THE BENEFITS OF HOUSING WARRANTY INSURANCE
The origins of BLP Insurance’s housing warranty insurance lie in the social housing market, with an appreciation of the need for Housing Associations to deliver on certain criteria and to longer-term cost models. It’s not just about building properties to keep up with demand, but placing an importance on how that building performs over time; something both we and our Housing Association clients see eye to eye on.

While getting it right first time is always the objective, BLP Insurance’s housing warranty insurance provides peace of mind and comfort that, should anything go wrong down the line, your investment is protected. The cover is both reliable and responsive to ensure problems can be fixed quickly and with minimal aggravation through a single point of reference.

BLP Insurance’s housing warranty insurance product stands apart from the traditional new home warranty solutions. As an insurance policy it covers the building, rather than the builder. The policy will respond to claims providing there is evidence of physical damage. Simply put, with the exception of water ingress in the first year, if something does go wrong the cover will meet the cost of reinstating the Premises without having to go through the often time consuming and complex task of seeking redress from your builder.

BLP Insurance provides housing warranty insurance for the structure. BLP component cover is also available. This provides a choice of product which is best suited to you and your development. BLP do not dictate how a contractor builds. What’s more important is to work alongside you to assess the methods of construction that result in the building of sustainable properties.

In an environment where construction rates are rising rapidly the risk of standards slipping could increase. It’s more important than ever to have assurance in respect of the structural integrity of your asset. BLP Insurance’s in-depth technical review, which works alongside the policy, is designed to help minimise the chance of future building defects occurring by assessing a build project from design through to workmanship on site.

Since 2004 BLP Insurance has been providing Registered Social Landlords with unrivalled data-based knowledge to assist in mitigating risk, driving operational excellence and delivering high quality new build projects. BLP Insurance’s Life Cycle Costing assessments are scheme specific and are based on the form of construction and components specified. It’s about

By Jeff Maxted, Director of Technical Consultancy, BLP Insurance
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“BLP INSURANCE’S HOUSING WARRANTY INSURANCE PRODUCT STANDS APART FROM THE TRADITIONAL NEW HOME WARRANTY SOLUTIONS. AS AN INSURANCE POLICY IT COVERS THE BUILDING, RATHER THAN THE BUILDER.”
empowering our clients with the ability to make informed choices about quality and the cost effective use of components, materials and systems, together with a risk management approach aimed at ensuring the built asset meets the design objective.

The drive for sustainable homes continues to be a priority for house builders, developers and social landlords alike. In response to two of the key issues facing our industry – reducing carbon energy use and the drive towards Building Information Modelling (BIM), BLP Insurance has developed the low carbon design and decision tool Butterfly. BLP Insurance has collaborated with Willmott Dixon, UCL Energy Institute and University of Cambridge Centre for Sustainable Development to create this IT aid to calculate life cycle cost and the environmental impact of the design and components for both new build and refurbished residential buildings.

Butterfly may help Housing Associations to simplify their approach to reducing carbon and energy use and provides detailed performance data on a building design in its very early stages. Housing Associations will not only benefit from a reduction in time and money passed on from the builder, but also an early indication of how the design will perform in terms of maintenance, operational energy and embodied carbon costs. As the Chancellor just announced the government’s largest affordable housing drive, this is an essential offering for understanding the environmental impact of new builds.

BLP Insurance, part of the Thomas Miller Group, has been providing building defects insurance since 1999. The housing warranty insurance policies are underwritten by Allianz Global Corporate & Specialty, the AA rated global insurer.

How Housing Associations benefit:

- You are the beneficiary of the insurance. Evidencing the fault of the builder is not required;
- Our in-depth technical review is designed to help minimise the defects and maximise the structural integrity of your asset;
- You have a choice of product – so you decide which best suits you and your development, including whether you need cover for non-structural elements;
- We will respond flexibly to your choice of innovative design or off-site system;
- We will bring you clarity on the life-cycle aspects of your investment decision;
- We’re easy to use – there is no membership process and neither registration fees or security are required.
Mortgage lenders require newly built or converted residential property to be covered by a building standards indemnity scheme, also commonly referred to variously as structural warranties, new home warranty schemes, structural defects policies or latent defects policies.

A structural warranty provides the buyer of a residential property with insurance cover against the costs of putting right defects in the property that arise after completion of construction due to defective design, workmanship or materials. The insurance cover usually runs for 10 years from completion of construction.

Defects arising in the first two years after completion are often the responsibility of the builder to put right at his own expense. After that, the insurance cover meets the remedial costs. The cover usually protects against the costs of putting right defects of a structural nature, weather-proofing and waterproofing and works required to prevent a threat of imminent collapse. Other defects and consequential losses will usually be excluded from cover.

It is important to consider carefully the likely reinstatement costs to ensure the sums insured are accurate and adequate.

Because structural warranties can usually be assigned to subsequent buyers, they are important both to the first purchaser and for the re-sale potential during the first 10 years from completion, wherever mortgage lending is involved. The seller of the property is usually expected to procure the cover, so it is a vital consideration for developers and building contractors building residential properties for sale.

There are a dozen or more structural warranty schemes that are potentially acceptable to mortgage lenders – but not all schemes/policies are acceptable to all lenders and whilst many lenders will consider other schemes on their merits, not all will.

Developers, including building contractors performing the development role, will want to take the time to understand which schemes/policies are likely to satisfy the widest range of mortgage lenders.
lenders. This should be done prior to embarking on a project when cover can be obtained on the most advantageous terms.

Beyond the sector of mortgage lending on new residential properties, latent defect policies are available for a variety of other new property development – for example, commercial property development, mixed residential and commercial development, and private rental developments where the policies typically cover structural defects and additional losses, such as loss of rent and business interruption losses. Cover for mechanical and electrical services can also be arranged.

As with the residential warranty schemes, these policies operate on a “first party” basis where cover is dependent upon establishing the existence of a defect rather than who is responsible for the defect. They eliminate the need to establish fault and the costs associated with that.

Where a property does not have the benefit of a structural warranty, an alternative for developers and contractors is the “Professional Consultant’s Certificate”. Unlike a structural warranty, this is not an insurance policy. Many lenders will require the building work to be monitored by a professional consultant belonging to one of several prescribed professional bodies, who must then provide a Professional Consultant’s Certificate in a prescribed form.

Andrew MacLeod
Partner
Robin Simon
T: 0333 010 0000
Andrew.MacLeod@triton-global.com
www.triton-global.com
www.twitter.com/Triton_Group