

Insurance Backed Guarantee – The Pros & Cons

SGS Axa-Med has been successfully providing Insurance Backed Guarantee for a large number of projects for more than 15 years now. Without counting in the Yearly Subscription Policies, at present, over 75 Mio € worth of coating-works, concrete- & façade-renovations have been insured through the independent & specialised inspection services of SGS Axa-Med. So what is it that makes Owners, Contractors, Coating-Manufacturers choose for this Policy?

The Pros

Just suppose you are suffering a premature coating-failure on a project within the guarantee period originally provided (regular standard contractor and/or manufacturer guarantee).

| Without Insurance Backed Guarantee | With Insurance Backed Guarantee |
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| First of all, the Contractor and/or Manufacturer will be contacted and confronted with the failure. | The same thing should be done when an Insured coating project fails, but the damage should also be reported to SGS Axa-Med and/or the Insurance Company. |
| <p>First of all, if either the Coating Contractor or the Coating Manufacturer (or Supplier) has gone out of business, the guarantee will have gone with it.</p> <p>If still in business, the Contractor is bound to assume his work was performed according to the rules of good workmanship, etc... and will by consequence look at the Coating Manufacturer. In turn, they may delegate one of their representatives to come and 'take a look' at the problem.</p> <p>After this, usually a long & difficult discussion arises between the Contractor, the Coating Manufacturer and the Owner, often going on for months if not years (if it ever gets resolved).</p> | <p>The Insurance Company will delegate an independent & specialised coatings-expert in order to:</p> <ul style="list-style-type: none"> • Evaluate the extent of the damage • Try to establish the cause for the failure • See how the problem can be resolved in practice <p>If the damage falls within the Insurance Policy definitions & limitations, the Insurance Company will free the budget necessary to repair the damage in that way that the rest of the service life can be fulfilled.</p> <p>For this, it does not matter whether or not the Coating Contractor and/or Manufacturer is still around, even when one of them has gone out of business. The Insurance Policy is drawn up in name of the Owner.</p> |
| <p>If, by any chance, the Coating Manufacturer were to recognise a product-error (which is the case in only very few cases), usually the Coating-Manufacturer will provide new coating-product to correct the problem.</p> <p>However, this does not cover for the application-costs related to recoating the failed objects. If the Coating Contractor can be proven to have made a mistake he may not be able to financially carry such a litigation.</p> | <p>The damage can be repaired in a matter of a few months.</p> <p>Note that Insurance Backed Guarantee through SGS Axa-Med always involves neutral & specialised inspection. Knowing that a third party will be looking over his shoulders, most contractors will already increase their standard quality in order to satisfy the inspector (read: customer).</p> |
| <p>Conclusion : Long & tedious discussions with absolutely no guarantee for repairs at all!</p> | <p>Conclusion : Quick, easy & more importantly PRACTICAL solving of the problem at no extra cost!</p> |

The Cons

At worst, you have suffered no premature failure during the guarantee-period of the coated objects. At that point, the insurance premium will have been paid in vain, but **the inspection cost has clearly returned its investment, didn't it?** Feel free to contact us for more information about this such an Insurance Backed Guarantee.

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