



# **POLICY DOCUMENT**

COMMERCIAL BUILDINGS

VERSION 12

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Welcome to **Your LABC Commercial Buildings Warranty** insurance **Policy**. Although it is unlikely that there will be problems with **Your** commercial building, the **Policy** gives **You** the comfort of knowing that particular types of problem which may arise in the first ten or twelve years after **Your Property Insured** is built, converted or renovated will be corrected.

**You** need to read these terms and conditions, **Your Certificate of Insurance**, and any endorsements attached to them, to make sure **You** know what is covered by the **Policy**.

The **Policy** does not cover any legal liabilities that **You** may have to others in connection with **You** owning **Your Property Insured**.

If **You** have any questions about the **Policy**, please telephone us on **0800 183 1755** or the person who arranged this **Policy** for **You**.

### **HOW TO MAKE A CLAIM**

We know how difficult and stressful it can be if things go wrong with **Your** commercial building and we aim to work with **You** to ensure that we can get **You** back to normality as quickly as possible.

If **You** feel **You** have a valid claim, please check **Your Certificate of Insurance** (as appropriate) to ensure that cover is included. **You** should also refer to the relevant section to obtain full details of what we will require from **You** should **You** make a claim. **You** can visit the LABC Warranty website [www.labcwarranty.co.uk](http://www.labcwarranty.co.uk) to review the applicable cover and notify us of the issues **You** are experiencing. **You** can manage and submit **Your** notification online. If **You** experience any difficulties submitting **Your** notification please contact the **Scheme Administrator** on **0151 650 4318** or **You** can write to us at.

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



**Jacqueline Goodman**  
**Managing Director**

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LABC Warranty is a brand name for a range of structural warranties arranged by MD Insurance Services Limited whose registered office is 2 Shore Lines Building, Shore Road, Birkenhead, Wirral CH41 1AU. MD Insurance Services Limited is authorised and regulated by the Financial Conduct Authority (FCA). **Your Policy** is insured with MD Insurance Services Limited acting in its capacity as managing general agent for and on behalf of HSB Engineering Insurance Limited (HSBEIL).

HSBEIL is registered in England and Wales under company number 02396114. Registered Office: Chancery Place, 50 Brown Street, Manchester, England M2 2JT, Tel: +44 (0)20 7264 7000. HSBEIL is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority in the UK (FCA registration number 202738)

The Financial Conduct Authority's website includes a register of all regulated firms.

**You** can contact the Prudential Regulation Authority at:\

The Prudential Regulation Authority  
20 Moorgate  
London  
EC2R 6DA

Tel: +44 207 601 4444  
Website: [www.bankofengland.co.uk](http://www.bankofengland.co.uk)

**You** can contact the Financial Conduct Authority at:

Financial Conduct Authority  
25 The North Colonnade  
Canary Wharf  
London  
E14 5HS

Tel: 0800 111 6768 or +44 (0)20 7066 1000  
Website: [www.fca.org.uk](http://www.fca.org.uk)

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# 1. INFORMATION ABOUT YOUR POLICY

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## HOW THIS POLICY IS ISSUED

To help **You** understand how this **Policy** operates and the nature of the cover provided, we have set out below a brief explanation of the steps leading to the **Policy** being issued:

- The **Builder** will apply to us to register the **New Development** before work starts.
- We will instruct a **Surveyor** to check the plans and proposals, and the progress of the building work and to confirm to us, when the work is completed.
- Upon completion of the building work, if the **Surveyor** is satisfied it meets our standards, they will issue a **Certificate of Approval** to us.
- In the event that works do not meet our standards, cover under Sections 3.1 – 3.3 will not be provided.
- In the event that the **Surveyor** is satisfied with the work, we will then issue **You** with a **Certificate of Insurance** to confirm that the cover under Sections 3.1 (Structural Insurance Period), Section 3.2 (Contaminated Land) and 3.3 (Machinery Inherent Defects) of the **Policy** have commenced. Cover under Section 3.3 (Machinery Inherent Defects) shall cease after 5 years.

**PLEASE NOTE:** the purpose of the **Surveyor's** inspections is to enable us to issue the **Certificate of Insurance**. In undertaking the inspections and performing their role, the **Surveyor** is not assuming any duty or responsibility towards **You** to assure **You** that the work has been completed to any particular standard. In accepting the benefit of cover under this **Policy**, **You** accept and acknowledge that the **Surveyor** shall be under no liability to **You** for the way in which they conduct their inspections or perform their role. We will be under no liability to **You** for any acts or omissions of the **Surveyor**. The full extent of our liability to **You** is as set out in this **Policy**.

## TYPES OF PROTECTION

We can provide **Policyholders** with protection in a number of ways. It should, however, be noted that all sections of the **Policy** may not necessarily be applicable for every **Property Insured**. The **Certificate of Insurance** will detail the exact cover provided.

In order to illustrate the service which we provide, the following bullet points provide examples of the kinds of cover which a typical **Policy** *might* provide.

- Insuring the **Property Insured** for a period of ten or twelve years against:
  - the risk of **Major Damage** to the **Property Insured**. See section 3.1 for details.
  - **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**. See section 3.2 for details.
  - Insuring the **Mechanical And Electrical Services Equipment** at the **Property Insured** for a period of five years commencing from the date specified in the **Certificate of Insurance**, against the risk of **Equipment Damage** as a result of an **Inherent Fault**. See section 3.3 for details.

It should be noted that the examples provided above are given for illustrative purposes only. Since each contract of insurance will differ according to individual requirements, the **Policyholder** should refer to the **Certificate of Insurance** and the **Policy** to ascertain the precise cover in force at any time.

It is important to note that the **Policy** does not provide cover for loss or damage which would ordinarily be covered under a standard buildings insurance policy, for example damage caused by fire, storm or flood amongst other things, whether or not **You** have in fact purchased such a policy. The **Policy** should not be viewed as a substitute for a standard buildings insurance policy and any claim for this type of loss or damage should be directed to your buildings insurer (if any).



## THE QUALITY OF YOUR PROPERTY INSURED

All commercial buildings insured under the **Policy** are the subject of a system of checks and inspections:

- The **Builder** has to comply with **Building Regulations** and the authorised Local Authority Building Control Body involved inspects their work. These **Building Regulations** are statutory requirements and are concerned mainly with health and safety, access for the disabled and conservation of fuel and power issues.
- **Surveyors** will have completed inspections before the **Certificate of Insurance** was issued. Such inspections are carried out solely for the purpose of satisfying the **Underwriter** that the **Property Insured** represents a normal risk for insurance under **LABC Commercial Buildings Warranty**. It should not be inferred that the inspections are for any other purpose.
- It is the first **Policyholder's** responsibility to ensure that a thorough inspection of the **Property Insured** is carried out prior to hand-over. If the inspection identifies any defects, they should be reported to the **Builder** and remedied prior to occupying the **Property Insured**.
- The **Certificate of Insurance** will be issued to the **Policyholder** by the **Scheme Administrator** on behalf of the **Underwriter** provided that a **Certificate of Approval** has been issued by the **Surveyor** and subject to satisfaction of all **Policy** conditions. The **Certificate of Insurance** should be filed with the **Policy**.
- Any extensions in cover that we agree to will be confirmed in separate endorsements, which **You** should keep with the **Policy**.
- This **Policy** automatically transfers to future owners of the **Property Insured** during the period of the **Policy**.

## YOUR PRIVACY

We will store personal information about **You** safely and keep it confidential. We may need to pass on personal information such as **Your** name and address to the **Builder** to assist in the resolution of a claim. If required by a court or government body, we may be required to pass on personal information. We may need to tell a subsequent owner(s) about claims an earlier owner has made, if it affects what a subsequent owner of the **Property Insured** can claim under the **Policy**. For further details please refer to [www.labcwarranty.co.uk/privacy-policy](http://www.labcwarranty.co.uk/privacy-policy).

We will also pass on **Your** personal information to the **Underwriter** who may use **Your** personal information to make decisions about the cover we provide to **You**, any claims **You** make, or to detect and prevent fraud. The **Underwriter** also may record incoming and outgoing telephone calls with **You** for training, monitoring and quality control purposes.

