

Zurich Standard 10 New Home Structural Defects Insurance Policy

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Welcome to **Your** Zurich **New Home** Structural Defects Insurance policy. Problems with new homes are rare but if **You** should need this insurance it is important that **You** understand what is and what is not covered. The policy should be accompanied by a **Building Period Certificate** or **Insurance Certificate**, or both as appropriate, and is not valid without them.

You will need to read the policy wording, the definitions and conditions, the **Certificates** and any endorsements printed on them carefully for the full details of cover.

By way of summary, and subject to the conditions and any endorsements printed on the **Certificates**, the policy protects **You** if **Your Developer** goes into liquidation or is made bankrupt against the loss of contract exchange deposit and the repair of certain types of damage caused by building defects in the first 2 years (or one year if **your New Home** includes a **Conversion**).

If the **Developer** is not in liquidation or has not been made bankrupt, but nonetheless unreasonably refuses to meet its repair obligations within a reasonable period, **We** will help to resolve a dispute between **You** and the **Developer** by giving advice about the extent of cover available under the Policy and the **Developer's** responsibility to rectify damage caused by defects. If **We** advise that repairs are covered by the policy but the **Developer** unreasonably refuses to carry out the work within a reasonable period, **We** will pay for the work to be completed.

After the first two years (or one-year if the **New Home** includes a **Conversion**) and until ten years after the **Effective Date** on the **Insurance Certificate**, **We** will cover the repair of **Major Physical Damage** caused by building defects in the original construction.

This policy is an agreement, the insurance contract, between **You**, the **Buyer**, and **Us** (Zurich Insurance Company), entered into by the **Developer** on **Your** behalf. It is based on the details provided to **Us** by the **Developer** and by **You** if **You** are the first **Buyer**. If any of those details change **You** must let **Us** know as soon as possible, otherwise it may invalidate the insurance.

The Conditions that apply to all parts of this policy are listed on page 13. Please ensure **You** read the Conditions, as well as “the Insurance” section of this policy document.

Certain words have specific meanings when they appear in this policy. These meanings are shown on page 4 under “Definitions” and appear throughout the policy in bold type.

You may only claim under this policy whilst **You** are the current **Buyer**. **You** are not entitled to make or continue a claim under this policy once **You** have sold or otherwise disposed of **Your** interest in the **New Home**.

Your Cancellation Rights

You have the right to cancel this policy, however, **We** are unable to return to **You** any premium paid to **Us**. Before **You** decide to cancel the insurance it is important to check with **Your** mortgage lender that **You** will not breach any conditions of **Your** loan. **You** may also want to consider whether cancellation could affect the ability of any subsequent **Buyer** to obtain a mortgage.

Definitions

Certain words have specific meanings when they appear in this policy in bold type. These meanings are shown below.

Building Period Certificate: The certificate issued by Us when the **New Home** has been registered with Us prior to completion. By issuing this certificate **We** are confirming that cover under Section 1 of the policy is in place. Cover under the remaining sections of the policy is not in place until **We** have issued the **Insurance Certificate**.

Building Regulations: The building regulations that govern the construction of the **New Home** which were in force at the time the “notice to build” was deposited with the local authority.

Buyer/You/Your: The person/s having a freehold, commonhold, leasehold or tenancy interest in the **New Home** for the time being or any mortgagee in possession excluding the **Developer**, builder, directors, partners, and their relatives and associated companies, and all those involved with or having an interest in the construction or sale of the **New Home**.

Certificates: The **Building Period Certificate** and the **Insurance Certificate**.

Common Parts: Those parts of a multi-ownership building (of which the **New Home** is part), for a common or general use, for which the **Buyer** has joint responsibility together with other **Buyers** or lessors.

Continuous Structure: A single building containing more than one **New Home**, including blocks of flats and terraces, or a **New Home(s)** and other parts of the same building used for some other purpose(s).

Conversion: Where the **New Home** includes all or part of an existing structure, regardless as to whether that structure was originally intended to be used as a dwelling or not.

Developer: The person or company named in the **Certificates** from whom the first **Buyer** acquires the **New Home** or who undertakes the work of building the **New Home** for the **Buyer**.

