



COMMERCIAL BUILDINGS

Welcome to your **LABC Commercial Buildings** insurance **Policy**. Although problems with your commercial building are unlikely, the **LABC Commercial Buildings Policy** provides you with the comfort that particular types of problems which may occur in the first ten or twelve years after your **Property Insured** is built will be corrected.

You should ensure that you are aware of what is covered by your **LABC Commercial Buildings Policy**, by reading these Terms and Conditions in conjunction with your **Development Initial Certificate / Property Insured Initial Certificate** and / or your **Certificate of Insurance** and any endorsements attached to them.

Please note that the **Policy** is a policy of indemnity and does not provide any cover for any legal liabilities that you may have to third parties arising out of the use or ownership of the **Property Insured**.

The **Policy** is subject to a number of definitions, conditions, exclusions and **Financial Limits**. If you have any questions or require further guidance then please contact us on **0845 054 0505**.

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 **Development Initial Certificate / Property Insured Initial Certificate** or 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 contact our claims team on **0845 054 0505**, email claims@labcwarranty.co.uk or you can write to us.



Gary Devaney
Chairman and CEO

LABC (Local Authority Building Control) is an independent building control provider. LABC represent local authorities in England, Northern Ireland and Wales which have responsibility for building control.

MD Insurance Services Ltd has developed this scheme, 'LABC Commercial Buildings', in conjunction with LABC.

LABC Warranty is a brand name for a range of structural warranties arranged by MD Insurance Services Limited. MD Insurance Services Limited is authorised and regulated by the Financial Conduct Authority (FCA). MD Insurance Services Limited is a managing general agent for the insurer AmTrust Europe Limited. Its registered office is at 2 Shore Lines Building, Shore Road, Birkenhead, Wirral CH41 1AU.

For details of our FCA authorisation, visit www.fca.org.uk.

TERMS AND CONDITIONS OF INSURANCE

These Terms and Conditions of Insurance consist of:

- 1. INFORMATION on LABC Commercial Buildings.**
- 2. DEFINITIONS AND INTERPRETATION**, detailing all definitions and rules of interpretation applicable to the **Policy**.
- 3. THE TYPES OF INSURANCE COVER** giving precise details of the cover, as applicable, any special conditions or specific exclusions, the **Financial Limits** and how to make a claim:
 - **Section 3.1 – Structural Insurance Period.**
 - **Section 3.2 – Contaminated Land.**
 - **Section 3.3 – Additional Cover for Local Authority Building Control Function.**
- 4. ADDITIONAL COVER** detailing automatic extensions in cover to the **Policy**.
- 5. EXCLUSIONS** detailing exclusions applicable to the whole **Policy**.
- 6. CONDITIONS** applicable to the whole **Policy**.
- 7. HOW TO MAKE A COMPLAINT** detailing the options you have for making a complaint about the **Policy**.

1. INFORMATION

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 **Development Initial Certificate / Property Insured Initial Certificate** and **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 10 or 12 years against:
 - the risk of **Major Damage** to the **Structure** of the **Property Insured**. See section 3.1 for details.
 - the reasonable costs of repairing, replacing or rectifying any part of the **External Car Parking and Roads** as a result of destruction or physical damage from a cause as specifically detailed in section 3.1 of this policy;
 - **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.
 - The cost of any repair, replacement or rectification as a result of a present or imminent danger to the physical health and safety of the occupants of the **Property Insured** because the **Property Insured** does not comply with **Building Regulations** that applied to the work at the time of construction, conversion, refurbishment or renovation works carried out under the **Contract**. 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 **Property Insured Initial Certificate / Certificate of Insurance** and the **Policy** to ascertain the precise cover in force at any time.

THE QUALITY OF THE PROPERTY INSURED

Any **Properties Insured** under a **Policy** are the subject of a system of checks and inspections:

- The **Builder** has to comply with **Building Regulations** and the **Local Authority Building Control** Body involved inspects their work. These 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**. 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 completing the purchase of the **Property Insured**.
- The **Building Control** function will have been undertaken by a **Local Authority Building Control Inspector** on behalf of the Local Authority and subject to confirmation that; a satisfactory final inspection has been carried out by the **Surveyor**; and
 - a) the **Local Authority Building Control Inspector** has confirmed that they are not aware of any circumstances that would restrict their ability to issue a **Completion Certificate**; and
 - b) subject to satisfaction of all **Policy** conditions,

then a Cover Note will be issued, if requested, for the **Property Insured**.

