ProAktive
SELF BUILD

A Guide to
Insuring Your Project

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Choosing the Right Insurance

The risks during self building can be easy to overlook with so much else going on and it's natural to think that you may not need self build insurance, particularly if you are handing your project over to a main contractor. This is not necessarily the case which we will go on to explain.

The self build policy has been carefully designed to provide cover through all phases of your self build project from breaking ground to completion and sign off of the property. In this guide we will outline the areas of self build insurance cover you need to consider.

Public Liability

Once the plot has been purchased you are responsible for it. Whilst a plot of land may not seem like much of a risk, self build insurance protects you from the cost of any unanticipated incidents that landowners could be liable for, such as trips or falls (whether the injured party is there for legitimate reasons or not). Public liability insurance for land is not compulsory but essential to protect yourself from potential financial loss particularly if there are structures or hazards on the land.

Your contractor should carry public liability cover however this doesn't protect you if you are found at fault for an incident on site.

Cover also extends to third party property damage so if for example you dig through an electricity cable or drains the policy will protect you against claims for the damage caused.

Most utility companies and local councils will ask that you have a minimum level of cover therefore a limit of indemnity of £5 million is provided under this section, with a £250 excess unless otherwise agreed.

Employers Liability

If your self build project involves directly employing trades you will require employers liability insurance.

This section is much like public liability but designed to cover contractors working for you onsite. This works in two ways in that it will cover a contractor should they have an accident on site you are held negligent for but also acts as contingency cover for injuries to employees of contractors should your contractors insurance fail.

It maybe hard to imagine a circumstance where you may be held negligent for a contractors accident however, something as innocuous as providing a set of ladders to a contractor, who subsequently falls and breaks their leg can and probably will, lead to a claim. Long term care or physio maybe required depending on the extent of the injury and once legal costs are factored in, claims of this nature can run into six figures.

Cover under this section is provided with a limit of £10,000,000. No excess applies.

Contract Works

This section is designed to cover the new works, materials, fixtures and fittings involved in your self build on an All Risks basis and forms a vital part of any project.

The biggest insurance risk on any self build site is theft and malicious damage. Once your materials arrive on site they are vulnerable, particularly if you don't have a facility to store them securely. Self builds can be targeted due to the lack of security they have in comparison to a larger development, therefore self build insurance is a vital part of protecting you.

Self build insurance isn't just about theft. It protects you against storm and accidental damage as the property is susceptible to these perils until it becomes watertight and secure. As you move on to internal aspect of the project perils such as escape of water or fire when heat work is involved are also important.

Your contractor may have their own contract works cover, however they there are issues should you rely on it. Maybe the limits within their policy are not sufficient for your project for example and it is also worth noting that they are unable to cover materials you purchase in your own name. Should you require finance the mortgage company will insist you source your own insurance.

The limit within this section is set out within the statement of fact up to the sum insured stated with a £500 excess increasing to £1000 for theft and malicious damage applying unless otherwise stated.

Existing structure

This section is designed to cover the existing structure should your project be a renovation, conversion or extension of a house. Cover can be also be provided for works to barns, mills, water towers, churches, former schools etc.

If you are looking to undertake renovation or extension work on an existing building it is important to make sure you have the right cover in place. Most household insurers won't provide cover when you are undertaking work, particularly if that work is structural. Similarly should the property be unoccupied, home insurers will either restrict cover heavily or decline to continue it.

Cover is provided on a limited perils basis set out on page 7 of the policy wording and is limited to the figure set on the statement of fact. A £500 excess applies to this section increasing to £1000 for theft and malicious damage unless otherwise stated.

Plant & Tools

This section is designed to cover large items of machinery to small hand tools that are either owned by you or hired in your name. Cover under this section is All Risks with policy cover limits up to £30,000 for owned plant and £30,000 for hired in plant.

A £500 excess applies to this section increasing to £1000 for theft and malicious damage unless otherwise stated.

Structural Warranty

A structural warranty insurance forms an important part of any self build project. Its main purpose is to cover the property over a 10 year period once it's completed against structural defects.

Cover includes surveyor visits at set periods of the project to make sure work is done to the correct standard.

Whilst not compulsory if you are planning to or need to sell the property within the first 10 years you will need a warranty in place as anyone looking to purchase the property with a mortgage will require one.

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Other Insurance Considerations

- JCT clause 6.5.1. This section of cover isn't provided as standard within the policy but it maybe worth considering depending on the nature of the project particularly if you are working close enough to a neighbour's property so that it requires a party wall agreement. JCT clause 6.5.1 is non negligence cover, designed to cover damage that occurs to a neighbouring property where plans have been followed to the letter and neither you or your contractor are held negligent.

- You maybe asked to sign a joint contract clause with the contractor particularly if you are paying them in instalments. Signing a joint contract clause either JCT clause 5.4a, b or c with the contractor effectively makes them joint insured. For the insurer that means that if the contractor causes a claim they are unable to regain their losses back from the contractor. If the clause is signed the insurer needs to be made aware.

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