Effective Date: Whichever is the later of:

- a) The date of exchange of contracts with the first **Buyer** as shown in the **New Home** conveyance documents, or where appropriate, the equivalent date in Northern Ireland (the date the **Buyer's** offer is accepted by the vendor) or Scotland (the completion of missives); or
- b) The date stated to be the effective date of the cover provided by this insurance policy on the **Insurance Certificate**.

Excess: The first amount (**Indexed**), of each claim which is payable by **You** for which no insurance is provided under this policy and which is specified in the **Insurance Certificate**.

Excessive Sound Transmission: Sound transmission between dwellings that exceeds the sound reduction requirements of the **Building Regulations** that apply to the **New Home**, or in the case of a **Conversion** of an historic building the sound reduction specified in the “test and declare” certificate.

Home Condition Report: The report required as part of the Home Information Pack, or any pre purchase survey report.

Indexed: Increased from 1 January 2006 to the date a claim is reported to Us in accordance with the House Rebuilding Cost Index published by the Royal Institution of Chartered Surveyors.

Insurance Certificate: The certificate issued by Us to signify acceptance of the **New Home** for insurance under this policy. This certificate may be endorsed to include or exclude specified items from cover by Us.

Maximum Liability:

Sections 2 and 3

Our maximum liability in respect of all claims under Sections 2 and 3 of this policy is as follows:

- (a) for a **New Home** which is entirely detached, the purchase price declared to Us, subject to a maximum of £25 million;

Maximum Liability (continued)

- (b) for a **New Home** which is part of a **Continuous Structure**, the maximum amount payable in respect of the **New Home** shall be the purchase price declared to Us subject to a maximum of £25 million.

Where the combined value of all **New Homes** within a **Continuous Structure** exceeds £25 million, the total amount payable by Us in respect of all claims in relation to the **New Homes** and the **Continuous Structure** shall not exceed £25 million.

Section 4

Our maximum liability in respect of all claims under Section 4 of this policy is as follows:

- (a) for a **New Home** which is entirely detached, the purchase price declared to Us, subject to a maximum of £20 million in respect of the **Site**;
- (b) for a **New Home** which is part of a **Continuous Structure** or forms part of a **Site**, the maximum amount payable in respect of the **New Home** shall be the purchase price declared to Us subject to a maximum of £20 million.

Where the combined value of all **New Homes** within a **Continuous Structure** or on a **Site** exceeds £20 million, the total amount payable in respect of all claims in relation to the **New Homes**, the **Site** and the **Continuous Structure** shall not exceed £20 million.

Major Physical Damage

A material difference in the physical condition of a load bearing element of the **New Home** from its intended physical condition which adversely affects its structural stability or resistance to damp and water penetration.

New Home

The property described in the **Building Period Certificate** and/or the **Insurance Certificate**.

The **New Home** is:

The new property or conversion described in the **Building Period Certificate** and/or the **Insurance Certificate**, including any:

- a) **Common Parts**, and
- b) attached or integral garage, and
- c) drives and paths giving access to the main and second entrance door, and
- d) retaining or boundary wall but only where they form part of or provide support to the structure of the dwelling, and
- e) newly constructed underground drainage systems installed by the **Developer** including: newly constructed pipes, channels, gullies and inspection chambers within the property described in the **Insurance Certificate** for which the **Buyer** is responsible, and
- f) any security or surveillance systems installed by the **Developer**, and
- g) in a conversion, the existing structure of the home forming the foundations, walls, floors and roof.

Note: Footpaths and retaining or boundary walls not forming part of or providing support to the structure of the dwelling are only part of the **New Home** where they have been included by Us by an appropriate endorsement on the **Insurance Certificate**.

The **New Home** is *not*:

barns, stables, conservatories, decorative flooring including laminates, carpets, tiles, parquet etc, detached garages, swimming pools, swimming pool enclosures, lifts, escalators, temporary structures, other permanent outbuildings, gardens, garden structures and sheds, paths, driveways, access roads, supply pipes and cables, patios, fences, boundary and retaining walls, household appliances, electronic keys, contents, original structures and services, other items specifically excluded or not included in items a) to g) opposite, any cesspools, septic tanks, treatment plants, outfalls, soakaways, pumping equipment, and associated equipment and any other items not within the legal boundary of the **New Home** or **Common Parts** or any work not carried out by or on behalf of the **Developer** and not part of the purchase contract with the first **Buyer**.

