



Zurich Commercial 10

Structural Defects Insurance Policy

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Zurich Commercial 10

Structural Defects Insurance Policy

Welcome to **your** Zurich Structural Defects Insurance policy. Problems with new buildings are rare but if You should need this insurance it is important that **you** understand what is and what is not covered.

The policy is accompanied by an **insurance certificate**, and is not valid without it.

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

By way of summary, and subject to the conditions and any endorsements printed on the **insurance certificate**, 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 between **you** and **us** (Zurich Insurance plc), and is based on the details provided to **us** by **you** or the **developer**. 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 11. 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 and 5 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 premises**.

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, **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 or professional adviser that **you** will not breach any condition of **your** loan or other contracts for the **new premises**. **You** may also want to consider whether cancellation could affect the ability of any subsequent **owner** to obtain a mortgage.

This policy is a legal document and should be kept in a safe place. As shown in condition 9 (page 11), 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.

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

Common parts: Those parts of a multi-ownership building (of which the **new premises** is part) for a common or general use, for which the **owner** has joint responsibility together with other **owners** or lessors.

Conversion: Where the **new premises** includes all or part of an existing structure, regardless of the originally intended use.

Developer: the person or company named in the **insurance certificate** from whom the first **owner** acquires the **new premises** or who undertakes the work of building the **new premises** for the **owner**.

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 of each claim which is payable by **you** for which no insurance is provided under this policy and which is specified on the **insurance certificate**.

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

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

Maximum liability

Sections 1 and 2

Our maximum liability in respect of all claims under sections 1 and 2 of the policy in respect of the **new premises** shall not exceed the insured value of the **new premises** as set out in the **insurance certificate**.

Where there are multiple **new premises** in a continuous structure **our maximum liability** for all claims under sections 1 and 2 of the policy in respect of such structure shall not exceed its insured value as set out in the **insurance certificate**.

Section 3

Our maximum liability in respect of all claims under section 3 of the policy shall not exceed the insured value of the **new premises** as set out in the **insurance certificate** subject to a **maximum liability** of £3 million for all claims relating to the **site**.

Maximum aggregate liability under the policy: **Our maximum aggregate liability** under this policy for all claims shall in no case exceed £25 million.

New premises: The property described in the **insurance certificate**.

The **new premises** is:

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

- a) retaining or boundary wall but only where they form part of or provide support to the structure of the dwelling, and
- b) 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 **owner** is responsible, and
- c) any security or surveillance systems installed by the **developer**, and
- d) in a **conversion**, the existing structure now forming the foundations, walls, floors and/ or roof.

Note: Retaining or boundary walls not forming part of or providing support to the structure are only part of the **new premises** where they have been included by **us** and appear as an endorsement on the **insurance certificate**.

The **new premises** is not:

barns, stables, conservatories, swimming pools, swimming pool enclosures, lifts, escalators, temporary structures, other permanent outbuildings, gardens and landscaping, garden and landscaping structures shelters and sheds, paths, driveways, access roads, car parking areas, supply pipes and cables, patios, fences, boundary and retaining walls, appliances, plant, electronic keys, contents, original structures and services, basements, semi basements, other items specifically excluded or not included in items a) to d) 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 premises** or any work not carried out by or on behalf of the **developer**.

Original specification: The specification used to construct the **new premises** up until the **effective date**.

Owner/you/your: The person/s having a freehold or leasehold interest in the **new premises** for the time being.

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 premises** 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.

Site: The area within the boundary of the development registered with **us** and of which the **new premises** is a part.

We/our/us: Zurich Insurance plc.

The Insurance

Section 1

What we will pay during the first two years after the new premises is completed, or one year if the new premises is a conversion

1. For two years after the **effective date**, or one year if the **new premises** is a **conversion**, where the **owner** has made a request in writing that the **developer** meet one or more of the costs listed at 1.1 to 1.3 and the **developer** unreasonably refuses to meet such costs (or carry out repairs, as appropriate), or is in liquidation we will pay:
 - 1.1 The reasonable cost of repairing or rectifying **major physical damage** to the **new premises** which is caused by a failure by the **developer** to comply with the **requirements** in the construction of the **new premises**
 - 1.2 The reasonable cost of repairing or 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 force at the time when the appropriate notice to build in respect of the **new premises** was deposited with the local authority in respect of the following:
 - Structure
 - Fire safety
 - Site preparation and resistance to moisture
 - Hygiene
 - Drainage and waste disposal
 - Heat-producing appliances
 - Protection from falling, collision or impact
 - Glazing – safety in relation to impact, opening and cleaning
 - 1.3 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 1

- Any claim reported for the first time to the **developer** or to us two years after the **effective date**, or one year if the **new premises** is a **conversion**
- Claims for anything that is not part of the **new premises**
- 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 premises**
- Any sum that exceeds our **maximum liability** subject to **our maximum aggregate liability under the policy**
- Any loss resulting from flooding or a change in the water table level, including water logging of parking or landscaped areas
- Any sum in connection with death, injury to the body or mental health, loss of enjoyment, use, income, business interruption, 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 **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 2
- Additional costs arising from unreasonable delays in reporting a claim either to **us** or the **developer**

