DATA CENTRE BOOM !!! WHAT ARE THE RISKS TO A CONTRACTOR?

Hyperscale data centre (HDCs) are larger and contain over 5,000 servers to accommodate cloud service providers (CSPs) hosting hundreds of thousands of servers and virtual machines to store data.

More investors are looking to build the data centre in Johor. Why?

A) **Singapore began limiting approvals for HDCs** because they consume large amounts of electricity and water.

B) Data centres in Singapore accounted for around 7% of the country's total electricity consumption last year, according to its Ministry of Trade and Industry.

C) **Cheaper rate of electricity in Johor** compared to Singapore.

D) **Lower cost is another obvious reason**.

This has pushed investors to build HDCs in Johor, less than 30km from Singapore.

(Source extract from Ministry of Communication's portal)

What is the **available insurance** for contractors to divert their risks?

I) Contractor’s All Risks (CAR) Policy

The CAR policy is specially designed to cover **engineering projects** involving the construction of buildings and other civil engineering works. The CAR policy coverage against:

a) Material damage to work under construction.

b) Damage and loss to the contractor’s plant, machinery and equipment.

c) Damage to Principal’s existing property.

d) Damage to third-party property and/or bodily injury arising in connection with the contract work.

e) The policy provides coverage for the duration of the construction period and maintenance period.

II) Erection All Risks (EAR) Policy

If the scope of works also **involves the erection, installation, testing and commissioning of electrical or mechanical equipment**, then the EAR insurance shall be more appropriate. This policy extends to cover the duration of erection work including testing/commissioning (except for used machines).

We, **DCIA (Dindings Corporate Insurance Agency) specialize in Data Centre Project Insurance.** We have numerous policies under our portfolio.

You are always welcome and we are ready to serve with full commitment!

Feel free to contact us for further clarification with no obligation attached.

Contact us now for a free consultation:

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