

## 2007 ECA Bond

Covering the completion  
of ECA members work



Representing the best in electrical  
engineering and building services

# Ensuring Installation Safety and Customer Satisfaction



The aim of the Electrical Contractors Association (ECA) is to ensure that electrical installation work is

undertaken by qualified people to high standards of quality and safety and to terms which are equitable to the client and installer:

- All potential members are inspected and assessed to ensure that they operate sound business practices.
- The technical competence of the potential member is inspected to ensure compliance with relevant national standards.
- Periodic technical assessment provides assurance that the work of members meeting the requirements of the industry's assessment scheme is in compliance with current standards, regulations and codes of practice.
- The ECA Code of Fair Trading registered with the Office of Fair Trading sets out comprehensive trading arrangements, which are fair to the customer and contractor. Copies of the code are available from members.

## ECA Bond

- The cover of the ECA Bond is provided at no additional cost to clients of ECA registered members - subject to the terms and conditions of the scheme set out opposite - and supports the highest level of accountability and protection provided by any body representing or qualifying electrical installation companies.
- The insurance backed ECA Bond indemnifies the clients of ECA members for the additional cost of completion if the member fails to complete electrical installation work to the relevant British Standards or because the member has become insolvent.

- The cover is not valid unless the Certificate is signed by both the member and the party with whom the member is in Contract. A copy of the completed Bond Certificate should be kept by both parties as the customers copy will be required to evidence a claim against the Bond.

The Bond covers electrical installation work for contracts entered into during the effective period of the Bond Certificate and is subject to a maximum limit of £100,000 (or as shown on the ECA member's Bond Certificate, whichever is the lower). The benefits of the Bond are available to clients on all contracts completed on 'Approved Forms'.

## Certificate

An annual Bond Certificate denoting the cover available is issued to each ECA member company. The Certificate applies to contracts entered into during the Certificate's validity period, usually a 12-month period commencing on the 1st January. The terms & conditions of the ECA Bond are printed on the reverse of the Bond Certificate.

An example of the Bond terms and conditions applicable to contracts entered into by ECA Members during 2007 is shown opposite. Any questions concerning the terms and conditions of the ECA Bond must be directed to the Electrical Contractors' Insurance Company Limited. Please see the contact details on the reverse of this document.

## Complimentary Facilities

The ECA Bond is a form of conditional performance bond and may not be suitable for all commercial contracts. Full performance bonds and other forms of surety bond can be provided when required by the Electrical Contractors' Insurance Company Ltd (ECIC) Bond underwriting unit upon application.

In addition to the ECA Bond the Association also provides its members with a complimentary insurance backed Warranty covering the compliance of work to Relevant Standards and Regulations. The details and conditions of the Warranty are covered in a separate publication available on request.

The terms & conditions reproduced below are applicable to contracts entered into by members of the Electrical Contractors' Association between 1st January 2007 & 31st December 2007 (both dates inclusive). They must be read in conjunction with the unique Bond Certificate issued to each ECA Member. For full details of the limits, terms & conditions applicable to an individual contract, please ask the Member you intend to contract with to provide a copy of their Bond Certificate, the Bond Terms & Conditions.

Any questions concerning the terms & conditions of the ECA Bond must be directed to the Electrical Contractors' Insurance Company Limited. Please see the contact details on the reverse of this document.

The cover is not valid unless the Certificate is signed by both the member and the party with whom the member is in Contract. The completed Bond Certificate is to be retained by the party with whom the member is in Contract and will be required to evidence a claim against the Bond.

## Financial Services & Markets Act 2000

Only parties authorised by the Financial Services Authority may mediate on specific insurance contracts. In respect of the ECA Bond the Member acts solely as an introducing sub-agent of the Insurer & the activities they may perform on behalf of the insurer are restricted to the provision of the Bond Certificate, Bond terms & conditions & ECA Bond. The Member is not permitted to explain the ECA Bond on the Insurer's behalf.