For further details on how the **Underwriter** uses **Your** information and **Your** rights in relation to **Your** information, please see the **Underwriter's** Privacy Statement at <https://www.munichre.com/HSBEIL>.

## YOUR RESPONSIBILITIES

If **You** are a consumer:

- **You** are responsible for answering any questions in relation to any proposal for insurance cover honestly and to the best of **Your** knowledge, providing complete and accurate information which the **Underwriter** will require. This also applies to **Your** responses in relation to any assumptions **You** may agree to in the process of applying for insurance cover. This is particularly important before taking out a policy but also if **You** make a mid-term amendment to **Your Policy**.
- Because of the way in which the **Policy** is arranged, the duration of these responsibilities is expressly extended so that they apply not only up to the point when any insurance quotation is accepted but also up to the point when the **Certificate of Insurance** is issued. If there is any change, prior to the issue of the **Certificate of Insurance**, which means that the information provided to the **Underwriter** in the process of applying for insurance cover is no longer accurate in any way, then **You** must correct the information provided and the **Underwriter** will have the right to amend or withdraw its offer to provide insurance.
- If **You** fail to answer all questions completely and accurately or to correct any information previously provided which later becomes inaccurate and this influences the **Underwriter's** decision to accept the risk or to issue the **Certificate of Insurance** or the terms offered, this could invalidate the **Policy** and mean that claims may not be paid.

If **You** are a commercial customer

- **You** have a duty to give a fair presentation of risk to us. This means that **You** should disclose every material circumstance relevant to the risk being insured following a reasonable search within **Your** business to identify and verify such information. This should include information which **You** and where applicable **Your** senior management, persons responsible for arranging **Your** insurance or other relevant third parties know or ought to know and should include all information that would influence the judgement of the **Underwriter** or that would put the **Underwriter** on notice that it needs to make further enquiries.
- Because of the way in which the **Policy** is arranged, the duration of this duty is expressly extended so that it applies not only up to the point when any insurance quotation is accepted but also up to the point when the **Certificate of Insurance** is issued. If any information comes to light, prior to the issue of the **Certificate of Insurance** but after the acceptance of any insurance quotation, which would have fallen within the scope of **Your** initial duty of fair presentation had it come to light prior to acceptance of the insurance quotation, then **You** must make a fair presentation of this information to the **Underwriter** prior to the issue of the **Certificate of Insurance** and the **Underwriter** will have the right to amend or withdraw its offer to provide insurance.

Examples of material circumstances include but are not limited to:

- Special or unusual circumstances relating to the risk;
- Any particular concerns which led **You** to seek insurance cover for the risk; and
- Anything which those concerned with the class of insurance and field of activity in question would generally understand as being something that would be dealt with in a fair presentation of risks for this type of insurance.

The information must be presented in a way, which would be reasonably clear and accessible to a prudent insurer. If **You** are unsure whether to disclose any information **You** should speak to us. **You** need to take into account the size and complexity of **Your** business, and allow **You** sufficient time to consider and / or assess **Your** insurance requirements.

Failure to provide a 'fair representation' may result in a number of remedies by the **Underwriter**. If the breach was deliberate or reckless the **Underwriter** can void the contract and keep the premium. If the breach was not deliberate or reckless the **Underwriter** can void the contract, proportionately reduce a claim settlement or amend the insurance policy terms and conditions then review the merits of a claim on this basis.

**You** should therefore always provide complete and accurate information to us when we ask **You** about the insurance risks **Your** business faces before taking out a policy, at renewal and throughout the life of the **Policy**. This also applies to **Your** responses in relation to any assumptions **You** may agree to in the process of applying for insurance cover.

## CANCELLATION PRIOR TO COVER BEING ISSUED

It is important to note that the **Builder** (or other quote recipient as the case may be) is required to comply with a range of terms and conditions in order for cover to be issued under the **Policy** and that the **Underwriter** retains the right to cancel any offer to issue cover under the **Policy** where those terms and conditions are not complied with and such cover will only come into effect if and when a **Certificate of Insurance** is issued.

## YOUR RIGHT TO CANCEL

**You** can cancel the **Policy** within 14 days of the day after **You** receive the **Certificate of Insurance**. In the event of cancellation after the **Certificate of Insurance** has been issued, **You** will not be entitled to a return of premium. Any refund can only be paid back to the person named as the quote recipient, the original **Policyholder** or their successors in title at the time of the refund.

## HOW TO CANCEL

To cancel the **Policy**, send an email to [customerservices@labcwarranty.co.uk](mailto:customerservices@labcwarranty.co.uk) or write to:

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

**Your** letter or email must reach us within the 14-day period referred to above. **You** must return or destroy the **Certificate of Insurance**, if we have sent **You** one.

## 2. DEFINITIONS AND INTERPRETATION

### 2.1 DEFINITIONS

Wherever any of the following words or expressions are used in the **Policy** (including in the welcome and introductory pages), then such word or expression shall, unless the context otherwise requires, have the meaning given below. Where a word is given a particular contractual meaning, it will appear throughout the contract in bold.

<b>Builder</b>	Any person, sole trader, partnership, company or other organisation which is registered with us and with whom the <b>Policyholder</b> has entered into an agreement or contract to construct the <b>Property Insured</b> at the <b>New Development</b> .
<b>Building Regulations</b>	The <b>Building Regulations</b> (Building Standards in Scotland) are a set of standards for the design and construction of new and altered buildings.
<b>Building Works</b>	The works to be carried out under the <b>Contract</b> .
<b>Certificate of Approval</b>	The certificate issued by the <b>Surveyor</b> to the <b>Scheme Administrator</b> on behalf of the <b>Underwriter</b> on or following satisfactory completion of the <b>Property Insured</b> .
<b>Certificate of Insurance</b>	The certificate issued by the <b>Scheme Administrator</b> on behalf of the <b>Underwriter</b> to signify acceptance of a <b>Property Insured</b> for insurance under this <b>Policy</b> following issue of the <b>Certificate of Approval</b> by the <b>Surveyor</b> and satisfaction of all <b>Policy</b> conditions.
<b>Condition Precedent</b>	An important legal term which sets out a step or action <b>You</b> must take. If <b>You</b> do not comply with or meet the requirements set out in a <b>Condition Precedent</b> <b>You</b> will not be able to bring a claim under the <b>Policy</b> and the <b>Underwriter</b> will not become legally liable to pay that claim.
<b>Continuous Structure</b>	A single building or structure containing more than one property (such as blocks of offices) which does not rely on any other building or structure to sustain and transmit combined loads safely to the ground.
<b>Contract</b>	The contract or agreement between the <b>Builder</b> and the <b>Policyholder</b> in respect of the construction, conversion, refurbishment and / or renovation of the <b>Property Insured</b> at the <b>New Development</b> .
<b>Defect</b>	Any defect in the design, workmanship, materials or components.
<b>Equipment Damage</b>	Failure of all or any part of the <b>Mechanical and Electrical Services Equipment</b> resulting from an <b>Inherent Fault</b> or, with the specific agreement of the <b>Underwriter</b> , a condition, resulting from an <b>Inherent Fault</b> , that needs to be immediately corrected to prevent present or imminent physical damage to or physical destruction of the <b>Mechanical and Electrical Services Equipment</b> .
<b>Excess</b>	<p>The amount the <b>Policyholder</b> is required to pay in the event of a valid claim under each section of the <b>Policy</b>. The <b>Excess</b> is index-linked in accordance with the condition of the <b>Policy</b> in section 6 entitled 'Indexation'.</p> <p>Note that a separate <b>Excess</b> shall apply to each separately identifiable <b>Defect</b> or <b>Inherent Fault</b> giving rise to loss or damage for which a payment is made under the <b>Policy</b> by the <b>Underwriter</b>, regardless of whether more than one cause of loss is notified at the same time.</p>
<b>External Envelope</b>	The basement, ground floors, external walls, roofs, skylights, windows and doors of a <b>Property Insured</b> but excluding those parts enclosed below external ground level unless the <b>Policy</b> has been extended to include Endorsement - Seepage.
<b>Financial Limit</b>	The maximum the <b>Underwriter</b> will pay for any claims under the terms of a particular section.