The **New Home** does *not* include:

basements or semi-basements unless shown for residing or sleeping purposes in plans deposited with the local planning authority before the **Effective Date** printed on the **Building Period Certificate**.

Original Specification: The specification the **Developer** used to construct the **New Home** up until the date shown on the **Insurance Certificate**.

Physical Damage: A material difference in the physical condition of the **New Home** from its intended physical condition. For the avoidance of doubt, **Physical Damage** includes **Major Physical Damage**.

Requirements: The requirements contained within the technical manual issued by **Us** and in force at the time when the appropriate “notice to build” in respect of the **New Home** was deposited with the local authority for the purposes of the **Building Regulations**. For the avoidance of doubt, **Requirements** is not to be taken to include Planning Authority conditions. As a guide **You** can obtain a copy of the current **Requirements** by contacting Zurich Insurance Company or at www.zurich.co.uk/buildingguarantee.

Site: The area within the boundary of the development registered with **Us** and of which the **New Home** is a part.

We/Our/Us: Zurich Insurance Company.

The Insurance

Section 1

What We will pay before the New Home is completed

1. We will pay where, due to the **Developer's** bankruptcy, liquidation or fraud, the **Developer** fails to complete the construction of the **New Home** in accordance with the **Requirements** and the **Buyer** loses a deposit paid to the **Developer** under the terms of the purchase contract for the **New Home**, We will at **Our** sole option either:
 - (a) pay the reasonable cost of completing the home to the **Original Specification**; or
 - (b) pay to the **Buyer** the amount of any such lost deposit.

What We will *not* pay under Section 1

- Any sum exceeding 10% of the purchase price declared to **Us** by the **Developer**
- Claims for anything that is not part of the **New Home**
- Any work that exceeds the **Original Specification** for the **New Home** or the **Requirements**
- Any claim made after the legal completion of the purchase by the first **Buyer** of the **New Home**
- Compensation for death, injury to the body or mental health, loss of enjoyment, use, inconvenience, income, business opportunity or inconvenience, stress or any other consequential or financial loss of any description
- Any claim where **We** have not issued a valid **Building Period Certificate**

Section 2

What We will pay during the first two years after the Effective Date, or the first year after the Effective Date if the New Home is a Conversion

2. For two years after the **Effective Date** or one year after the **Effective Date** if the **New Home** is a **Conversion**, where the **Buyer** has made a request in writing that the **Developer** meet one or more of the costs listed at Sections 2.1 to 2.5 below, and the **Developer** unreasonably refuses to meet such costs or to carry out repairs, as appropriate, within a reasonable period, or is in liquidation or is made bankrupt We will pay:
 - 2.1 The reasonable cost of rectifying or repairing **Physical Damage** caused by the **Developer's** failure to comply with the **Requirements** in the construction of the **New Home**
 - 2.2 The reasonable cost of rectifying **Excessive Sound Transmission** through party walls or floors arising from within **Continuous Structures**
 - 2.3 The reasonable cost of rectifying a present or imminent danger to the physical health and safety of the occupants caused by the failure of the **Developer** to comply with the **Building Regulations** in respect of the following:
 - Structure
 - Fire safety
 - Site preparation and resistance to moisture
 - Hygiene
 - Drainage and waste disposal
 - Heat-producing appliances
 - Glazing – safety in relation to impact, opening and cleaning
 - 2.4 The reasonable cost of alternative accommodation where the **New Home** is not fit for habitation as a result of the carrying out of remedial works by **Us** covered under the terms of this policy provided that **You** have first obtained **Our** written consent to such costs being incurred
 - 2.5 Professional fees incurred in connection with **Your** claim, provided that **You** have first obtained **Our** written consent to such costs being incurred.

