



# Zurich Social Housing Standard 10

New Home Structural Defects Insurance Policy



# Contents

Zurich Social Housing Standard 10 – Introduction	3
Definitions	4
The Insurance	
Section 1	6
Section 2	6
Section 3	6
Section 4	7
Section 5	8
Conditions	9
Disputes	10
Complaints procedure	11
Contact details	12

# Zurich Social Housing Standard 10

## New Home Structural Defects Insurance Policy

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 an **insurance certificate** and is not valid without it.

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

This policy is an agreement, the insurance contract, between **you** and **us** (Zurich Insurance plc) and it is based on the details provided to **us** by the **builder** and by **you**. 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 9. 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 **owner**. **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**.

### How We Will Use Your Data

Zurich Insurance plc holds data in accordance with the Data Protection Act 1998. It may be necessary for **us** to pass data to other organisations that supply products and services associated with this contract of insurance. In order to verify information, or to prevent and detect fraud, **we** may share information **you** give **us** with other organisations and public bodies, including the Police, accessing and updating various databases. If **you** give **us** false or inaccurate information and **we** suspect fraud, **we** will record this and the information will be available to other organisations that have access to the database(s). **We** can supply details of the databases **we** access or contribute to, on request.

### Your Cancellation Rights

**You** have the right to cancel this policy. However, once any construction work has commenced **we** are unable to return to **you** any inspection fees paid to **us**, and **we** are unable to return any premium until **you** have returned all of the documents **we** have issued in connection with the policy.

This policy is a legal document and should be kept in a safe place. As shown in condition 9 (page 9), this policy will be governed by English law and be subject to the jurisdiction of the English courts.

For and on behalf of Zurich Insurance plc.



Guy Munnoch

Chief Executive Officer of Zurich Insurance plc, UK Branch

# Definitions

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

**Builder:** The person/s named as the builder or main contractor in the proposal made to us for the provision of this **new home** warranty policy.

**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.

**Certificate:** the **insurance certificate**.

**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).

**Contract value:** The cost of the works declared to us in the proposal for this insurance policy.

**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.

**Effective date:** The date stated to be the effective date of the cover provided by this insurance policy and as printed on the **insurance certificate**.

**Excess:** The first amount (**indexed**) of each and every item of 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.

**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. The certificate may be endorsed to include or exclude specified items from cover by us.

**Maximum liability:**

Sections 1, 2, 3 and 4

**Our maximum liability** in respect of all claims under Sections 1, 2, 3 and 4 of this policy is as follows:

- a) for a **new home** which is entirely detached, the **contract value** declared to us, subject to a maximum of £25 million;
- 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 **contract value** 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 home** and the **continuous structure** shall not exceed £25 million.

Section 5

**Our maximum liability** in respect of all claims under Section 5 of this policy is as follows:

- a) for a **new home** which is entirely detached, the **contract value** 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 **contract value** 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.

**Minimum claim value:** The amount stated in the **insurance certificate [indexed]** below which **we** have no liability. For each and every item of claim which has been accepted by **us** that exceeds the amount stated **we** will settle the whole amount of each and every item of claim, subject to **our maximum liability**, without deducting **minimum claim value**.

#### **New home**

The property described in the **insurance certificate**.

The **new home** is:

The new property or conversion described in the **insurance certificate**, including any:

- a) attached or integral garage, and
- b) drives and paths giving access to the main and second entrance door, and
- c) retaining or boundary wall but only where they form part of or provide support to the structure of the dwelling, and
- d) newly constructed underground drainage systems installed by the **builder** including: newly constructed pipes, channels, gullies and inspection chambers within the property described in the **insurance certificate** for which the **owner** is responsible, and
- e) 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 any work not carried out by or on behalf of the **builder** and not part of the purchase contract with the first **owner**.

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 **insurance certificate**.

**Occupants:** The legal occupants of the **new home**, including the **owner**.

**Original specification:** The specification in the building contract to construct the **new home** up until the date shown on the **insurance certificate**.

**Owner/you/your:** The Housing Association/ Registered Social Landlord having a freehold, commonhold, or leasehold interest in the **new home** for the time being.