<b>Inherent Fault</b>	An inherent defect within <b>Mechanical and Electrical Services Equipment</b> resulting from faulty or defective design, plan, specification, materials or workmanship or caused by the incorrect installation of the <b>Mechanical and Electrical Service Equipment</b> which existed prior to the commencement date of the <b>Machinery Inherent Defects Insurance Period</b> stated on the <b>Certificate of Insurance</b> but which remained undiscovered until the failure occurred or was discovered.
<b>LABC Commercial Buildings Warranty</b>	The insurance cover provided by the <b>Underwriter</b> in accordance with, and subject to, the provisions of this <b>Policy</b> .
<b>Land</b>	<p>The area that is covered by a single detailed planning consent, or a series of consents, relating to continuous development by the <b>Builder</b> or <b>Policyholder</b>, including the ground that surrounds and supports the <b>Property Insured</b> and which was:</p> <ul style="list-style-type: none"> <li>a) purchased by the initial <b>Policyholder</b> with the <b>Property Insured</b> at the same time as the <b>Contract</b> was entered into or completed; and / or</li> <li>b) owned by the initial <b>Policyholder</b> when a <b>Contract</b> was entered into.</li> </ul>
<b>Legislative or Regulatory Requirements</b>	Any requirements that apply pursuant to any statute, statutory instrument, regulation, rule, order or other directive made under or pursuant to any statute or other directive having the force of law, any regulation, bye-law or other similar directive of any local authority or statutory undertaker which has any jurisdiction, or any other rule, regulation, instrument, provision, bye-law, decision, order, request, guidance or other similar directive of any regulator or similar body.
<b>Limit of Indemnity</b>	<p>The maximum liability of the <b>Underwriter</b> in respect of the <b>Property Insured</b> during the <b>Structural Insurance Period</b> and / or the <b>Machinery Inherent Defects Insurance Period</b>, being the amount shown as the <b>Sum Insured</b> on the <b>Certificate of Insurance</b> or the <b>Financial Limit</b> in the relevant section, whichever is the lesser. The <b>Limit of Indemnity</b> is index-linked in accordance with the condition of the <b>Policy</b> in section 6 entitled '<b>Indexation</b>'.</p> <p>The total liability of the <b>Underwriter</b> in respect of the <b>Mechanical and Electrical Services Equipment</b> during the <b>Machinery Inherent Defects Insurance Period</b> will be the <b>Limit of Indemnity</b> for the <b>Mechanical and Electrical Services Equipment</b> as shown in the <b>Certificate of Insurance</b>.</p>
<b>Machinery Inherent Defects Insurance Period</b>	The period commencing on the date specified in the <b>Certificate of Insurance</b> and ending five years after such date. The <b>Machinery Inherent Defects Insurance Period</b> may differ to the period shown above and if this is the case it will be detailed in the <b>Certificate of Insurance</b> . It is important that the <b>Certificate of Insurance</b> is read in conjunction with the <b>Policy</b> .

**Major Damage**

Shall mean either:

- a) Destruction of or physical damage to any portion of the **Property Insured** for which a **Certificate of Insurance** has been issued, caused by a **Defect** to:
  - i. the **Structure**; or
  - ii. the **waterproofing** elements of the **External Envelope**,

and which is first discovered and notified to the **Scheme Administrator** during the **Structural Insurance Period**.

Or:

- b) A condition which, in the **Underwriter's** opinion requires immediate remedial action to prevent imminent destruction of, or physical damage to, any portion of the **Property Insured** for which a **Certificate of Insurance** has been issued, caused by a **Defect** to:
  - i. the **Structure**; or
  - ii. the waterproofing elements of the **External Envelope**;

and which is first discovered and notified to the **Scheme Administrator** during the **Structural Insurance Period**.

For the purposes of part (b) above, destruction or physical damage is "imminent" where it can properly be said that such destruction or damage is certain or almost certain (i.e. certain beyond any reasonable doubt) to happen in the immediate future (which for the avoidance of doubt will usually mean in the coming hours or days as opposed to weeks or months).

For the avoidance of doubt, the definition of **Major Damage** above shall not apply:

- in relation to part (a), to any destruction or physical damage which falls within the scope of the "Special Perils" exclusion (or any other exclusion) below; and/or
- in relation to part (b), where the destruction or physical damage which is imminent would, if it came about, fall within the scope of the "Special Perils" exclusion (or any other exclusion) below. For the purposes of this definition (and this **Policy** as a whole), property shall not be viewed as being subject to present or imminent destruction or damage purely as a result of that property being affected by a **Defect** (or similar).

The term **Major Damage** shall include any physical loss, destruction or damage to the **Property Insured** caused by contamination or pollution as a direct consequence of a **Defect** in the **Structure** of the **Property Insured**.

<p><b>Mechanical and Electrical Services Equipment</b></p>	<p>New mechanical and electrical fixed service equipment comprising of:</p> <ul style="list-style-type: none"> <li>a) space heating, ventilating, air conditioning, and water heating systems including boilers and calorifiers;</li> <li>b) lifts, escalators and mobility apparatus;</li> <li>c) lighting and electrical distribution systems;</li> <li>d) building security and environmental control systems; or</li> <li>e) electrical and mechanical parts of water pumping, distribution and waste systems</li> </ul> <p>which forms part of the permanent apparatus for the proper functioning of <b>Your Property Insured</b> and must:</p> <ul style="list-style-type: none"> <li>f) be included in the <b>Contract</b> for the original construction of the <b>Property Insured</b>;</li> <li>g) have been installed prior to the <b>Certificate of Approval</b> of the <b>Machinery Inherent Defects Insurance Period</b> as stated in <b>Certificate of Insurance</b>: and</li> <li>h) be owned by <b>You</b>, or in <b>Your</b> care, custody and control and for which <b>You</b> are legally liable.</li> </ul> <p><b>Mechanical and Electrical Services Equipment</b> does not include:</p> <ul style="list-style-type: none"> <li>a) computer programs, electronic data and codes, software and data storage materials; or</li> <li>b) any freestanding or removable household appliances.</li> </ul>
<p><b>New Development</b></p>	<p>The <b>Property Insured</b> located at the site noted on the quotation and site statement of fact for the <b>New Development</b> and for which <b>Certificates of Insurance</b> are issued for.</p> <p><b>New Development</b> shall be deemed not to include any <b>Building Works</b> other than the <b>Property Insured</b> detailed in the quotation and site statement of fact.</p>
<p><b>Policy</b></p>	<p>This policy document, the <b>Certificate of Insurance</b> any endorsements thereto.</p>
<p><b>Policyholder / You / Your</b></p>	<p>The owner acquiring a freehold or leasehold interest, or their successors in title, or any mortgagee in possession or lessor and for whom a <b>Certificate of Insurance</b> has been issued for the <b>Property Insured</b> showing that the relevant cover is applicable.</p>

