



SUMMARY OF COVER  
New Homes

The following is a summary of the cover provided by the **LABC New Home Warranty**. It does not contain the full terms and conditions of the cover; these can be found in your policy document. This summary does not form part of your insurance contract.

**It is important that you read the full terms and conditions carefully.**

Items marked in bold in the text of this document are specific policy definitions. You should refer to the policy wording for their precise meaning.

## 1. TYPE OF INSURANCE AND COVER

The **LABC New Home Warranty** is a new home warranty underwritten by AmTrust Europe Limited. The scheme is administered by MD Insurance Services Ltd.

The **LABC New Home Warranty** is equivalent to the insurance cover provided by other new home warranty schemes offered by MD Insurance Services Limited which are included in Part 1 of the Council of Mortgage Lenders Handbook.

The insurance cover provided by the **LABC New Home Warranty** complies with the minimum criteria for New Home Warranties referred to in Regulations 8(j) and 8(k) of the Home Information Pack Regulations 2006.

## 2. SITE AUDIT SURVEYORS

Cover under the **LABC New Home Warranty** is only provided after a satisfactory independent technical audit has been undertaken on behalf of the **Underwriter**. This is known as the Site Audit Survey and is undertaken by the **Site Audit Surveyor**.

The **LABC New Home Warranty** uses a network of building surveyors to carry out the Site Audit Surveys on their behalf. All surveyors are professionally qualified and have a minimum of five years experience.

Inspections are undertaken to satisfy the **Underwriter** that the **Housing Unit** to be insured represents a normal risk for insurance under the **LABC New Home Warranty**. It should not be inferred that the inspections are for any other purpose. The **Site Audit Surveyor** works solely for the **Underwriter**.

## 3. CERTIFICATE OF APPROVAL

When a **Housing Unit** has been completed and is considered by the **Site Audit Surveyor** to be a normal risk for insurance under the **LABC New Home Warranty** a **Certificate of Approval** will be sent by the **Site Audit Surveyor** to the **Scheme Administrator**.

The Council of Mortgage Lenders has advised that a **Certificate of Approval** cannot be issued for a **Housing Unit** where there is a potential health and safety risk or the likelihood of significant disruption to the prospective purchaser.

If a satisfactory final inspection has been carried out by the **Site Audit Surveyor** a Cover Note will be issued, if requested, for the **Housing Unit** confirming that cover under Sections 3.2, 3.3, 3.4 and 3.5 (as applicable) of the policy is in effect.

No cover will be provided under Sections 3.4 and 3.5 of the policy unless the **Scheme Administrator** has received confirmation from the **Local Authority Building Control Inspector** that he/she is not aware of any circumstances that would restrict his/her ability to issue a **Completion Certificate**.

#### 4. SIGNIFICANT FEATURES AND BENEFITS

The policy includes the following features and benefits which are explained in detail in the policy document. Any quotation provided may not be for all sections of the policy – please refer to the terms of the quotation for details of the applicable sections of cover that are included.

##### 4.1 INSOLVENCY OF THE DEVELOPER DURING THE BUILDING PERIOD SECTION 3.1 OF THE POLICY.

The policy will reimburse the **Policyholder** for any loss of deposit if due to insolvency or fraud the **Developer** does not commence work on a **Housing Unit**.

Alternatively, if due to insolvency or fraud the **Developer** fails to complete the **Housing Unit** after work has commenced the policy will pay for either the additional cost required to complete the **Housing Unit** or refund any deposit paid.

##### 4.2 DEFECTS INSURANCE SECTION 3.2 OF THE POLICY

During the **Defects Insurance Period** a claim will be paid for any costs incurred in repairing, replacing or rectifying a **Defect** in the **Housing Unit** for which the **Developer** is responsible. Such claim has to be discovered during the **Defects Insurance Period** and notified to the **Underwriter** within 6 months.

A claim will only be met if:

- the **Developer** has refused to respond to the claim within a reasonable time period; and/or
- the **Developer** has withheld consent to resolve the dispute by using the **Conciliation Service**; and/or
- the **Developer** has accepted the decision of a building surveyor after using the **Conciliation Service** but has failed to carry out the works or repairs recommended in the surveyor's report within the time stipulated; and/or
- the **Developer** has not effected the repairs or works determined by a binding legal process; and/or
- the **Developer** has failed to carry out such repair, replacement or rectification work due to its insolvency.

##### 4.3 STRUCTURAL INSURANCE SECTION 3.3 OF THE POLICY

The policy covers all claims for the cost of complete or partial rebuilding or rectifying work to the **Housing Unit** which has been affected by **Major Damage** provided always that the liability of the **Underwriter** does not exceed the reasonable cost of rebuilding each **Housing Unit** to its original specification.

This section of policy also includes the cost of repairing or making good any defects in the chimneys and flues of each **Housing Unit** which was newly constructed by the **Developer** causing an imminent danger to the health and safety of occupants.

