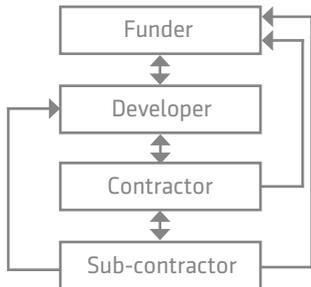


Collateral warranty review service.

What is collateral warranty?

A collateral warranty creates a contractual relationship between two parties where none would otherwise exist. It is usually for the benefit of someone who has an interest in the proper performance of the contract, commonly used where contractors, sub-contractors or consultants are involved.



Why have collateral warranty?

The primary party, often a developer, uses collateral warranties to limit their exposure to future allegations of liability. Consultants, contractors and subcontractors need to be careful about any collateral warranty they are asked to sign.

A collateral warranty may contain statements to the effect that the consultant or contractor:

- Takes proper skill, care and diligence in design
- Uses materials of appropriate quality
- Carries out the work in a proper workmanlike manner
- Maintains an adequate level of insurance

Every collateral warranty is slightly different.

www.markelinternational.com/uk

What could go wrong if the collateral warranty is entered into without being checked?

There is no legal standard form of collateral warranty. The wording of the collateral warranty could commit the consultant, contractor or sub contractor to more onerous liabilities than would normally be viewed as reasonable. Care is needed to avoid vague terms such as 'warrants', 'covenants' or 'ensures'.

The following topics are often included and need careful scrutiny in their use within the collateral warranty by a legal adviser:

- Novation
- Copyright
- Number of assignments
- Sub warranties
- Duty of care
- Deleterious materials
- Economic losses
- Inspection requirements

What are the benefits of a Markel collateral warranty review?

- A thought out contract
- No fees for the review
- Ensures contract liabilities are contained to those within Markel insurance cover



The process

Prior to submitting your warranty, you must be verified as a Markel policyholder. Clyde & Co will then review the warranty and respond to you directly within seven days. (NB those submitted by post may take longer).

Once submitted, the warranty will be reviewed and a response will be issued detailing any requirements and / or recommendations (from a professional indemnity insurance perspective).

After receiving the response any corrective action should be undertaken by you.

Provided by experts

Clyde & Co are an experienced law firm providing services across a broad range of areas.

They have particular expertise in construction, providing advice on all manner of projects ranging from humble domestic extensions to a high value commercial development.

Their construction team offer a breadth of experience in all manner of construction disputes.

Should you require Clyde & Co to undertake any further work (either in connection with the warranty or otherwise) then it will be your responsibility to meet the extra costs.

How to access

Email: warranties@markelintl.com

Post: Collateral Warranty Review Service
Markel (UK) Limited
Verity House
6 Canal Wharf
Leeds
LS11 5AS

Information required:

- Policyholder name
- Certificate number
- Contact details
- Brief details as to the nature of the problem or the advice being sought

Please note: The collateral warranty review service is available exclusively on the following policies:

- Design and build
- Architects and engineers
- Surveyors