## ECA Bond

The ECA Bond is underwritten by the Electrical Contractors' Insurance Company Limited ("the Insurer") and is offered as its introducing agent by the Electrical Contractors' Association ("the ECA") and by any Member of the ECA (acting as an introducing sub-agent of the Insurer) to those who have Work done by the Member. The limits, terms, conditions and definitions of the ECA Bond cannot be altered, except by the express agreement in writing of the Insurer, to whom all correspondence and claims must be addressed. To comply with the Financial Services and Markets Act 2000, any questions about the ECA Bond must be directed to the Insurer. The Terms and Conditions of the ECA Bond do not take away the statutory rights of any consumer.

### COVERAGE PROVIDED

1. If the employment of the Member under a Contract is lawfully determined for a Specified Reason before Completion, the Insurer will indemnify the Claimant against the Additional Cost of Completion of the Work to be performed under that Contract, provided that:
  - (a) the Member's original or estimated total Contract price did not exceed the Contract Value Limit shown on the Member's Bond Certificate, and
  - (b) no more than 90 days elapsed between the date of the Member's tender for the Work and its acceptance, and
  - (c) the Member had been engaged under an Approved Form of Contract, and
  - (d) the Work was to be performed in the Specified Territories.
2. The Insurer's liability in respect of any one Contract shall not exceed the Bond Limit shown on the Member's Bond Certificate. Should more than one contract be issued in respect of various related or sequential works the combination of all such contracts shall be considered as the Contract for the purposes of this Bond.
3. Should the Contract not provide for a Contract price (as in measured term or some maintenance contracts) then the Insurer will only be liable for any such Contract which is of less than one calendar year's duration and which provides for a review of priced rates.
4. The Insurer will not be liable:
  - (a) in respect of any reduction in value or loss of enjoyment, use, income or opportunity, inconvenience, distress or any other consequential or economic loss except as specifically provided for in this Bond, or
  - (b) where the Specified Reason was substantially caused by the unreasonable withholding of money due under the Member's Contract, or
  - (c) where the Claimant is indemnified by some other bond, guarantee or insurance.
5. To be valid, any claim must be notified by the Claimant to the Insurer within 30 days of the determination of the Member's employment under the Contract, with evidence of the Specified Reason. The Claimant must promptly supply any further information reasonably required by the Insurer.
6. The Insurer reserves the right to choose the new ECA (or other) contractor to complete the Work, subject to the Claimant's reasonable objection. Alternatively, the Insurer at its discretion may elect to pay the Claimant a cash sum, up to the Bond Limit, to discharge its liability under this Bond.
7. The Claimant must credit the Insurer with any sums that the Claimant can recover or lawfully retain from the Member. If the Insurer so requires the Claimant must assign to the Insurer any rights of recovery against any party in relation to the Work to the extent of the indemnity provided hereunder.
8. This Bond shall be governed, interpreted and construed in all respects according to the Law of England and Wales.
9. Any dispute or difference arising under, or the interpretation or effect of, this Bond shall be referred under the Arbitration Acts to an Arbitrator either agreed between the Claimant and the Insurer, or if not so agreed within 14 days, appointed on the application of either of them by the President of the Chartered Institute of Arbitrators.

### DEFINITIONS

#### Additional Cost of Completion

- (a) Is the difference, if any, on subtracting the amount that would have been due to the Member for all Outstanding Work, including projected fluctuations if applicable, due on Outstanding Work, under the terms of the Member's Contract, from the new contractor's price for the same Outstanding Work including the rectification of any defects to executed Work and fluctuations, if applicable. Outstanding Work is Work already ordered or instructed but not yet physically performed or delivered to site at the date of determination.

- (b) No account shall be taken of damages, contra-charges, economic or consequential loss or set-off and the Insurer reserves the right to employ a suitably qualified Consultant to determine all amounts due.