- A **Certificate of Insurance** will be issued to the **Policyholder** provided that a **Certificate of Approval** has been issued by the **Surveyor** and, if applicable, a **Completion Certificate** has been issued by the **Local Authority Building Control Inspector** and subject to satisfaction of all **Policy** conditions. The **Certificate of Insurance** should be filed with the **Policy**.
- Any extensions in cover at the time of issue of the **Policy** and subsequent alterations will be confirmed by separate endorsements, which should also be filed with the **Policy**. The **Policyholder** should refer to these endorsements and the **Policy** to ascertain the precise cover in force at any time.
- This **Policy** is transferrable to future owners of the **Property Insured**.

YOUR PRIVACY

We will normally keep personal information about you 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**.

YOUR RIGHT TO CANCEL

You have the right to cancel cover under the **Policy**. If you wish to cancel the cover, you must do so within 14 days starting on the day after you receive the **LABC Commercial Buildings Policy** documents. Your request to cancel must reach the **Scheme Administrator** by letter or email. Contact details are:

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

Email: customerservices@labcwarranty.co.uk

You should make any request for the cancellation of a **Policy** in writing or by email and any relevant **Certificate of Insurance** should be promptly returned to the **Scheme Administrator**. In the event of cancellation, charges for our services will apply as follows:

Before cancelling the cover, please check with your mortgage lender, because they may require you to have this cover (or its equivalent) as a condition of their loan. Please remember also that if you sell the **Property Insured** within the period of cover, a purchaser (and any lender at that time) may require the cover to be in place.

CANCELLATION PRIOR TO CERTIFICATE OF INSURANCE BEING ISSUED

In the event of cancellation, charges for our services will apply as follows:

As construction contracts can be of varying duration and there is always a technical audit, our fees will vary depending on the stage at which notification of cancellation is given. The amount retained by us will be a pro-rata rate based on the cost of any inspections carried out and any plan checks undertaken prior to the notification of cancellation. For sections of cover which have not commenced an administration fee of up to 35% of the insurance premium will also be charged subject to a minimum fee of £100.00.

CANCELLATION FOLLOWING CERTIFICATE OF INSURANCE BEING ISSUED

1. If a third party has completed the proposal form or paid the premium, you will not be entitled to a refund of premium or any other monies. The premium or any other monies can only be paid back to the party who originally paid the premium or any other monies and who still has an insurable interest in the property.
2. If you have completed a proposal form and paid the premium you may be entitled to refund. This will take into account the period where cover has been in force, plus an administration fee subject to a minimum fee of £100.00.

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.

BUILDER	Any person, sole trader, partnership, company or other organisation with whom the Policyholder has entered into an agreement or contract to construct the Property Insured(s) at the New Development .
BUILDING CONTROL	The function of checking that building work has been carried out in accordance with the Building Regulations (England and Wales) and associated legislation.
BUILDING REGULATIONS	The Building Regulations are a set of standards for the design and construction of new and altered buildings.
BUILDING WORKS	The works to be carried out under the Contract .
CERTIFICATE OF APPROVAL	The certificate issued by the Surveyor to the Scheme Administrator on behalf of the Underwriter on or following satisfactory completion of the Property Insured .
CERTIFICATE OF INSURANCE	The certificate issued by the Scheme Administrator on behalf of the Underwriter to signify acceptance of a Property Insured for insurance under this Policy following issue of the Certificate of Approval by the Surveyor and satisfaction of all Policy conditions.
COMPLETION CERTIFICATE	The Certificate issued by the Local Authority Building Control Inspector following completion of the Building Control function for a Property Insured at the New Development .
CONTINUOUS STRUCTURE	A single building or structure containing more than one unit (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.
CONTRACT	The contract or agreement in respect of the purchase, construction, conversion, refurbishment and / or renovation of the Property Insured(s) at the New Development .
DEVELOPMENT INITIAL CERTIFICATE	The Certificate issued by the Underwriter signifying its agreement to the provision of the insurance cover for the New Development as set out in this Policy , subject to receipt of a Certificate of Approval and a Completion Certificate (if required) for each Property Insured , and satisfaction of all Policy conditions.
EXCESS	<p>The amount the Policyholder is required to pay in the event of a valid claim under each section of the Policy. The Excess is index-linked in accordance with the condition of the Policy entitled 'Indexation'.</p> <p>Note that a separate Excess shall apply to each separately identifiable cause of loss or damage for which a payment is made under the Policy by the Underwriter, regardless of whether more than one cause of loss is notified at the same time.</p>
EXTERNAL ENVELOPE	The basement, ground floors, external walls, roofs, skylights, windows and doors of a Property Insured but excluding those parts enclosed below external ground level unless the Policy has been extended to include Endorsement - Seepage.
FINANCIAL LIMIT	The maximum the Underwriter will pay for any claims under the terms of a particular section.
INDEXATION	Shall have the meaning ascribed to it by the condition entitled ' Indexation ' in section 6.