What we will not pay under Section 1 (cont'd)

- Any reduction in value of the **new premises**
- 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 condensation 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 in connection with a security or surveillance system
- Any loss due to or arising from any alteration, modification or addition to the **new premises** after the date 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 **owner**
- Anything that you knew about when you purchased the **new premises** or the land on which it stands including any items mentioned in a pre purchase report or survey
- Claims by any person(s) other than the **owner**
- Any claim where **we** have not issued a valid **insurance certificate**

Section 2

What we will pay from two years after the effective date or from one year after the effective date if the new premises are a conversion, until the tenth anniversary of the effective date

- 2.1 The reasonable cost of repairing or rectifying **major physical damage** to the **new premises** which is caused by a failure by the **developer** to comply with the **requirements** in the construction of the **new premises**
- 2.2 The reasonable cost of repairing or 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 force at the time when the appropriate notice to build in respect of the **new premises** was deposited with the local authority in respect of the following:
- Structure
 - Fire safety
 - Site preparation and resistance to moisture
 - Hygiene
 - Drainage and waste disposal
 - Heat-producing appliances
 - Protection from falling, collision or impact
 - Glazing – safety in relation to impact, opening and cleaning
- 2.3 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.

- Claims for anything that is not part of the **new premises**
- 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**
- Claims for any loss that is caused by the negligence or neglect of the **developer**
- Any repair that exceeds the original specification for the **new premises**
- Any sum that exceeds our **maximum liability** subject to **our maximum aggregate liability under the policy**
- Any loss resulting from flooding or a change in the water table level, including water logging of parking or landscaped areas
- Any sum in connection with death, injury to the body or mental health, loss of enjoyment, use, income, business interruption, 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 **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 2
- Additional costs arising from unreasonable delays in reporting a claim to **us**

What we will not pay under Section 2 (cont'd).

- Any reduction in value of the **new premises**
- 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 condensation 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 in connection with a security or surveillance system
- Any loss due to or arising from any alteration, modification or addition to the **new premises** after the date shown on the **insurance certificate**
- Anything for which a sum of money has been withheld from a contract sum or purchase price
- Any costs that have been taken into account by **us** in connection with a claim from a previous **owner**
- Anything that you knew about when you purchased the **new premises** or the land on which it stands including any items mentioned in a pre purchase report or survey
- Claims by any person(s) other than the **owner**
- Any claim where **we** have not issued a valid **insurance certificate**

Section 3

What we will pay in addition to Section 2 above where Section 3 is included by endorsement on the insurance certificate, from the effective date until the tenth anniversary of the effective date.

- 3.1 From the **effective date**, until the tenth anniversary of the **effective date**, we will pay the cost of removing or containing contaminants in the ground where:
- 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
 - the removal or containment of the known contaminants was part of the original site preparation scheme; and
 - 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 above under Section 3 we will not pay:

- Any sum exceeding our **maximum liability** under Section 3 and subject to our **maximum aggregate liability under the policy**
- 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 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 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 where we have not issued a valid **insurance certificate** endorsed to include Section 3 of this policy
- Any claim by any person(s) other than the **owner**
- 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 policy **you** shall as soon as reasonably possible:

- a) take all reasonable steps to prevent further loss; and
- b) give written notice to **us**, the address for notice of a claim is set out under the Contact details section of the policy; and
- c) 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.

2. Our rights

Where **we** accept a claim under this policy, **we** and **our** agents shall be entitled to have reasonable access to the **new premises** 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 premises** 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 policy 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** under the terms of a contract or for any reason shall be taken into consideration and offset against any claim made under this policy. **We** shall have the option to refuse to accept any claim under this policy until a dispute over retention monies between **you** and the other party, or parties, to the contract has been settled.

7. Notification of change of ownership

You shall notify **us** of any change of ownership of the freehold or leasehold interest in the **new premises** as soon as possible.

8. Limitation of our liability

Our liability is limited to the insurance included in this policy only. Any inspections or other risk control procedures adopted by **us** are solely for **our** benefit and do not confirm or imply that the **new premises** is or will be free of defects or damage.

9. Governing law and jurisdiction

This policy will be governed by English law and be 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 premises** is destroyed by a cause other than that insured against in this policy; or
- b) **we** have paid **our maximum aggregate liability under the policy**; or
- c) any fraudulent claim is made under this policy.

Disputes

Where a dispute arises between the **owner** of the **new premises** and the **developer**, we provide a service that offers advice regarding liability and extent of cover available under this 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 this policy.

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 in the contact details section of this policy.

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

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 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
Zurich House,
2 Gladiator Way,
Farnborough, Hampshire,
GU14 6GB



Tel: 01252 377474



Fax: 01252 372989



Email: building.guarantee@uk.zurich.com

Web: www.zurich.co.uk/buildingguarantee

Zurich Building Guarantee, Zurich House, 2 Gladiator Way, Farnborough, Hampshire, GU14 6GB.
Telephone (01252) 377474. Fax (01252) 372989.

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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 or by contacting them on 0845 606 1234. Communications may be monitored or recorded to improve our service and for security and regulatory purposes.

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