

Dear Sirs

It is most heartening to read that the Authority proposes to separate the coverage of construction period risks from the coverage of warranty period insurance risks. This is something I have been advocating since the introduction of Home Indemnity Insurance more than 20 years ago.

The current amalgamation of these two coverages has a nonsensical consequence for a Builder/ Developer such as my company. We are forced by the Local Government Authorities to present proof of H.I.I. before applying for a building permit. In obtaining this coverage we are buying insurance which purports to protect Conway Projects as Developer from the death, disappearance or insolvency of Conway Projects as Builder. Since there could not conceivably be any payout should these events occur, we are in fact being coerced into paying for a baseless insurance policy.

Admittedly the policy also covers future owners of our products for a period of 6 years should we disappear but that is a much lower risk once the building is completed and inspected and thus it should attract a very much lower insurance premium.

As well as providing proof of H.I.I. when applying for a building licence, we are also required to produce it again to the settlement agent at the point of final sale before transfer of the finished property into the new owner's name.

The net result of this double dealing is more cost to our company and hence ultimately to the final purchaser of the home. This presumably applies to all builders who build new homes on a speculative basis.

We would therefore welcome the **removal of the requirement to produce H.I.I at building licence stage if the Owner is also the Builder**. At the moment this courtesy is not extended by the Local Authorities to a registered builder, only to the private owner/builder.

The separate requirement to protect future owners for 6 years could then be provided prior to the onselling of the finished home at a presumably much lower price. Since the recent introduction by the Building Commission of the required inspections leading to the Certificate of Building Compliance and the certificate of Construction Compliance, the risk of unsound buildings being approved must be even lower than before.

Whether the warranty period insurance should be provided by private insurers or by other means I will not venture an opinion as others will be more qualified than I in this aspect.

On the matter of ground subsidence it is my firm opinion that if no fault attaches to the builder, the geotechnical engineer or the structural design engineer, then the risk should be covered by normal household insurance.

Thank you for this opportunity to express my opinions on the Draft Report.  
As requested my response will be sent by post as well as by email.

Yours Sincerely

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