What We will *not* pay under Section 2

- Any claim reported for the first time to the **Developer** or to **Us** more than two years after the **Effective Date**, or more than one year after the **Effective Date** if the **New Home** is a **Conversion**
- Claims for anything that is not part of the **New Home**
- Anything excluded by endorsement on the **Insurance Certificate**
- Claims for any loss that is caused by anything other than the failure by the **Developer** to build to the **Requirements**
- Any repair that exceeds the **Original Specification** for the **New Home**
- Any sum that exceeds our **Maximum Liability**
- Any loss resulting from flooding or a change in the water table level, including water logging of gardens
- Any sum in connection with death, injury to the body or mental health, loss of enjoyment, use, income, business opportunity, sales opportunity, or inconvenience, stress or any other consequential or financial loss of any description
- Any sum above **Your** proportional share of the reasonable cost of repairing **Physical Damage** to **Common Parts**
- Any claim or contribution to a claim where cover is available under another insurance policy, or where some other form of compensation or damages is available to **You**
- Any loss or damage caused by pollution, contamination or ionising radiation, except claims covered by Section 4
- Additional costs arising from unreasonable delays in reporting a claim either to **Us** or the **Developer**
- Any reduction in value of the **New Home**
- Sums in connection with or caused to or by the presence of a swimming pool, lift or lift shaft, escalator, or associated plant and equipment
- Any loss caused by storm force conditions
- Claims for the prevention of, or any loss caused by surface or any other form of condensation
- Any sums in respect of the **Excess**
- Claims by any person(s) other than the **Buyer**

What We will *not* pay under Section 2 (cont...)

- Any claim where We have not issued a valid **Insurance Certificate**
- Claims for wear, tear, neglect, lack of maintenance, scratching, chipping, staining, fading, efflorescence, changes in colour, opacity or texture
- Reinstatement of any areas not directly affected by **Physical Damage** or **Major Physical Damage**
- Any loss due to or arising from any alteration, modification or addition to the **New Home** after the date of issue of the **Insurance Certificate**
- Anything for which a sum of money has been withheld from the purchase price
- Any costs that have been taken into account by the **Developer** or by **Us** in connection with a claim from a previous **Buyer**
- Anything that **You** knew about when **You** purchased the **New Home** including any items mentioned in a **Home Condition Report**.

Section 3

What We will pay from two years after the Effective Date or from one year after the Effective Date if the New Home is a Conversion, until the tenth anniversary of the Effective Date

3. From the start of the third year after the Effective Date, or the start of the second year after the Effective Date if the New Home is a Conversion, until the tenth anniversary of the Effective Date We will pay:
 - 3.1 The reasonable cost of rectifying or repairing Major Physical Damage which is caused by a failure by the Developer to comply with the Requirements in the construction of the New Home
 - 3.2 The reasonable cost of rectifying a present or imminent danger to the physical health and safety to the occupants caused by the failure of the Developer to comply with the Building Regulations in respect of the following:
 - Structure
 - Fire safety
 - Site preparation and resistance to moisture
 - Hygiene
 - Drainage and waste disposal
 - Heat-producing appliances
 - Glazing – safety in relation to impact, opening and cleaning
 - 3.3 The reasonable cost of alternative accommodation where the New Home is not fit for habitation as a result of the carrying out of remedial works by Us covered under the terms of this policy provided that You have first obtained Our written consent to such costs being incurred
 - 3.4 Professional fees incurred in connection with Your claim, provided that You have first obtained Our written consent to such costs being incurred.