### APPROVED FORM

The form of contract used must:

- 1) be appropriate to the Members' contractual relationship for the Work in question (i.e. main/direct contractor or sub-contractor)
- 2) comply with the Housing Grants, Construction and Regeneration Act 1996 (except where the Contract is with a consumer who has contracted in their capacity as a private individual and not in the course of a business, and/or for Work outside the scope of the Act)
- 3) not impose more onerous or less beneficial terms on the Member in respect of payment, set-off (withholding of payment), retention, suspension and determination than the following:
  - (a) the final date for payment shall not be more than 28 days from when payment becomes due;
  - (b) any set-off terms shall be solely confined to matters in respect of the Contract in question;
  - (c) retention, if applicable, shall not exceed 5% of the Contract value up to Completion, one half is to be released at Completion and one half to be released following the making good of defects;
  - (d) rights of both suspension and of determination of the Contract must exist and shall require no more than 14 days notice in respect of suspension and 30 days notice in respect of determination to be given by the Member.

### The Claimant

The party with whom the Member is in contract for the Work or the party, if any, responsible for re-appointment of a sub-contractor.

### Completion

The practical completion of the Work, or when the Contract has no provision for practical completion it is the completion or terminal date under the Contract.

### Contract

The term "Contract" includes a sub-contract or sub-sub-contract. The Contract must be evidenced in writing. The Contract must be entered into during the effective period stated on the Bond Certificate. The Contract will be considered as being "entered into" when either:

- (a) the Member's tender is accepted by the issue of instructions to proceed, or
- (b) the Contract is signed, or
- (c) the Work commences whichever occurs earlier.

### Member

A Member of the Electrical Contractors' Association in possession of a currently valid Bond Certificate issued by the Insurer in relation to this Bond.

### Relevant Standards

#### Standards of

1. materials, only where the Member assumes responsibility for their specification, selection or approval under the Contract
2. workmanship or professional practice being or equivalent to those recommended or required by any of the following at the time of making the Contract:
  - (a) The Regulations for Electrical Installations (BS7671) produced by the Institution of Electrical Engineers.
  - (b) Approved Document P ("Part P") and/or Regulations 4 and 7 of the Building Regulations 2000 (as amended).
  - (c) Any applicable British Standards or British Standard Codes of Practice.
  - (d) Other European Standards, national standards or codes, which are approved by the Insurer as being applicable to specialised Work, not covered by any of the above.

### Specified Reason

Failure to comply with the Relevant Standards, or insolvency.

### Specified Territories

The United Kingdom of Great Britain and Northern Ireland, the Channel Islands, the Isle of Man and rigs or offshore structures within UK Territorial Waters.

### Work

Work which is to be performed by the Member under a Contract and which is:

- (a) a specified electrical, voice/data communications, security or control systems installation; and/or
- (b) any builders' work in connection with such an installation, maintenance or inspection or testing of such installations, and any goods or materials to be supplied and/or incorporated therein.

### IMPORTANT COMPLIANCE INFORMATION

#### About our Insurance Service

The Electrical Contractors' Insurance Company Limited is authorised and regulated in the UK by the Financial Services Authority. Our FSA Register Number is 202123. Our Permitted Business is effecting and carrying out contracts of insurance. You can check this on the FSA's Register by visiting their web site [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting the FSA on 0845 606 1234.

We only offer our own products. We will provide information on our products but you will not receive any advice or recommendation from us.

All documentation provided will be in English unless otherwise agreed by us.

#### Your Demands and Needs

The ECA Bond meets the demands and needs of those who require a conditional completion guarantee for certain electrical installation work performed by members of the Electrical Contractors' Association.

#### WHAT IS THE ECA BOND?

The ECA Bond is underwritten by the Electrical Contractors' Insurance Company Limited ("ECIC"). This is a brief summary outlining the cover we provide and does not form part of the terms and conditions of the ECA Bond. For full details of the terms, conditions and exceptions that apply please refer to the Terms and Conditions of the ECA Bond. If you have any questions about the ECA Bond please call 020 7663 5914, fax 020 7663 5711 or e-mail us at [ecic.bonds@eca.co.uk](mailto:ecic.bonds@eca.co.uk).

The ECA Bond is a conditional completion guarantee. It applies to certain electrical installation work, including work within the scope of Part "P" of the Building Regulations, performed by members of the Electrical Contractors' Association in the UK, the Channel Islands and the Isle of Man. It is only applicable to those contracts for which the member has provided a signed copy of their valid Bond Certificate. It does not apply where the member's contract price exceeds the Contract value limit on their Bond Certificate.

