pursuant to C6.1.1, the third parties have their own commercial third-party liability insurance.
- C6.2.2 Bodily injury or property damage pursuant to C6.1.1 is attributable to the work or property of commissioned third parties that are covered under commercial third-party liability insurance pursuant to C6.2.1.

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### C6.3 Exclusion in addition to B2

The insurance does not cover the personal liability of commissioned third parties pursuant to C6.1.1.

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## C7 Role of design build contractor

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The following applies if the policyholder acts as the *design build contractor*:

### C7.1 Scope of coverage

In accordance with the contractual provisions (such as those regarding limits, deductibles, exclusions and obligations), the insurance covers the policyholder's liability as the *design build contractor* in connection with the following claims:

- C7.1.1 The insurance covers claims arising from bodily injury or property damage caused by third parties such as building contractors, tradesmen or suppliers commissioned by the policyholder if these third parties perform construction work (including erection and installation work) or deliver goods;
- C7.1.2 The insurance covers claims arising from bodily injury and property damage as well as *construction and installation defects* caused by sub-planners, project managers and site and erection managers commissioned by the policyholder;
- C7.1.3 The insurance covers claims arising from bodily injury and property damage as well as *construction and installation defects* caused by insureds themselves within their insured areas of expertise.

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### C7.2 Conditions of coverage

Insurance coverage pursuant to C7.1 applies only under the following conditions:

- C7.2.1 At the time of their commissioning pursuant to C7.1.1, the third parties have their own commercial third-party liability insurance.
- C7.2.2 Bodily injury or property damage pursuant to C7.1.1 is attributable to the work or property of commissioned third parties that are covered under commercial third-party liability insurance pursuant to C7.2.1.
- C7.2.3 At the time of their commissioning, the sub-planners, project, site or erection managers pursuant to C7.1.2 have their own professional liability insurance in which coverage for bodily injury and property damage as well as for *construction and installation defects* corresponding to their area of expertise is included.
- C7.2.4 Damage and defects pursuant to C7.1.2 are attributable to activities that are covered under professional liability insurance pursuant to C7.2.3.
- C7.2.5 *Construction and installation defects* are attributable to faulty:
- plans;
  - written calculations; or
  - written instructions of the planners or project, site or erection managers.

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### C7.3 Insured benefits

The following applies in addition to D1 GIC and A2 SC: If *construction or installation defects* are attributable to:

- faulty plans, calculations or written instructions pursuant to C7.2.5 and, at the same time,
  - the faulty performance of work or the delivery of goods,
- the indemnity payable by AXA is limited to the share of liability arising from faulty plans, calculations or instructions pursuant to C7.2.5.

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- C7.4 Exclusion in addition to B2**  
The insurance does not cover the personal liability of:
- third parties commissioned pursuant to C7.1.1;
  - sub-planners, project, site or erection managers pursuant to C7.1.2.

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## **C8 Planning and own execution**

- C8.1 Scope of coverage**  
The insurance covers claims arising from *construction and installation defects* in *structures* for which the following natural persons or legal entities have performed demolition, earthmoving or construction work (including erection and installation work) or have made deliveries of goods:
- an insured;
  - a business over which an insured has a significant influence or in which the insured holds a financial interest (a subsidiary, for example);
  - a business that has a significant influence over the operation of the policyholder or that holds a financial interest in it (a parent or holding company, for example);
  - a business whose operation is significantly influenced by the policyholder's parent or holding company or in which the policyholder's parent or holding company holds a financial interest (a sister company, for example).

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- C8.2 Condition of coverage**  
*Construction and installation defects* are only covered if they are attributable to faulty:
- plans;
  - written calculations; or
  - written instructions of the planners or project, site or erection managers.
- If the work pursuant to C8.1 applies only to certain *structures* or building parts, this condition is valid only for claims arising from damage to or defects in these *structures* or building parts.

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- C8.3 Insured benefits**  
The following applies in addition to D1 GIC and A2 SC: If *construction or installation defects* are attributable to:
- faulty plans, calculations or written instructions pursuant to C8.2 and, at the same time,
  - the faulty performance of work or the delivery of goods, the indemnity payable by AXA is limited to the share of liability arising from faulty plans, calculations or instructions pursuant to C8.2.

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## **C9 Self-employed drafters**

- C9.1 Scope of coverage**  
In amendment of B1.3, second indent GIC, the insurance also covers the personal liability of self-employed drafters commissioned by the insured.

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- C9.2 Conditions of coverage**  
However, it is a condition of coverage that the drafters has completed training in the relevant area of expertise (obtained a federal vocational diploma (EFZ) in draftsmanship, for example). The conditions defined in C4.2, C5.2, C6.2 and C7.2 do not, however, apply to the commissioning of self-employed drafters.

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- C9.3 Difference in conditions and limits coverage**  
AXA is liable for benefits only for the part of the indemnity that exceeds the scope of coverage (with respect to sums insured or conditions) afforded by any other liability insurance that is, in principle, required to pay benefits for the same loss.



## Part D

# Definitions

### D1 Installations

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The totality of all interconnected machines, apparatuses, equipment, tools and instruments that jointly form a complex system (including cables and connections).

### D2 Installation defects

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Damage to and defects in *installations*.

- Damage: unforeseen and sudden damage or destruction.
- Defects: failure to achieve the agreed condition, such as reduced performance, but not leading to damage to or destruction of the *installation*.

### D3 Construction defects

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Damage to and defects in *structures*, i.e. condition of building is worse than what had been agreed.

### D4 Structures

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- New structures and existing structures including the land on which they are built.
- Building components that were manufactured specially for a specific structure in order to be included in the structure.
- Individual units of condominium property.

### D5 Individual construction project

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The totality of all *structures* and *installations* that are erected at the same location and at the same time or, due to technical, organizational or financial reasons, are erected on a staggered basis (in lots) on the basis of planning, calculation, site management or advisory activities of the insured.

### D6 General planner

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A business or a person that the construction owner appoints to design or manage the construction of a structure, a part of a structure, an *installation* or a part of an installation. General planning includes services from the area of expertise of the business or the person as well as services from other areas of expertise.

### D7 General contractor

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A business or a person that the construction owner commissions, in the context of an existing project, to carry out the complete construction of a structure or part of a structure, or to carry out the complete construction of an *installation* or a part of an installation.

### D8 Consortium of planners or contractors

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Contractual association of natural persons or legal entities that exists for the purpose of jointly rendering services (e.g. planning, calculation, site management, installation management or construction work) for a third party.

### D9 Design build contractor

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A business or a person that the construction owner appoints to design or manage and carry out construction of a structure or part of a structure or an *installation* or a part of an installation.



## **Want to file a claim?**

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