What We will *not* pay under Section 3

- Any claim that could reasonably have been reported in writing to the Developer or to Us within two years of the Effective Date or within one year of the Effective Date if your New Home is a Conversion, but was not reported to the Developer or to Us
- Claims for anything that is not part of the New Home
- Anything excluded by endorsement on the Insurance Certificate
- Claims for any loss that is caused by anything other than the failure by the Developer to build to the Requirements
- Any repair that exceeds the Original Specification for the New Home
- Reinstatement of any areas not directly affected by Physical Damage or Major Physical Damage
- Any sum that exceeds our Maximum Liability
- Any loss resulting from flooding or a change in the water table level, including water logging of gardens
- Any sum in connection with death, injury to the body or mental health, loss of enjoyment, use, income, business opportunity, or inconvenience, stress or any other consequential or financial loss of any description
- Any sum above Your proportional share of the reasonable cost of repairing Major Physical Damage to Common Parts
- Any claim or contribution to a claim where cover is available under another insurance policy, or where some other form of compensation or damages is available to You
- Any loss or damage caused by pollution, contamination or ionising radiation, except claims covered by Section 4
- Additional costs arising from unreasonable delays in reporting a claim either to Us or the Developer
- Any reduction in value of the New Home
- Sums in connection with or caused to or by the presence of a swimming pool, lift or lift shaft, escalator, or associated plant and equipment
- Any loss caused by storm force conditions

What We will *not* pay under Section 3 (cont...)

- Claims for the prevention of, or any loss caused by surface or any other form of condensation
- Any sums in respect of the **Excess**
- Claims for wear, tear, neglect, lack of maintenance, scratching, chipping, staining, fading, efflorescence, changes in colour, opacity or texture
- Any loss due to or arising from any alteration, modification or addition to the **New Home** after the date shown on the **Insurance Certificate**
- Anything for which a sum of money has been withheld from the purchase price
- Any costs that have been taken into account by the **Developer** or by **Us** in connection with a claim from a previous **Buyer**
- Anything that you knew about when you purchased the **New Home** including any items mentioned in a **Home Condition Report**

Section 4

What We will pay in addition to Section 3 above from two years after the Effective Date or from one year after the Effective Date if the New Home is a Conversion, until the tenth anniversary of the Effective Date

4. From the start of the third year after the **Effective Date**, or from the start of the second year if the **New Home** is a **Conversion**, We will pay the cost of removing or containing contaminants in the ground where:
 - (a) the contaminants were known to be harmful and known to exist on the **Site** at the time the “notice to build” was deposited with the local authority; and
 - (b) the removal or containment of the known contaminants was part of the original **Site** preparation scheme; and
 - (c) where a Government Department or local authority has issued **You** with a Notification of the Identification of Contaminated Land

In addition to what We will *not* pay under Section 3 above under Section 4 We will *not* pay

- Any sum exceeding our **Maximum Liability**
- Any claim in connection with contamination outside the boundary of the **Site**
- Any claim in connection with contamination that migrates onto the **Site**
- Any claim in connection with contamination that migrates from the **Site**
- Any claim for anything that was not considered to be harmful at the time the “notice to build” was deposited with the local authority but is later considered to be harmful
- Any claim in respect of contaminants or contamination at the **Site** not identified prior to the “notice to build” being deposited with the local authority
- Any claim for anything that arises out of a change in legislation or definition of contamination or harmful material that occurs after the date the “notice to build” was deposited with the local authority
- Any claim in connection with ionising radiation
- Any claim where We have not issued a valid **Insurance Certificate**
- Claims by any person(s) other than the **Buyer**
- Any sum in respect of the **Excess**

Conditions

The following conditions shall apply to this policy:

1. Claims Notification

On discovery of any item of claim, or on receiving a statutory notice, or an indication that such a notice is likely to be served which is likely to give rise to a claim under this insurance **You** shall as soon as reasonably possible:

- a) take all reasonable steps to prevent further loss; and
- b) where Section 2 applies, ensure written notice has been given to the **Developer**
- c) give written notice to **Us**; and
- d) if requested by **Us** and at **Your** expense, submit in writing full details of the claim and supply all reports, plans, certificates, specifications, quantities, statutory notices or other information and assistance as **We** may reasonably require to verify the claim. Where **We** subsequently accept the claim, **We** will reimburse the reasonable expenses incurred in obtaining such reports; and
- e) provide to **Us** professional reports at **Your** expense to verify the claim where it relates to the performance of central heating, sound insulation, squeaking floors. Where **We** subsequently accept the claim, **We** will reimburse the reasonable expenses incurred in obtaining such reports.