The ECA Bond applies prior to practical completion and protects against additional costs incurred to complete the work should the member's employment under their contract be terminated for the specified reasons defined in the Bond. It will not apply where the member's tender was open for more than 90 days or where the specified reason was caused by a failure to pay the member for their work (see Bond clauses 1 and 4). To be valid claims must be notified within 30 days of the termination of the member's employment under their contract.

Where a valid Bond claim exists we will usually settle it by arranging for the incomplete or defective aspects of the installation to be completed or rectified. The most we will pay to achieve this is stipulated in the Terms and Conditions of the ECA Bond.

The ECA Bond is governed by the Law of England and Wales.

#### How to Claim

To notify a claim please call 08450 343 250, fax 08450 343 270 or e-mail us at [ecic.claims@eca.co.uk](mailto:ecic.claims@eca.co.uk). Alternatively you can write to us at ECIC Claims, ECA Court, 24 South Park, Sevenoaks, Kent TN13 1DU.

#### Your Right to Cancel

If you are an individual acting for purposes outside your trade business or profession you have the right to cancel cover under the ECA Bond. If you decide that you wish to cancel you must do so within 14 days starting on the day after you receive the completed Bond documentation. You should be aware that no refund of premium will be paid. To cancel please write to: ECIC Bonds, 10 Fenchurch Avenue, London EC3M 5BN. All Bond documentation must be returned to us with the cancellation request.

#### Customer Care

ECIC is committed to maintaining a high standard of professional conduct in all our dealings with customers. However if you feel that your arrangements have not been handled in the manner in which you would expect and you wish to make a complaint, please contact the Manager of the department you have been dealing with. We will ensure that the matter receives immediate attention. You will be sent a copy of our Complaints Handling Procedure. If you feel that the matter has not been settled to your satisfaction you may write to the Managing Director, ECIC, ECA Court, 24 South Park, Sevenoaks, Kent TN13 1DU. If you are not satisfied with our investigation and conclusion of your complaint or eight weeks have passed since initially making your complaint and you are an individual consumer or a business with a group annual turnover of less than £1 million you may refer the matter to the Financial Ombudsman Service, South Quay Plaza, 183 Marsh Wall, London E14 9SR.

#### The Financial Services Compensation Scheme ("FSCS")

We are covered by the FSCS. You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on your status, the type of business and the circumstances of the claim. Effecting and carrying out contracts of insurance is covered for 100% of the first £2,000 and 90% of the remainder of the claim, without any upper limit. Further information about compensation scheme arrangements is available from the FSCS.

# Supporting the industry and safeguarding the customer

Since its foundation in 1901, membership of The Electrical Contractors' Association has implied high standards and qualities.

Today in terms of income and assets the Association is amongst the five best-resourced representative organisations in UK industry and commerce. It has over 2,000 member firms, which range from local employers with only a few operatives to national multi-service companies with many branches employing thousands - many operating worldwide.

They dominate their industry sector in the UK with a collective annual turnover in excess of £4 billion per annum.

## The Electrical Contractors' Association - supporting the industry and safeguarding the customer.



Representing the best in electrical engineering and building services

Electrical Contractors' Association  
ESCA House, 34 Palace Court, London, W2 4HY  
Tel 020 7313 4800 Fax 020 7221 7344  
Email [electricalcontractors@eca.co.uk](mailto:electricalcontractors@eca.co.uk) [www.eca.co.uk](http://www.eca.co.uk)



## ECA Bond

The ECA Bond is underwritten by Electrical Contractors' Insurance Company Ltd, to whom all correspondences should be addressed.



Electrical Contractors' Insurance Company Ltd  
10 Fenchurch Avenue, London EC3M 5BN  
Tel 020 7663 5914 Fax 020 7663 5711  
Email [ecic.bonds@eca.co.uk](mailto:ecic.bonds@eca.co.uk) [www.ecic.co.uk](http://www.ecic.co.uk)