<b>Property Insured</b>	<p>The whole and any and every part of the building(s) and <b>Building Works</b> carried out thereto at the address stated in the <b>Certificate of Insurance</b> comprising:</p> <ul style="list-style-type: none"> <li>a) the <b>Structure</b>;</li> <li>b) other works: <ul style="list-style-type: none"> <li>i) all other non-load bearing parts of the building;</li> <li>ii) landlord's fixtures and fittings including any <b>Mechanical and Electrical Services Equipment</b> newly installed at the date of issue of the <b>Certificate of Approval</b> and for which the <b>Policyholder</b> is responsible;</li> <li>iii) all external non-structural works owned by the <b>Policyholder</b> located within the curtilage of the property.</li> </ul> </li> </ul> <p>References to the <b>Property Insured</b> do not include:</p> <ul style="list-style-type: none"> <li>a) Swimming pools;</li> <li>b) other permanent outbuildings and temporary structures including but not limited to garden sheds;</li> <li>c) free-standing household appliances;</li> <li>d) fences, boundary walls or retaining walls not forming part of, or supporting, the structure of the <b>Property Insured</b> ; or</li> <li>e) anything which did not form part of the original planning application for the <b>Property Insured</b>, was not built at the same time as the <b>Property Insured</b> or which the <b>Building Regulations</b> do not apply to.</li> </ul>
<b>Remediation Expenses</b>	Reasonable expenses incurred for the investigation, isolation, removal or treatment of contamination to the extent required by any <b>Statutory Notice</b> .
<b>Scheme Administrator</b>	MD Insurance Services Limited, 2 Shore Lines Building, Shore Road, Birkenhead, Wirral, CH41 1AU (acting as agent on behalf of the <b>Underwriter</b> ). The terms 'we', 'us' or 'our' denote MD Insurance Services Limited.
<b>Statutory Notice</b>	A notice served on the <b>Policyholder</b> by a Statutory Authority, under the provisions of legislation that requires the <b>Policyholder</b> to carry out remediation of contamination.
<b>Structural Insurance Period</b>	<p>The period commencing on the date specified in the <b>Certificate of Insurance</b> and ending ten or twelve years after such date.</p> <p>The <b>Structural Insurance Period</b> may differ to the period shown above; if this is the case it will be detailed in the <b>Certificate of Insurance</b>. It is important that the <b>Certificate of Insurance</b> is read in conjunction with the <b>Policy</b>.</p>
<b>Structure</b>	<p>Comprises the following elements of a <b>Property Insured</b>:</p> <ul style="list-style-type: none"> <li>a) All loadbearing structural elements providing support to the <b>Property Insured</b>;</li> <li>b) ceilings and non-load bearing partition walls;</li> <li>c) staircases and guarding that protect <b>the Policyholder</b> from falling;</li> <li>d) roof coverings;</li> <li>e) external finishing surfaces (including rendering, windows and doors) necessary for the water-tightness of the <b>External Envelope</b>;</li> <li>f) internal screeds where these fail to support normal loads; and</li> <li>g) the underground drainage that the <b>Policyholder</b> is legally responsible for maintaining.</li> </ul>
<b>Sum Insured</b>	The amount that has been declared to us as the reconstruction cost for the individual <b>Property Insured</b> and specified within the <b>Certificate of Insurance</b> .
<b>Surveyor</b>	The party appointed by the <b>Scheme Administrator</b> and the <b>Underwriter</b> who carries out checks and inspections solely on behalf of the <b>Underwriter</b> and who, prior to the issue of the <b>Certificate of Insurance</b> for the <b>Property Insured</b> , issues a <b>Certificate of Approval</b> .
<b>Underwriter</b>	HSB Engineering Insurance Limited (HSBEIL).

## 2.2 INTERPRETATION

1. References to this **Policy** or to any other document or contract referred to in this **Policy** means this **Policy** or such other document or contract as amended, varied, supplemented, modified or novated from time to time.
2. In this **Policy** (unless the context otherwise requires):
  - a) the words “including” and “include” and words of similar effect shall be deemed to have the words “without limitation” following them;
  - b) words importing persons shall include natural persons, firms, associations or other unincorporated bodies, companies, corporations or other bodies corporate and vice versa;
  - c) words importing the singular shall include the plural and vice versa;
  - d) references to a section are to a section of this **Policy**; and
  - e) any reference to any legislative provision, shall be deemed to include any subsequent re-enactment or amending provision and any regulations made under it.
3. The headings in this **Policy** are for ease of reference only and shall not affect its construction or interpretation.

### 3. TYPES OF COVER

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#### 3.1. STRUCTURAL INSURANCE

- 3.1.1. The **Underwriter** will indemnify the **Policyholder** against all claims first discovered and notified to the **Scheme Administrator** during the **Structural Insurance Period** in respect of the cost of complete or partial rebuilding or rectifying work to the **Property Insured** which has been affected by **Major Damage**, provided always that the liability of the **Underwriter** does not exceed the reasonable cost of rebuilding the **Property Insured** to its original specification.
- 3.1.2. In the event of a valid claim being made under this section 3.1, the **Underwriter** will either (at its sole discretion):
- a) arrange to have such damage corrected or
  - b) pay the cost of repairing, replacing or rectifying any damage.
- 3.1.3. If the **Underwriter** elects to arrange to have such damage corrected then the maximum obligation of the Underwriter will be to have such damage corrected to the extent possible by applying the monies that would have been payable had this election not been made. The Underwriter will not have any obligation to apply any further monies beyond those that would have been payable had this election not been made even if, as a result of not applying such further monies, it is not possible to fully correct such damage.
- 3.1.4. If the **Underwriter** elects to pay the cost of repairing, replacing or rectifying any damage then:
- a) the **Underwriter** will have no obligation to bear any such cost unless and until the **Policyholder** has either actually paid the cost of repairing, replacing or rectifying any damage or demonstrated to the **Underwriter's** reasonable satisfaction that the **Policyholder** has a genuine, fixed and settled intention to incur such cost; and
  - b) the **Policyholder** must commence, carry out and complete such repair, replacement or rectification without unreasonable delay.
- 3.1.5. Where the **Policyholder** fails to commence, carry out or complete the repair, replacement or rectification of the **Property Insured** without unreasonable delay in accordance with section 3.1.4(b) above, the **Policyholder's** entitlement shall be limited to whichever is the lesser of:
- a) The cost of repairing, replacing or rectifying any such damage to the **Property Insured** or any part thereof less an appropriate deduction for depreciation, wear and tear;
  - b) The diminution in market value of the **Property Insured** as a result of the **Major Damage**; or
  - c) Such other measure of damage as the **Policyholder** and the **Underwriter** may agree upon.

Subject always to the **Underwriter's** liability not exceeding the **Financial Limits** set out in section 3.1.6 below.



### 3.1.6. FINANCIAL LIMITS FOR SECTION 3.1 (STRUCTURAL INSURANCE)

1. The maximum the **Underwriter** will pay for all claims relating to a newly constructed or converted or refurbished **Property Insured** is the **Sum Insured** of the **Property Insured** or £10,000,000, whichever is the lesser.
2. The cumulative maximum which the **Underwriter** will pay under all sections (3.1 - 3.3 inclusive) for claims made by all **Policyholders** (of whatever type of **Policy** issued by the **Underwriter**) relating to any property within the same **Continuous Structure** is:
  - a) £25,000,000 for all claims relating to all newly constructed **Continuous Structures** out of which no more than £5,000,000 will be payable under section 3.3; or
  - b) £5,000,000 for all claims relating to all converted or refurbished **Continuous Structures** out of which no more than £1,000,000 will be payable under section 3.3.
3. For the avoidance of doubt, the **Financial Limits** under this section shall be applicable notwithstanding the fact that property within the same **Continuous Structure** may be employed for different uses (commercial, domestic or social for example) and have different owners. Once the cumulative maximum liability for the claims made in respect of any or all property located within the same **Continuous Structure** is reached, the **Underwriter** shall not be liable for any further claims in respect of any property located elsewhere within that same **Continuous Structure**, whomsoever made by.
4. Unless stated otherwise in the **Certificate of Insurance**, the **Financial Limits** above are index-linked in accordance with the condition of the **Policy** in section 6 entitled '**Indexation**'.
5. Claims under this section are subject to the **Excess** as detailed in the **Certificate of Insurance**.
6. Please note in the event that **You** are not the first owner of the **Property Insured**, the **Financial Limits** may have already been utilised by a previous owner and **You** will only be entitled to the remainder.

### 3.1.7. EXCLUSIONS TO SECTION 3.1 (STRUCTURAL INSURANCE)

1. The **Underwriter** is only liable under this section in respect of the **Contract** for the **Property Insured** and not in respect of any extras agreed subsequently.
2. The **Underwriter** shall not be liable to the **Policyholder** for any:
  - a) ceilings that are not in an enclosed part of the **Property Insured** (such as balcony ceilings);
  - b) moisture ingress and related damage resulting from a **Defect** in the design, workmanship or materials of any area enclosed below external ground level unless the **Policy** has been extended to include Endorsement - Seepage.
  - c) replacement of any solar roof tiles or panels solely due to failure to generate heat or electricity or any failure to generate anticipated amounts of heat or electricity;
  - d) the transmission of sound into, within or from the **Property Insured**;
  - e) cracking, spalling or mortar erosion, which does not impair the structural stability or weather tightness the **Property Insured**;
  - f) damage to the roof covering (including any underlays, fixings, mortar and weatherproofing details) unless damage results in the entry of water into the **Property Insured**;
  - g) costs, losses, expenses or damage to any areas of decorative flooring (including laminates, carpets, tiles and parquet);
  - h) ingress of water into the **Property Insured** to the extent that such ingress of water was planned for or allowed for in the original design, or which occurs within 12 months from the issue of the **Certificate of Insurance**;
  - i) any **Inherent Fault**; or
  - j) loss or damage caused by or consequent upon any failure to comply, in connection with the **Property Insured**, with the requirements of any of the following, insofar as such requirements relate to fire safety:
    - i. the **Building Regulations**;
    - ii. any related legislation;
    - iii. any other legislation, regulation, regulatory requirement or governmental or other body empowered by law; and/or
    - iv. any contractual or other common law obligation.