**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 plc or at [www.zurich.co.uk/buildingguarantee](http://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 plc.

# The Insurance

## Section 1, 2, 3 & 4

### What we will pay where Section 1 is included in the schedule

- 1 For two years after the **effective date** or one year after the **effective date** if the **new home** is a **conversion**, we will pay:
  - a) the reasonable cost of rectifying or repairing **physical damage** caused by the failure of the **builder** to comply with the **requirements** in the construction of the **new home**, and
  - b) the reasonable cost of rectifying **excessive sound transmission** through party walls or floors arising from within **continuous structures**, and  
where the **builder** 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.

### What we will pay where Section 2 is included in the schedule

- 2 For ten years after the **effective date**, or where Section 1 is included in the schedule the balance of ten years after the **effective date** following the expiry of the period of cover provided in Section 1, we will pay the reasonable cost of rectifying or repairing **major physical damage** caused by the failure of the **builder** to comply with the **requirements** in the construction of the **new home**.

### What we will pay where Section 3 is included in the schedule

- 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 **builder** to comply with the **Building Regulations** in respect of the following:
  - Structure
  - Fire safety

### What we will *not* pay under Sections 1, 2, 3 and 4

- For claims under Section 1, any claim reported for the first time to the **builder** 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 **builder** to build to the **requirements**
- Any repair that exceeds the **original specification** for the **new home** unless the repairs are necessary in order for the repairs to comply with the **Building Regulations** applicable at the time the appropriate "notice to build" in respect of the **new home** was deposited with the local authority
- 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 [except income as specified in Section 4.3 and where that Section is included in the Schedule], business opportunity, sales opportunity, or inconvenience, stress or any other consequential or financial loss of any description
- 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 5]

# The Insurance

## Section 1, 2, 3 & 4 continued

### What we will pay where Section 3 is included in the schedule (continued)

- Site preparation and resistance to moisture
- Hygiene
- Drainage and waste disposal
- Heat-producing appliances
- Glazing – safety in relation to impact, opening and cleaning

### What we will pay where Section 4 is included in the schedule for ten years after the effective date

- 4.1 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
- 4.2 Professional fees incurred in connection with **your** claim, provided that **you** have first obtained **our** written consent to such costs being incurred
- 4.3 A sum not greater than the loss of rental income caused solely by the **new home** being unfit 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
- 4.4 The reasonable costs of removing debris from the **site** that arises from remedial works carried out under the terms of this policy provided that **you** have first obtained **our** written consent to such costs being incurred

### What we will *not* pay under Sections 1, 2, 3 and 4 (continued)

- Additional costs arising from unreasonable delays in reporting a claim either to **us** or the **builder**
- 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 any loss caused by surface or any other form of condensation
- Any sums in respect of the **excess** or **minimum claim value**
- Claims by any person(s) other than the **owner**
- 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
- 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 contract sum.
- Reinstatement of any areas not directly affected by **physical damage** or **major physical damage**

# The Insurance

## Section 5

### What we will pay where Section 5 is included in the schedule

- 5 From the start of the third year after the **effective date** and until the tenth year after the **effective date**, or from the start of the second year if the **new home** is a **conversion** and until the tenth year after the **effective date**, 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 1, 2, 3 and 4 above, under Section 5 we will *not* pay

- Any sum exceeding our **maximum liability**
- Any claim in connection with contamination
  - outside the boundary of the **site**
  - that migrates onto the **site**
  - that migrates from the **site**
  - 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
  - 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 respect of contaminants or contamination at the **site** not identified prior to the ‘notice to build’ being 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 **owner**
- Any sum in respect of the **excess** or **minimum claim value**

# 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 1 applies, ensure written notice has been given to the **builder**
- 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 **builder** 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 **builder** 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 **builder** 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 paid **our maximum liability**.

# Disputes

Where a dispute arises between **you** and the **builder** in connection with this policy, **we** will offer 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.

# Our complaints procedure

**We** value the opportunity to investigate any concerns **you** may have about any aspect of **our** service and are committed to handling all complaints fairly, thoroughly and promptly.