##### 4.4 CONTAMINATED LAND SECTION 3.4 OF THE POLICY

This section of the policy covers any **Remediation Expenses** incurred in treating or isolating or removing any substance from the **Policyholder's Land** in a controlled manner in accordance with the requirements of any **Statutory Notice**.

This part of the cover only applies if a **Local Authority Building Control Inspector** has carried out the Building Control function. The **Certificate of Insurance** will show if cover is applicable. It only applies in England, Northern Ireland and Wales.

#### 4.5 ADDITIONAL COVER FOR LOCAL AUTHORITY BUILDING CONTROL FUNCTION SECTION 3.5 OF THE POLICY

The cost of repairing, replacing or rectifying the **Housing Unit** where such repair, replacement or rectification cost is the result of a present or imminent danger to the physical health and safety of the occupants of the **Housing Unit** because the **Housing Unit** does not comply with Building Regulations that applied to the work at the time of construction, conversion or refurbishment in relation to the following:

- structure;
- fire Safety;
- site preparation and resistance to moisture;
- hygiene;
- drainage and waste disposal;
- heat-producing appliances;
- protection from falling, collision and impact;
- glazing – safety in relation to impact opening and cleaning.

This part of the cover only applies if a **Local Authority Building Control Inspector** has carried out the Building Control function. The **Certificate of Insurance** will show if cover is applicable. It only applies in England, Northern Ireland and Wales.

#### 4.6 ADDITIONAL EXTENSIONS

In addition in the event of a valid claim under Sections 3.2, 3.3, 3.4 or 3.5 of the Policy the **Underwriter** will pay within the **Limit of Indemnity**:

- additional costs;
- alternative accommodation costs;
- fees;
- removal of debris.

All as more fully defined in the policy wording.

#### 4.7 INDEXATION

The **Limit of Indemnity** and **Excess** are increased in line with the RICS House Re-Building Index or 10% per annum compound, whichever is the lesser.

#### 4.8 ASSIGNMENT

The policy is assignable to all parties acquiring a future insurable interest in a **Housing Unit**.

#### 4.9 BANK OR BUILDING SOCIETIES' INTEREST

Banks and Building Societies with an interest in a **Housing Unit** are automatically insured and an endorsement noting their interest will be issued if required.

## 5. SIGNIFICANT AND UNUSUAL EXCLUSIONS / LIMITATIONS

### 5.1 POLICY EXCESS

An **Excess** is applied for all claims under Sections 3.2 and 3.3 of the policy. It is applicable to each and every separate cause of loss for each **Housing Unit**.

The following levels of **Excess** apply:

**Section 3.2** £100 each and every separate cause of loss for each **Housing Unit** subject to a maximum of £500.

**Section 3.3** £1,000 each and every separate cause of loss for each **Housing Unit**.

An **Excess** is usually applied for all contracts which involve Common Parts. This is generally £5,000 but can vary according to the size of the contract.

### 5.2 POLICY EXCLUSIONS

The policy contains exclusions that apply to the whole policy as well as specific ones for Sections 3.2 and 3.4 of the cover. The following is a summary of the main exclusions that apply to the whole of the policy.

#### 5.2.1 ALTERATIONS

Alterations or modifications after the **Housing Unit** has been completed must be notified and approved by the **Underwriter**. Failure to do so could lead to your claim not being paid.

#### 5.2.2 GLAZED PANES

The policy does not cover any defects in glazed panes which were not new at the time of construction or any conversion of the **Housing Unit**.

#### 5.2.3 HUMIDITY

Any humidity in the **Housing Unit** that is not as a direct result of defects in the waterproofing elements of the **Housing Unit** is not covered.

#### 5.2.4 MAINTENANCE AND USE

You have a duty to both maintain your **Housing Unit** and not to use it for any other purpose than for which it was intended. Failure to do so could result in a claim being rejected.

#### 5.2.5 PRIOR KNOWLEDGE

The policy would not pay for anything that would constitute a valid claim and about which you were aware prior to purchasing the **Housing Unit** and as a consequence agreed a reduction in the purchase price of the **Housing Unit**.

#### 5.2.6 SETTLEMENT

Normal settlement or bedding down of your **Housing Unit** is not covered.

#### 5.2.7 SPECIAL PERILS

This exclusion lists a number of perils including fire, flood, storm etc. A full list can be found in the exclusion section of the LABC New Homes Policy document. Such perils would normally be covered by your Home insurance.

### 5.2.8 SUBSIDENCE

Subsidence, heave or landslip is not covered unless resulting from a defect in the **Structure** of your **Housing Unit**.

### 5.2.9 WEAR AND TEAR

The policy does not cover any damage resulting from wear and tear, normal dampness, condensation, shrinkage or normal deterioration whether caused by neglect or otherwise.

**All other exclusions can be found in sections 3.2, 3.4 and 3.5 of the Policy. It is recommended that you study these in detail.**

## 6. FINANCIAL LIMITS

### 6.1 SECTION 3.1

A maximum of 10% of the original purchase price for the **Housing Unit** or £100,000 whichever is the lesser.