### 3.1.8. CLAIMS PROCEDURE FOR SECTION 3.1 (STRUCTURAL INSURANCE)

1. On discovery of any occurrence or circumstance that is likely to give rise to a claim under this section, it is a **Condition Precedent** that the **Policyholder** should, as soon as possible visit the LABC Warranty website [www.labcwarranty.co.uk](http://www.labcwarranty.co.uk) to review the applicable cover and notify us of the issues **You** are experiencing. **You** can manage and submit **Your** notification online. If **You** experience any difficulties submitting **Your** notification please contact the **Scheme Administrator** on **0151 650 4318**.
2. Once **You** have notified the **Scheme Administrator** of a potential claim under section 3.1, it is a **Condition Precedent** that **You**:.
  - a) send evidence (including photographs and reports if appropriate) to the **Scheme Administrator** confirming that there has been **Major Damage**; and
  - b) take all responsible steps to prevent further loss or damage; and
  - c) allow us to have all reasonable access to the **Property Insured** during normal working hours; and
  - d) obtain permission to access neighbouring land and obtain any other permission needed to allow investigations and work; and
  - e) to the extent that this is in **Your** possession or control, provide the **Scheme Administrator** with all information and documentation it may request which is necessary in order to investigate the claim.

### 3.2. CONTAMINATED LAND

- 3.2.1. The **Underwriter** will indemnify the **Policyholder** against all claims first discovered and notified to the **Scheme Administrator** during the **Structural Insurance Period** in respect of **Remediation Expenses** incurred in treating or isolating or removing any substance from the **Land** in a controlled manner in accordance with the requirements of any **Statutory Notice**.
- 3.2.2. The **Underwriter** shall only be liable for any claims under this section that are first discovered and reported by the **Policyholder** to the **Scheme Administrator** during the period specified in the **Certificate of Insurance**.
- 3.2.3. In the event of a valid claim being made under this section, the **Underwriter** will either (at its sole option) pay the **Remediation Expenses**, or itself have any work necessary for remediation of contamination of **Land** carried out at its own expense.

### 3.2.4. FINANCIAL LIMITS FOR SECTION 3.2 (CONTAMINATED LAND)

1. The maximum the **Underwriter** will pay for all claims relating to a **New Development** under this section is in the case of each **Policy**:
  - a) £500,000 for any newly constructed **Property Insured**; or
  - b) £500,000 for any converted or refurbished **Property Insured**;
2. The cumulative maximum which the **Underwriter** will pay under all sections (3.1 - 3.3 inclusive) for claims made by all **Policyholders** (of whatever type of **Policy** issued by the **Underwriter**) relating to any property within the same **Continuous Structure** is:
  - a) £25,000,000 for all claims relating to all newly constructed **Continuous Structures** out of which no more than £5,000,000 will be payable under section 3.3; or
  - b) £5,000,000 for all claims relating to all converted or refurbished **Continuous Structures** out of which no more than £1,000,000 will be payable under section 3.3.
3. For the avoidance of doubt, the **Financial Limits** under this section shall be applicable notwithstanding the fact that property within the same **Continuous Structure** may be employed for different uses (commercial, domestic or social for example) and have different owners. Once the cumulative maximum liability for the claims made in respect of any or all property located within the same **Continuous Structure** is reached, the **Underwriter** shall not be liable for any further claims in respect of any property located elsewhere within that same **Continuous Structure**, whomsoever made by.
4. Unless stated otherwise in the **Certificate of Insurance**, the **Financial Limits** above are index-linked in accordance with the condition of the **Policy** in section 6 entitled '**Indexation**'.
5. Claims under this section are subject to the **Excess** as detailed in the **Certificate of Insurance**.
6. Please note in the event that **You** are not the first owner of the **Property Insured**, the **Financial Limits** may have already been utilised by a previous owner and **You** will only be entitled to the remainder.

### 3.2.5. EXCLUSIONS TO SECTION 3.2 (CONTAMINATED LAND)

1. The **Underwriter** shall not be liable to the **Policyholder** for any:
  - a) damage and or expenses to any property and / or any costs associated with the remediation of land which is not owned by the **Policyholder**; or
  - b) contamination which first occurs after the issue of the **Certificate of Approval** for the **Property Insured** ; or
  - c) any damages payable to third parties, compensation or criminal expenses arising out of or in connection with contamination in, or under, the **Land**; or
  - d) contamination that migrates onto the **Land** after commencement of the **Building Works**; or
  - e) any damage caused by the presence of invasive plant species such as Japanese Knotweed or any other invasive non-native plant species; or
  - f) contamination caused by, consisting of or resulting from an infectious disease or virus.

### 3.2.6. CLAIMS PROCEDURE FOR SECTION 3.2 (CONTAMINATED LAND)

1. Before making a claim under the **Policy**, please check **Your Certificate of Insurance** to ensure that cover under this section is included.
2. On discovery of any occurrence or circumstance that is likely to give rise to a claim under this section, it is a **Condition Precedent** that the **Policyholder** should, as soon as possible visit the 'LABC Warranty website [www.labcwarranty.co.uk](http://www.labcwarranty.co.uk) to review the applicable cover and notify us of the issues **You** are experiencing. **You** can manage and submit **Your** notification online. If **You** experience any difficulties submitting **Your** notification please contact the **Scheme Administrator** on **0151 650 4318**.
3. When notifying the **Scheme Administrator** of a claim under section 3.2, it is a **Condition Precedent** that the **Policyholder** must also:
  - a) send evidence (including **Statutory Notice**, photographs and reports if appropriate) to the **Scheme Administrator**; and
  - b) take all responsible steps to prevent further loss or damage; and
  - c) allow us to have all reasonable access to the **Property Insured** during normal working hours; and
  - d) obtain permission to access neighbouring land and obtain any other permission needed to allow investigations and work; and
  - e) To the extent that this is in **Your** possession or control, provide the **Scheme Administrator** with all information and documentation it may request which is necessary in order to investigate the claim.

### 3.3. MACHINERY INHERENT DEFECTS COVER

- 3.3.1 The **Underwriter** will indemnify the **Policyholder** against all claims first discovered and notified to the **Scheme Administrator** during the **Machinery Inherent Defects Period** as a result of **Equipment Damage** provided always that the liability of the **Underwriter** does not exceed the **Financial Limit**.
- 3.3.2 In the event of a valid claim being made under this section 3.3, the **Underwriter** will either (at its sole discretion) arrange to have such damage corrected or pay the cost of repairing, replacing or rectifying any damage:
  - a) If the **Mechanical and Electrical Services Equipment** is partially damaged, cover provides for the cost of repairing or restoring the damaged part to a condition similar to the condition when new.
  - b) If the **Mechanical and Electrical Services Equipment** is damaged beyond economical repair (that is if the costs of repairs is higher than the cost of replacing the **Mechanical and Electrical Services Equipment**) cover provides for the cost of a new replacement that is equal in specification and performance to, but not better than, the damaged **Mechanical and Electrical Services Equipment**.
  - c) If there is an **Inherent Fault** in the **Mechanical and Electrical Services Equipment** which the **Underwriter** agrees requires immediate remedial works to prevent **Equipment Damage**, cover provides for the reasonable costs incurred in respect of such remedial works.
- 3.3.3 If **You** make a valid claim under section 3.3, the **Underwriter** will pay the reasonable cost of repair, restoration, rebuild, replacement or other damage to the **Property Insured** which is necessarily damaged with our prior written consent in order to access or breakout the **Mechanical and Electrical Service Equipment** which has sustained **Equipment Damage**.