## Who to contact in the first instance

Many concerns can be resolved straight away, therefore in the first instance please get in touch with **us** as **we** will generally be able to provide **you** with an immediate response to **your** satisfaction.

Contact details will be provided on correspondence that **we** or **our** representatives have sent **you** or can be found overleaf.

If **we** cannot resolve **your** complaint straight away **we** will aim to resolve **your** concerns as soon as possible and **we** will keep **you** informed of progress while **our** enquiries are continuing.

The majority of complaints **we** receive are resolved within four weeks of receipt.

## Next steps if you are not happy with the response provided

**We** are dedicated to **our** customers and seek to do what is right however sometimes **we** may not be able to reach an agreement with **you**. If this is the case and **you** remain dissatisfied once **you** have received **our** response to **your** complaint **we** will refer **your** complaint to **our** Customer Relations Team for a separate review.

The Customer Relations Team will contact **you** to let **you** know they have received **your** complaint and when their review is complete they will provide **you** with a final response on **our** behalf.

## The Financial Ombudsman Service (FOS)

If **we** are unable to resolve **your** complaint to **your** satisfaction within eight weeks or if **you** remain dissatisfied following receipt of **our** final response letter **you** can ask the FOS to formally review **your** case. **You** must contact the FOS within six months of **our** final response.

The FOS contact details are as follows:

Financial Ombudsman Service  
South Quay Plaza  
183 Marsh Wall  
London  
E14 9SR

**You** can telephone on 0845 080 1800 or e-mail [complaint.info@financial-ombudsman.org.uk](mailto:complaint.info@financial-ombudsman.org.uk)

This is a free and impartial service and will not affect **your** legal rights.

The FOS can help with most complaints if **you** are:

- a private individual
- a business with an annual turnover of less than £1,000,000
- a charity with an annual turnover of less than £1,000,000
- a trustee of a trust with a net asset value of less than £1,000,000.

If **you** are unsure whether the FOS will look at **your** complaint please contact them directly for further information.

**You** are entitled to contact the FOS at any stage of **your** complaint.

## The Financial Services Compensation Scheme (FSCS)

**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.fscs.org.uk](http://www.fscs.org.uk) or **you** may contact the FSCS on 020 7892 7300.

Following this complaints procedure does not affect **your** legal rights.

# Contact details

If **you** have any questions or queries in relation to **your** policy, wish to notify a claim or make a complaint, **you** can contact **us** at:



Zurich Insurance plc  
Building Guarantee  
6 Southwood Crescent  
Farnborough  
Hampshire  
GU14 0NJ



**Tel:** 01252 377474 (General enquiries)  
0870 241 8050 (Claims)



**Fax:** 01252 372989 (General enquiries)  
0845 600 0083 (Claims)



**Email:** [building.guarantee@uk.zurich.com](mailto:building.guarantee@uk.zurich.com)  
(General enquiries)  
[zmpropertyclaims@uk.zurich.com](mailto:zmpropertyclaims@uk.zurich.com)  
(Claims)

**Web:** [www.zurich.co.uk/buildingguarantee](http://www.zurich.co.uk/buildingguarantee)

Zurich Building Guarantee is a trading name of Zurich Insurance plc.

A public limited company incorporated in Ireland. Registration No. 13460.

Registered Office: Zurich House, Ballsbridge Park, Dublin 4, Ireland.

UK Branch registered in England and Wales Registration No. BR7985.

UK Branch Head Office: The Zurich Centre, 3000 Parkway, Whiteley, Fareham, Hampshire PO15 7JZ.

Authorised by the Irish Financial Regulator and subject to limited regulation by the Financial Services Authority. Details about the extent of our regulation by the Financial Services Authority are available from us on request. FSA registration number 203093. These details can be checked on the FSA's register by visiting their website [www.fsa.gov.uk/register](http://www.fsa.gov.uk/register) or by contacting them on 0845 606 1234.

Communications may be monitored or recorded to improve our service and for security and regulatory purposes.

© Copyright – Zurich Insurance plc 2009. All rights reserved. Reproduction, adaptation or translation without prior written permission is prohibited except as allowed under copyright laws.



*Because change happenz*®