Most standard forms of building contract usually contain provisions whereby one party to the contract (Contractor) gives the other party (Employer) a contractual indemnity in the event of a claim made against the Employer by a third party.

The SIA 88 Conditions of Contract covers this indemnity provision in Clause 18. For the Contractor to meet his obligations on the construction related risks that he has to assume under the building contract, the SIA 88 Conditions of Contract requires him to take the necessary insurances. This is covered under the Clauses 19 and 20.

In practice, insurance may be procured either by the Contractor or the Employer. The study revealed that the Contractor Procured insurance arrangement is the most common method. Most Employers are comfortable with their current insurance procurement arrangement and have no intention to explore other modes of insurance arrangement.