### 3.3.4 FINANCIAL LIMITS FOR SECTION 3.3 (MACHINERY INHERENT DEFECTS COVER)

1. The maximum the **Underwriter** will pay for all claims relating to **Mechanical and Electrical Services Equipment** under this section 3.3 of the **Policy** is the **Limit of Indemnity** for the **Mechanical and Electrical Services Equipment** as stated on the **Certificate of Insurance**.
2. The cumulative maximum which the **Underwriter** will pay under all sections (3.1 - 3.3 inclusive) for claims made by all **Policyholders** (of whatever type of **Policy** issued by the **Underwriter**) relating to any property within the same **Continuous Structure** is:
  - a) £25,000,000 for all claims relating to all newly constructed **Continuous Structures** out of which no more than £5,000,000 will be payable under section 3.3; or
  - b) £5,000,000 for all claims relating to all converted or refurbished **Continuous Structures** out of which no more than £1,000,000 will be payable under section 3.3.
3. For the avoidance of doubt, the **Financial Limits** under this section shall be applicable notwithstanding the fact that property within the same **Continuous Structure** may be employed for different uses (commercial, domestic or social for example) and have different owners. Once the cumulative maximum liability for the claims made in respect of any or all property located within the same **Continuous Structure** is reached, the **Underwriter** shall not be liable for any further claims in respect of any property located elsewhere within that same **Continuous Structure**, whomsoever made by.
4. Unless stated otherwise in the **Certificate of Insurance**, the **Financial Limits** above are index-linked in accordance with the condition of the **Policy** in section 6 entitled '**Indexation**'.
5. Claims under this section are subject to the **Excess** as detailed in the **Certificate of Insurance**.
6. Please note in the event that **You** are not the first owner of the **Property Insured**, the **Financial Limits** may have already been utilised by a previous owner and **You** will only be entitled to the remainder.

### 3.3.5 EXCLUSIONS FOR SECTION 3.3 (MACHINERY INHERENT DEFECTS COVER)

1. Anything which the **Underwriter** would otherwise pay under sections 3.1 or 3.2 of this **Policy**.
2. The **Underwriter** is only liable under this section for the **Mechanical and Electrical Services Equipment** of the **Property Insured** as described in the **Contract** and not for any extras that were agreed at a later date.
3. The **Underwriter** will not be liable to **You** for any of the following.
  - a) consumable parts, including but not limited to batteries, bulbs and fuses, that require periodic renewal, unless caused by an **Inherent Fault** resulting in **Equipment Damage**
  - b) any cost of improving or servicing equipment following **Equipment Damage**
  - c) damage caused by intentional overloading, testing, experiment or deliberate application of abnormal condition.

### 3.3.6. CLAIMS PROCEDURE FOR SECTION 3.3 (MACHINERY INHERENT DEFECTS COVER)

1. On discovery of any occurrence or circumstance that is likely to give rise to a claim under this section, it is a **Condition Precedent** that the **Policyholder** should, as soon as possible visit the LABC Warranty website [www.labcwarranty.co.uk](http://www.labcwarranty.co.uk) to review the applicable cover and notify us of the issues **You** are experiencing. **You** can manage and submit **Your** notification online. If **You** experience any difficulties submitting **Your** notification please contact the **Scheme Administrator** on **0151 650 4318**.
2. When notifying the **Scheme Administrator** of a claim under section 3.3, it is a **Condition Precedent** that the **Policyholder** must also:
  - a) send evidence (including photographs and reports if appropriate) to the **Scheme Administrator** confirming that there has been **Equipment Damage**; and
  - b) take all responsible steps to prevent further loss or damage; and
  - c) allow us to have all reasonable access to the **Property Insured** during normal working hours; and
  - d) obtain permission to access neighbouring land and obtain any other permission needed to allow investigations and work; and
  - e) to the extent that this is in **Your** possession or control, provide the **Scheme Administrator** with all information and documentation it may request which is necessary in order to investigate the claim.

## 4. ADDITIONAL COVER

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In addition to any applicable cover under section 3, the **Underwriter** will pay for the following additional covers provided always that the total cost of the claim does not exceed the **Limit of Indemnity**:

### 4.1 FEES

Such Architects', Surveyors', Legal, Consulting Engineers' and other professional fees as are necessarily and reasonably incurred by the **Policyholder** with our prior written consent in relation to investigation of any occurrence or circumstance that is likely to give rise to a claim or to the complete or partial rebuilding or rectifying work to the **Property Insured**.

### 4.2 REMOVAL OF DEBRIS

The reasonable costs and expenses incurred by the **Policyholder** with our prior written consent in respect of:

- a) removal of debris at; and / or
- b) dismantling or demolishing; and / or
- c) shoring up,

the **Property Insured**.



## 5. EXCLUSIONS (APPLICABLE TO ALL SECTIONS)

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The **Underwriter** shall not be liable to the **Policyholder** for any of the following:

### 1. ALTERATIONS

Loss or damage due to or arising from any alteration, modification or addition to a **Property Insured** after the issue of the **Certificate of Approval** unless (in each case) the **Scheme Administrator** has been informed and agreed to include, the **Policy** endorsed and any applicable additional premium paid to the **Scheme Administrator**.

### 2. ASBESTOS

Loss or damage arising from or in relation to asbestos or the presence of asbestos in the **Property Insured**.

### 3. CHANGE IN COLOUR

Any change in colour, texture, opacity or staining or other ageing process to any element of the **Property Insured**.

### 4. DEFECTS IN EXISTING WORKS

Loss or damage due to or arising out of any defect in the design, workmanship, materials or components of the **Property Insured** that was installed or constructed prior to any conversion, refurbishment or renovation works that are the subject of this insurance.

### 5. ENDORSEMENT

Anything excluded by an endorsement issued by the **Scheme Administrator** and noted on the **Certificate of Insurance**.

### 6. FLOODING AND WATER TABLE

Loss or damage resulting from flooding or failure of flood prevention / defence measures, however caused, or from a change in the water table level.

### 7. GLAZED PANES

Loss of, or damage to, any existing double or triple glazing panes in any **Property Insured** that has been converted, refurbished or renovated, unless such double or triple glazing panes were newly installed by the **Builder** at the time of such conversion, refurbishment or renovation.

### 8. HUMIDITY

Loss or damage caused by, or consequent upon humidity, normal dampness or condensation in a **Property Insured** that is not the direct result of a **Defect** or an **Inherent Fault**.

### 9. INDIRECT LOSS

Unless expressly provided for in this **Policy**, economic or financial loss of any description (including costs arising from inconvenience or distress, loss of enjoyment, loss of use, reduction in value of the **Property Insured**, loss of income or business opportunity) arising either directly or indirectly as a result of the events or circumstances that led to **Your** claim.

### 10. MAINTENANCE AND USE

Inadequate maintenance of a **Property Insured** or the imposition of any load greater than that for which the **Property Insured** was designed or the use of a **Property Insured** for any purpose other than that for which it was designed, unless (in each case) the **Scheme Administrator** has been informed in writing and agreed to include, the **Policy** endorsed and any applicable additional premium paid to the **Scheme Administrator**.

## 11. PERSONAL INJURY

Any costs, losses, expenses or damages for death, bodily injury, disease, illness or injury to mental health, however caused.

## 12. PLANNING PERMISSION

Any loss or damage caused by the **Builder** having failed to obtain planning permission and associated conditions for **Your Property Insured** and/or the **New Development** or having built **Your Property Insured** and/or the **New Development** other than in accordance with the planning permission and associated conditions actually obtained. If work is required to demolish, rebuild or alter **Your Property Insured** or any part of the **New Development** due to the absence of valid planning permission and associated conditions or the need to comply with retrospective planning permission and associated conditions, such cost is not covered under this **Policy**.

## 13. PRIOR KNOWLEDGE

Any loss or damage arising out of any issue which the **Policyholder** was aware or had knowledge of prior to purchasing the **Property Insured** and which would otherwise constitute a valid claim under the **Policy**, where the **Policyholder** agreed or could have agreed a reduction in the purchase price for the **Home** as a consequence or obtained or could have obtained any other remedy, benefit or compensation of any kind.

