



BUILDING
DEFECTS
INSURANCE

INSOLVENCY PRACTITIONERS

**A property defects insurance
solution for your clients**

FAQ

BLP
IS MANAGED
BY **THOMAS
MILLER**

Frequently Asked Questions

What is BLP? BLP is an underwriting agent which arranges latent defects insurance policies on behalf of Allianz Global Corporate & Specialty AG (which has an insurer financial strength rating of AA).

A latent defect insurance (LDI) policy provides cover for damage arising from a defect in design, materials and workmanship which remained undiscovered prior to completion of construction, but which manifests within 10 years (or 12 years if you've opted for that) following completion of the property.

BLP's LDI product is similar to the more common NHBC Buildmark Warranty, but it is different. It is an insurance policy on the building as opposed to a warranty offered by the builder. In other words, it's the building that is covered not the builder.

BLP also acts as a Technical Inspection Service. We monitor the construction process to ensure that defects are minimised.

Why are we relevant to an administrator or an insolvency practitioner? Our LDI policy differs from the NHBC Buildmark solution in a number of ways:

- 1) The builder doesn't have to have been our client before, nor do we expect them to register with us or to pay us a membership fee.
- 2) We don't actually care who the builder, contractor, subcontractor, architect etc was, or now is, or will be. We can do our job, and issue a policy irrespective of who it was that's gone into administration, and who it is that will finish the job.
- 3) We can involve ourselves part way through construction, even where a different builder is taking over to complete the project. We can also take on some developments which have an existing structure as part of the final development.
- 4) We can accept projects that are up to a year old...that means go and look at a year old property - commercial and/or residential - and procure a policy that will help a buyer feel comfortable about the purchase.
- 5) We don't require loads of contractual promises or collateral warranties to protect ourselves from builders mistakes.
- 6) We don't require a bond, indemnity or other guarantee to be lodged with us. The client pays a premium for the insurance and a fee for our technical inspection and, once the policy is incepted, that's the end of the financial obligation.
- 7) BLP's cover for latent defects starts on day 1 after Practical Completion or first legal exchange (whichever comes later) - we don't have a two year exclusion period whereby someone remains on the hook for latent defects, or has to chase around for a builder to come back and fix his mistake.
- 8) We insure mixed use developments under a single policy with a single insurer. If the scheme is part residential and part commercial, that's fine with us.
- 9) Our sum insured extends to the full construction value of the property, and is indexed. Other warranty providers have limits, which are sometimes quite complicated to understand and can leave a shortfall in cover.
- 10) We are very flexible about construction methods.
- 11) Most of the mortgage lenders, although not all, approve our product. The ones that don't just haven't got around to engaging with us, while the ones that do cover the majority of mortgage lending.

What's the catch? There are two areas that we can't deal with (but no-one else can either):

- a) we can't issue our policy for part of a block development if another part of the block development is covered by the NHBC, Zurich, Premier Guarantee or LABC New Home Warranty, and those warranty providers issued their warranties prior to the administration or insolvency. That's just because our insurance policy is different from their warranties, and we can't manage the overlap or underlap.
- b) we can't cover water ingress claims in the first year of the policy - that means someone has to stay on the hook for that. A homeowner can still claim under the policy, but we will have to recover the payment from the builder who completed the property (although we still won't be holding onto a bond or guarantee - we'll just ask them nicely). It's also worth noting that the policy does not cover snagging or minor defects. But, if the contractor has gone out of business, and the build is complete, we will also pay for water ingress.

What does it cost? You can work out the maximum cost of our solution for yourself. You should budget for a maximum of 1.5% of the construction cost of the development - that should cover the premium and the technical inspection fee. It may be that we can do it cheaper, depending on the information declared to us, but it certainly won't be more expensive.

What do you have to do? **Getting a non-binding indication of price**

If you want a non-binding indication of price before you fill in a proposal form, please provide the following information (email it to info@blpinsurance.com or call us on 020 7204 2424):

- a) the construction value of the project (and rebuild cost of the retained structure if a conversion or refurbishment, because we cover the old as well as the new).
- b) the proportion of residential and commercial elements of the scheme
- c) start-on-site date and estimated practical completion date (even if these things are in the past)
- d) details of who will carry out the Building Control inspection

We'll then get you an indication pretty much straightaway.

Getting a quote

1. Complete a proposal form online - you can do this on behalf of your client, we don't mind.

Visit www.blpinsurance.com/get-a-quote

2. We will then issue a quote within 72 hrs

If you would like to discuss it with us first, or check that we've received it, please call 020 7204 2424.

There is a chance that, if the construction project is unusual or innovative, we will need to review some technical information prior to issuing a quote. It won't affect the price. It's just that we need to make sure the project is capable of being completed properly.

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Once you've received a quote from us, you accept it by signing our Client Services Agreement. That contains a number of obligations that are relevant to the eventual builder or contractor like 'he has to build it properly', and 'cooperate with the provision of plans and drawings and other information as we request it'.

It also makes clear that he has to remain on the hook to fix water ingress problems for the first year. You can sign this document provided you confirm to us that, as and when a builder or contractor is finally appointed to complete the scheme, you will ensure that he will sign a fresh copy of the same document.

We can't get started until we've received payment of the premium and the technical fee. Also, before we start the technical inspection, we will need to talk to the main contractor or builder and arrange for them to send some technical information to us if you haven't already provided it to us. Access to information can be difficult!

One last thing...

You should be aware that we will only arrange for a "clean" policy to be issued if we are happy that the risk of defects has been minimised. If in the course of the project, we ask for certain work to be carried out to minimise that risk, the builder or contractor has to get on with it. If he doesn't, we may have to place an exclusion on the policy or, in extreme cases, refuse to issue a policy at all. Although in the latter case we will be able to return a proportion of the premium, in either case it won't help with the marketability of the property.

If in any doubt, please just call us to discuss. We look forward to helping you find a quick and effective solution.

Contact us now!

1. Call us on 020 7204 2424
2. Email info@blpinsurance.com
3. Visit www.blpinsurance.com



90 FENCHURCH STREET
LONDON EC3M 4ST



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