### 6.2 SECTIONS 3.2 AND 3.3

- £1,000,000 for any newly constructed **Housing Unit**
- £500,000 for any converted or refurbished **Housing Unit**

or the Sum Insured for the **Housing Unit**, whichever is the lesser.

The Financial Limit for all **Housing Units** in one continuous structure is:

- For all claims relating to all newly constructed **Housing Units** £25,000,000.
- For all claims relating to all converted or refurbished **Housing Units** £5,000,000.

### 6.3 SECTION 3.4

- £1,000,000 for any newly constructed **Housing Unit**
- £500,000 for any converted or refurbished **Housing Unit**

or the Sum Insured for the **Housing Unit**, whichever is the lesser .  
For any one **New Development** £20,000,000.

### 6.4 SECTION 3.5

The original cost of the work covered by the appointed **Local Authority Building Control Inspector's Building Control Completion Certificate**.

### 6.5 INDEXATION

The Financial Limits for Sections 3.2, 3.3, 3.4 and 3.5 of the Policy are index linked in accordance with Condition 5 of the Policy.

### 6.6 COMMON PARTS

The maximum the **Underwriter** will pay for any claim relating to **Common Parts** will be the amount that the **Policyholder** has a legal liability to contribute towards the cost of repairs, rectification or rebuilding works. Claims are subject to the financial limits for the individual sections detailed above and the **Excess** as detailed in the **Initial Certificate** and **Certificate of Insurance**.

## 7. DURATION OF THE POLICY

<b>Section 3.1</b>	The <b>Building Period</b> of the <b>Housing Unit</b> .
<b>Section 3.2</b>	The first two years of the Policy Period following completion.
<b>Sections 3.3, 3.4 &amp; 3.5</b>	Years three to ten of the Policy Period. Cover does not attach until expiry of Section 3.2.

## 8. CANCELLATION OF INSURANCE

You have the right to cancel cover under the **LABC New Home Warranty**. If you wish to cancel the cover you must do so within 14 days starting on the day after you receive the **LABC New Home Warranty** Policy documents. Your cancellation must reach us by letter or email.

Contact details are:

Scheme Administrator,  
MD Insurance Services Ltd.  
2 Shore Lines Building  
Shore Road  
Birkenhead  
Wirral  
CH41 1AU

Email: [enquiries@labcwarranty.co.uk](mailto:enquiries@labcwarranty.co.uk)

You should make any request for the cancellation of a policy in writing and any relevant **Certificate of Insurance** should be returned to us or to the insurer concerned. In the event of cancellation, charges for our services will apply as detailed below:

### CANCELLATION PRIOR TO CERTIFICATE OF INSURANCE BEING ISSUED

As construction contracts can be of varying duration and there is always a technical audit, our fees will vary depending on the stage at which notice of cancellation is given. If insolvency cover is applicable for the contract period, this will also be taken into account when calculating any refund.

### CANCELLATION FOLLOWING CERTIFICATE OF INSURANCE BEING ISSUED

- If a third party has completed the proposal form or paid the premium, you will not be entitled to a refund of premium or any other monies. The premium or any other monies can only be paid back to the party who originally paid the premium or any other monies and who still has an insurable interest in the property.
- If you have completed a proposal form and paid the premium you may be entitled to a refund. This will take into account the period where cover has been in force, plus an administration fee.

## 9. MAKING A CLAIM

We will handle all claims fairly and promptly and act on behalf of the **Underwriter** in negotiating and settling claims. To make a claim please contact:

MD Insurance Services Ltd.  
2 Shore Lines Building  
Shore Road  
Birkenhead  
Wirral  
CH41 1AU

Telephone number 0845 054 0505  
Email: [enquiries@labcwarranty.co.uk](mailto:enquiries@labcwarranty.co.uk)

## 10. COMPLAINTS

The **Site Audit Surveyor** aims to provide you with a high level of customer service. If you wish to make a complaint against the **Site Audit Surveyor** you should contact them directly. Details of the **Site Audit Surveyor** and their complaints procedure will be provided by the **Scheme Administrator** on request.

We also aim to provide you with a high level of customer service at all times, but if you are not satisfied, contact us in one of the following ways:

Write to:

The Complaints Officer  
MD Insurance Services Ltd  
2 Shore Lines Building  
Shore Road  
Birkenhead  
Wirral  
CH41 1AU

Telephone: 0845 054 0505  
Email: [enquiries@labcwarranty.co.uk](mailto:enquiries@labcwarranty.co.uk)

If you are not satisfied, you may refer the matter to the Financial Ombudsman Service (except in the case of commercial customers with a group annual turnover of £1m or more, or trustees with a net asset value of £1m or more).

## 11. COMPENSATION

We are covered by the Financial Services Compensation Scheme (FSCS). You may be entitled to compensation from the scheme if we cannot meet our obligations. This depends on the type of insurance, size of the business (if a commercial customer) and the circumstances of the claim. Further information about compensation scheme arrangements is available from the FSCS website at [www.fscs.org.uk](http://www.fscs.org.uk)





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