## 14. RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS

Any loss or destruction of or damage to any property, any loss or expense whatsoever, any consequential loss or any legal liability directly or indirectly caused by or contributed to by, or arising from:

- a)
  - (i) ionising radiations or contamination by radioactivity from nuclear fuel or from nuclear waste from the combustion of nuclear fuel;
  - (ii) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof
- b) the use of any weapon or device:
  - (i) dispersing radioactive material and / or ionising radiation; or
  - (ii) using atomic or nuclear fission and / or fusion or other like reaction
- c) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter but this will not apply in respect of radioactive isotopes (other than nuclear fuel or nuclear waste) used for the purposes for which they were intended;
- d) any chemical, biological, bio-chemical, or electromagnetic weapon.

## 15. REASONABLENESS

In the event of a valid claim under the **Policy** the **Underwriter** shall only be responsible for costs, professional fees and expenses that a reasonable person would incur if spending their own money.

In respect of the settlement of any claim, the **Underwriter** will try to provide or pay for items that match, or are largely similar to, existing items. However, the **Underwriter** will not pay any costs that are more than 20% higher than the original cost of the items.

## 16. SANCTIONS LIMITATIONS

The **Underwriter** shall not be deemed to provide cover and shall not be liable to pay any claim or provide any benefit hereunder to the extent that the provision of such cover, payment of such claim or provision of such benefit would expose that **Underwriter** to any sanction, prohibition or restriction under United Nations resolutions, or the trade or economic sanctions, laws or regulations of the European Union, United Kingdom or United States of America.

## 17. SETTLEMENT AND OTHER GROUND MOVEMENT

Loss or damage caused by or in connection with any movement of land or settlement of bedding down of a **Property Insured**, unless the loss or damage is caused by a **Defect**.

## 18. SONIC BANGS

Loss or damage directly occasioned by pressure waves caused by aircraft or other aerial devices travelling at sonic or supersonic speeds.

## 19. SPECIAL PERILS

Loss or damage caused or contributed to by any of the following:

- a) fire, lightning or explosion;
- b) earthquake;
- c) flood;
- d) storm;
- e) aircraft or other flying objects, or articles falling from them;
- f) water, oil or any other liquids leaking or bursting from tanks, pipes, heating systems or other equipment;
- g) malicious acts (such as vandalism or criminal damage);
- h) theft or attempted theft;
- i) accidental damage; and/or
- j) loss or damage which would ordinarily be covered under a standard buildings insurance policy (regardless of whether or not **You** have in fact purchased such a policy).

Where loss or damage has been caused or contributed to by any of the above, this exclusion will apply even if the loss and damage has also been caused or contributed to, at the same time, by a **Defect** or **Inherent Fault** which would otherwise have been covered under this **Policy**.

## 20. SUBSIDENCE

Loss or damage caused by or consequent upon subsidence, heave or landslip, except where such loss or damage is as a direct result of a **Defect** in the design, workmanship, materials or components of the **Structure** of a **Property Insured**.

## 21. TERRORISM

Any loss or damage directly caused by an act of terrorism. For the purposes of this exclusion, an act of terrorism shall mean an act involving the use of force or violence and / or the threat thereof that is committed for political, religious, or ideological purposes and with the intention to influence any government and / or to put the public, or any section of the public, in fear. The perpetrators of an act of terrorism can be acting alone or on behalf of, or in connection with, any organisation(s) or government(s).

## 22. TOXIC MOULD

Loss or damage arising out of any bacteria, yeasts, mildew, viruses, fungi, mould or their spores, mycotoxins or other metabolic products in a **Property Insured** that is not the direct result of a **Defect** or **Inherent Fault**.

## 23. VERMIN

Loss or damage caused by or consequent upon the actions of rodents, vermin or insect infestation.

## 24. WAR RISKS

Any consequence whatsoever which is the direct or indirect result of any of the following, or anything connected with any of the following, whether or not such consequence has been contributed to by any other cause or event:

- a) war, invasion, act of a foreign enemy, hostilities or a warlike operation or operations (whether war be declared or not), civil war, rebellion, revolution, insurrection, civil commotion assuming the proportions of or amounting to an uprising, military or usurped power, mutiny or military uprising, martial law; and
- b) nationalisation, confiscation, requisition, seizure, damage or destruction by or by order of any government or any local or public authority; and
- c) any action taken in controlling, preventing, suppressing or in any way relating to (a) and / or (b) above.

## 25. WEAR AND TEAR

Wear and tear, normal dampness, condensation, thermal movement, movement between different types of materials or shrinkage or normal deterioration (whether caused by neglect or otherwise).

## 26. WILFUL ACTS

Any wilful neglect or criminal act of the **Policyholder** or any other person.

## 6. CONDITIONS

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### 1. APPLICABLE LAW

The law of England and Wales will apply to this contract unless:

- a) **You** and we agree otherwise; or
- b) at the date of the contract **You** are a resident of (or, in the case of a business, the registered office or principal place of business is situated in) Scotland, Northern Ireland, the Channel Islands or the Isle of Man, in which case (in the absence of agreement to the contrary) the law of that country will apply.

### 2. AVERAGE

The proportional reduction for under-insurance will only apply if the full replacement cost of the **Property Insured** exceeds the original **Sum Insured** increased by the percentage indexation factor specified in the **Policy** over the period expired since inception of the **Policy**, to the date of notification of the claim.

Should the proportional reduction for the under-insurance apply, the **Policyholder** shall only be entitled to recover such proportion of the said adjusted loss as the adjusted **Sum Insured** herein bears to the full replacement cost. Notwithstanding the foregoing, the **Limit of Indemnity** stated in the **Policy** shall not be increased unless amended by the terms of the Condition of the **Policy** entitled 'Indexation'.

### 3. CLAIMS SETTLEMENT – COMPONENT ELEMENT / ITEM LIMITS

The **Underwriter** will have the option to limit any amount paid under this **Policy** for any defective or damaged item or component element of the **Property Insured** to an amount not exceeding 150% of the original replacement cost of the same item or component element as at the time of construction, conversion, refurbishment or renovation of the **Property Insured**, provided always that the liability of the **Underwriter** does not exceed the **Financial Limit** of that section of the **Policy**.

### 4. CONTRIBUTION

If at any time of any occurrence giving rise to a claim under this **Policy**:

- a) there is (or would be, but for the existence of this insurance) any other insurance applicable; or
- b) the **Policyholder** has entitlement to any statutory damages, damage or compensation; or
- c) the **Policyholder** has initiated legal proceedings from which compensation may be received,

then any applicable cover under this **Policy** shall be limited to such amount in excess of such insurance, damages or compensation (without prejudice to any **Financial Limits** specified in the **Policy**) and shall not be called into contribution.

### 5. FRAUD

If a claim made is fraudulent or fraudulently exaggerated or supported by a false statement or fraudulent means or fraudulent evidence is provided to support the claim, the **Underwriter** will:

- a) refuse to pay the claim which will be deemed forfeit as a result,
- b) recover any sums paid in respect of the claim,
- c) by notice to the **Policyholder** terminate the **Policy** with effect from the date of the fraudulent act without any return of premium.

If the **Underwriter** terminates the **Policy** under (c) above, then the **Underwriter** may refuse to provide cover after the time of the fraudulent act. This will not affect any liability the **Underwriter** may have in respect of the provision of cover before the time of the fraudulent act.

## 6. INDEXATION

The **Limit of Indemnity** and **Excess** referred to within the **Certificate of Insurance** will be increased in line with the RICS House Re-Building Index or 5% per annum compound (whichever is the lesser) on each anniversary of the commencement of the period of insurance for section 3. For the purpose of settlement of any claim hereunder, the **Limit of Indemnity** and **Excess**, as adjusted in accordance with the foregoing provisions, shall be regarded as the **Limit of Indemnity** and **Excess** at the time of discovery by the **Policyholder** of such claim.

## 7. MULTI-OCCUPIED BUILDINGS

Where the **Property Insured** is part of a multi-occupied building (where a number of properties are contained within one building), a single party shall normally co-ordinate the claim in respect of all **Policyholders** of the multi-occupied building and where that is the case the **Scheme Administrator** shall not be obliged to correspond with the individual **Policyholder** regarding such claims.