2. Our Rights

Where **We** accept a claim under this policy, **We** and the **Developer** and **Our** agents shall be entitled to have reasonable access to the **New Home** and shall also be entitled to remain in occupation for as long as is necessary in order to carry out proper repairs to **Our** satisfaction. For the avoidance of doubt, where reasonable access cannot be gained to the **New Home** within a reasonable period of time, no claim shall be accepted.

3. Recoveries from Third Parties

We are entitled to take proceedings at **Our** own expense, but in **Your** name, to secure compensation from any third party in respect of any claim accepted by **Us** under this policy.

4. Abandonment

No property may be abandoned to **Us**.

5. Fraud

If any claim under this insurance is fraudulent in any respect, or if any fraudulent means or devices are used by **You**, or anyone acting on **Your** behalf to obtain benefit under this policy, all benefits contained in this policy shall be forfeited.

6. Retention

Any monies retained or withheld by **You** from the **Developer** under the terms of a contract or for any reason shall be taken into consideration and offset against any claim made under this insurance. **We** shall have the option to refuse to accept any claim under this policy until a dispute over retention monies between **You** and the **Developer** has been settled.

7. Notification of Change of Ownership

You shall notify **Us** of any change of ownership of the freehold, commonhold or leasehold interest in the **New Home** as soon as possible.

8. Limitation of Our liability

Our liability is limited to the insurance included in this policy only or as altered by endorsement. Any Site inspections or other risk control procedures adopted by Us are solely for Our benefit and do not confirm or imply that the New Home is or will be free of defects or damage.

9. Governing law and jurisdiction

This policy will be governed by English Law and subject to the jurisdiction of the English Courts.

10. Termination

This policy shall terminate automatically without refund of premium in the event that:

- a) the New Home is destroyed by a cause other than that insured against in this policy; or
- b) We have accepted a claim under Section 1 of the policy; or
- c) We have paid Our Maximum Liability.

Disputes between You and the Developer

Where a dispute arises between the **Buyer** of the **New Home** and the **Developer**, **We** provide a service that offers advice regarding liability and extent of cover available under this warranty policy only. This may, at **Our** sole discretion, be based on an examination of paper submissions or a physical inspection of the works in dispute or a combination of both. Any recommendations **We** make are not binding on either party, however where **We** believe policy cover applies but the **Developer** refuses to do any recommended work **We** will arrange for it to be done under the terms of the policy.

Complaints

We endeavour to deal with all claims sympathetically. However, **We** recognise that disputes can arise from time to time.

If you wish to dispute a claim

If **You** are dissatisfied with the way in which **We** have dealt with a claim, **We** suggest **You** adopt the following procedure:

Stage 1

Contact the Claims Manager of Building Guarantee in writing.

Stage 2

If **You** remain dissatisfied, short of court action, **You** may choose to refer any dispute or difference with regard to the policy to the Chief Executive at The Grange, Bishops Cleeve, Cheltenham, Gloucestershire, GL2 8XX.

E-mail: chiefexecutive@uk.zurich.com

Alternatively, if **You** are still unhappy with the way **We** have dealt with **Your** complaint, **You** may have the right to ask the Financial Ombudsman Service to review **Your** case (see [Where to get advice or assistance](#)).

Who to contact at Zurich Financial Services

- The Claims Manager or Property Claims Manager, Zurich Insurance Company, Building Guarantee, Southwood Crescent, Farnborough, Hampshire GU14 0NJ. Tel: 01252 377474.

Where to get advice or assistance

- **Citizens Advice Bureau:** See your local telephone directory for their address and telephone number.
- **Financial Ombudsman Service:** South Quay Plaza, 183 Marsh Wall, London E14 9SR. Tel: 0845 080 1800
E-mail: complaint.info@financial-ombudsman.org.uk

We are covered by the Financial Services Compensation Scheme (FSCS). **You** may be entitled to compensation should **We** be unable to meet our obligations. Further information is available on www.fes.org.uk or **You** may contact the FSCS on 020 7892 7300.

Zurich Insurance Company Building Guarantee

6 Southwood Crescent, Farnborough, Hampshire GU14 0NJ. Telephone 01252 377474. Fax 01252 372989.
Email building.guarantee@uk.zurich.com. www.zurich.co.uk/buildingguarantee

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