## 8. NON DISCLOSURE, MISREPRESENTATION OR MISDESCRIPTION

*Before the Policy was entered into:*

If the **Policyholder** has breached their duty to make a fair representation of the risk to the **Underwriter** before the **Policy** was entered into then where the breach was deliberate or reckless, the **Underwriter** may avoid this **Policy** and refuse all claims, and keep all premiums paid.

Where the breach was neither deliberate nor reckless, and but for the breach:

- a) The **Underwriter** would not have agreed to provide cover under this **Policy** on any terms, the **Underwriter** may avoid this **Policy** and refuse all claims, but will return any premiums paid, and / or
- b) The **Underwriter** would have agreed to provide cover under this **Policy** but on different terms (other than premium terms), the **Underwriter** may require that this **Policy** includes such different terms with effect from its commencement, and / or
- c) The **Underwriter** would have agreed to provide cover under this **Policy** but would have charged a higher premium,

the **Underwriter's** liability for any loss amount payable shall be limited to the proportion that the premium the **Underwriter** charged bears to the higher premium the **Underwriter** would have charged, as outlined in Schedule 1 to the Insurance Act 2015.

*Before a variation to the Policy was agreed*

If the **Policyholder** has breached the **Policyholder's** duty to make a fair representation of the risk to the **Underwriter** before any variation to this **Policy** was agreed, then where the breach was deliberate or reckless, the **Underwriter** may cancel this **Policy** with effect from the date of the variation, and keep all premiums paid.

Where the breach was neither deliberate nor reckless, and but for the breach:

- a) The **Underwriter** would not have agreed to the variation on any terms, the **Underwriter** may treat this **Policy** as though the variation was never made, but will return any additional premiums paid, and / or
- b) The **Underwriter** would have agreed to the variation but on different terms (other than premium terms), the **Underwriter** may require that the variation includes such different terms with effect from the date it was made, and / or
- c) The **Underwriter** would have agreed to the variation but would have increased the premium, or would have increased it by more than the **Underwriter** did, or would not have reduced it or reduced it by less than the **Underwriter** did,

the **Underwriter's** liability for any loss amount payable shall be limited on a proportionate basis, as outlined in Schedule 1 to the Insurance Act 2015.

This condition operates in addition to any provisions relating to underinsurance in this **Policy**.



## 9. NOTIFICATION OF CLAIMS

It is the **Policyholder's** responsibility to submit claims in line with the procedures noted within the relevant section (3.1 – 3.3) of the **Policy**.

## 10. RECOVERIES FROM THIRD PARTIES

The **Underwriter** is entitled to take action, at their own expense, to enforce any right **You** may have against a third party. In some situations it may be necessary to take action to protect a right of recovery against a third party before the **Underwriter** has had chance to consider **Your** claim and confirm coverage under this **Policy**. In such a situation it is a **Condition Precedent** that **You** cooperate with the **Underwriter** to take the steps required to protect the right of recovery. The **Underwriter** will be responsible for paying any costs or expenses of taking any such agreed steps. If cover for **Your** claim under the **Policy** is subsequently declined, **You** will then have the option of continuing with the recovery action against the third party, but **You** will have to pay any costs incurred after the **Underwriter** has notified **You** that **Your** claim under this **Policy** is not covered. The **Underwriter** will not seek repayment from **You** of any costs incurred prior to the claim under the **Policy** being declined.

## 11. REINSTATEMENT OF LIMIT OF INDEMNITY

Where any successful claim has been made under section 3 and which is met by the **Underwriter** for less than the **Limit of Indemnity** for the relevant section, such **Limit of Indemnity** shall (in accordance with the provisions of this **Policy**) be reduced to the extent such claim has been met by the **Underwriter**. In such circumstances, the **Policyholder** may request that the **Limit of Indemnity** be reinstated. The decision to reinstate any **Limit of Indemnity** shall be at the sole discretion of the **Underwriter** and shall in any event be subject to:

- a) payment by the **Policyholder** of any fee charged by the **Surveyor** for checking the design of the **Property Insured** and inspecting any work for the repair or rebuilding of any **Property Insured** which has been the subject of a claim under this **Policy**; and
- b) the **Surveyor** certifying that such repair or rebuilding work meets the **Underwriter's** required standards; and
- c) payment by the **Policyholder** of any additional premium required to be paid in respect of any such reinstatement, as notified by the **Underwriter**

If the **Underwriter** accepts **Your** request to reinstate the **Limit of Indemnity**, an endorsement to the **Policy** will be issued showing that the limit has been reinstated. If no such endorsement has been issued, then the **Limit of Indemnity** has not been reinstated regardless of any request **You** or a previous owner may have made .

For the avoidance of doubt, the **Policyholder** shall be required to pay the **Surveyor's** fee referred to above regardless of whether or not the **Limit of Indemnity** is reinstated.

## 12. TAX

Any claim we pay will not include VAT unless **You** cannot recover part or all of the VAT **You** have paid.

## 13. TERMINATION

This **Policy** will terminate automatically without refund of premium in the event that:

- a) the **Property Insured** is destroyed by a cause other than that insured against in this **Policy**; or
- b) the **Underwriter** has paid the maximum amount for which it will be liable under the **Policy** in accordance with the **Limit of Indemnity** unless the **Limit of Indemnity** has been reinstated in line with the Reinstatement of **Limit of Indemnity** Condition.

The cover under this **Policy** will terminate automatically without refund of premium in the event that the **Underwriter** has paid the maximum amount for which it will be liable under the relevant section in accordance with the relevant **Limit of Indemnity**.

## 14. THIRD PARTY RIGHTS

A person who is not a party to this **Policy** has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this **Policy**, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

## 15. UNDERWRITER'S RIGHTS

In the event of any occurrence which may give rise to a claim under this **Policy**, it is a **Condition Precedent** that the **Underwriter** and/or its agents (including the **Builder** and / or their subcontractors) shall, with the permission of the **Policyholder**, be entitled to enter the **Property Insured** and be given all reasonable access in order to carry out rectification works or the complete or partial rebuilding of the **Property Insured**. If such permission is unreasonably withheld by the **Policyholder** then the **Underwriter** may refuse to indemnify the claim under the **Policy** and/ or the **Policyholder** shall be responsible for any additional costs caused by the delay in carrying out such works and the **Underwriter** has the sole option to terminate the **Policy** with immediate effect.

## 7. HOW TO MAKE A COMPLAINT

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1. We have the authority to administer complaints on behalf of the **Underwriter**. We aim to provide a first class service to every **Policyholder**. However, occasionally an enquiry or a complaint may arise, often as a result of a misunderstanding, which will usually be resolved quickly and to the satisfaction of the **Policyholder**.
2. If **You** have an enquiry or cause to make a complaint regarding **Your Policy** then **You** should, in the first instance, contact the insurance agent who arranged the insurance for **You**. If they are unable to resolve the problem, please contact:

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

Email: [complaints@mdinsurance.co.uk](mailto:complaints@mdinsurance.co.uk)

Tel: 0151 650 4318

3. A copy of our Complaints Procedure will be provided with an acknowledgement of **Your** complaint.
4. Any complaint that cannot be resolved by us may be referred to the Financial Ombudsman Service. Further details will be provided at the appropriate stage of the complaint process or are available on request. This complaint procedure is without prejudice to the **Policyholder's** right to take legal action. Their address is:

The Financial Ombudsman Service  
Exchange Tower  
London  
E14 9SR

Or via the website: [www.financial-ombudsman.org.uk](http://www.financial-ombudsman.org.uk)

5. In all cases, the Reference Number appearing in the **Certificate of Insurance** should be quoted.

### 6. **Financial Services Compensation Scheme**

Policies issued by us on behalf of the **Underwriter** are covered by the Financial Services Compensation Scheme. **You** may be entitled to compensation from the scheme if the **Underwriter** is unable to meet its obligations under the terms of the **Policy**. If **You** are entitled to compensation under the Scheme, the level and extent of the compensation would depend on the nature of the **Policy** contract. Further information about compensation scheme arrangements are available from the Financial Services Compensation Scheme. Their address is:

Financial Services Compensation Scheme  
10th Floor  
Beaufort House  
15 St Botolph Street  
London  
EC3A 7QU

Or via the Scheme website: [www.fscs.org.uk](http://www.fscs.org.uk)



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