INSURED	Any person(s) who is entitled to bring a claim under this Policy .
LABC FOR COMMERCIAL BUILDINGS	The insurance cover provided by the Underwriter in accordance with, and subject to, the provisions of this Policy .
LAND	<p>The area that is covered by a single detailed planning consent, or a series of consents, relating to continuous development by the Builder or Policyholder, including the ground that surrounds and supports the Property Insured and which was:</p> <p>a) purchased by the initial Policyholder with the Property Insured at the same time as the Contract was entered into or completed; and / or</p> <p>b) owned by the initial Policyholder when a Contract was entered into.</p>
LIMIT OF INDEMNITY	The maximum liability of the Underwriter during the Structural Insurance Period , being the amount shown as the Sum Insured on the Certificate of Insurance or the Financial Limit in the relevant section, whichever is the lesser. The Limit of Indemnity is index-linked in accordance with the condition of the Policy entitled 'Indexation'.
MAJOR DAMAGE	<p>Either:</p> <p>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 in the design, workmanship, materials or components of:</p> <p>i) the Structure; or</p> <p>ii) the waterproofing elements of the External Envelope</p> <p>and which is first discovered during the Structural Insurance Period.</p> <p>Or:</p> <p>b) A condition requiring immediate remedial action to prevent actual destruction of, or major physical damage to, any portion of the Property Insured for which a Certificate of Insurance has been issued, caused by a defect in the design, workmanship, materials or components of:</p> <p>i) the Structure; or</p> <p>ii) the waterproofing elements of the External Envelope</p> <p>and which is first discovered during the Structural Insurance Period.</p> <p>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 design, workmanship, materials or components of the Structure of the Property Insured.</p>
NEW DEVELOPMENT	<p>A Property Insured or group of Properties Insured located at the site noted on the Development Initial Certificate for the New Development.</p> <p>New Development shall be deemed not to include any building works other than the Property Insured(s) detailed in the Development Initial Certificate.</p>
POLICY	The Terms and Conditions of Insurance, the Development Initial Certificate , the Property Insured Initial Certificate and the Certificate of Insurance .
POLICYHOLDER	The person(s) named in the Certificate of Insurance and their successors in title and assignees and such other persons as are described in the Certificate of Insurance to the extent of their respective rights and interests in the Property Insured , or any mortgagee in possession or lessor.

PROPERTY INSURED	<p>The whole and any and every part of the building(s) and Building Works carried out thereto at the address stated in the Certificate of Insurance comprising:</p> <ul style="list-style-type: none"> a) the Structure; b) other works: <ul style="list-style-type: none"> i) all other non-load bearing parts of the building; ii) landlord's fixtures and fittings including all permanent electrical and mechanical apparatus; iii) all external non-structural works owned by the Policyholder located within the perimeter fencing of the building. <p>Note that Property Insured does not include any swimming pool, lift, escalator, or associated plant and equipment and / or mechanical or electrical equipment, temporary structure, free-standing household appliance, fence, retaining or boundary wall not forming part of or providing support to the Structure. Property Insured does not include garage or permanent outbuilding not included within the scope of the works undertaken by the Builder. For the avoidance of doubt, personal chattels do not fall within the definition of Property Insured.</p>
PROPERTY INSURED INITIAL CERTIFICATE	<p>The certificate issued by the Underwriter signifying its agreement to the provision of the insurance cover under the sections 3.1, 3.2 and / or 3.3, as applicable, subject to (and commencing upon) the issuance of the Certificate of Insurance for the Property Insured.</p>
REMEDIAION EXPENSES	<p>Reasonable expenses incurred for the investigation, isolation, removal or treatment of contamination to the extent required by any Statutory Notice.</p>
SCHEME ADMINISTRATOR	<p>MD Insurance Services Limited, 2 Shore Lines Building, Shore Road, Birkenhead, Wirral, CH41 1AU (acting as agent on behalf of the Underwriter). The terms 'we' or 'us' denote MD Insurance Services Limited.</p>
STATUTORY NOTICE	<p>A notice served on the Policyholder by a Statutory Authority, under the provisions of legislation that requires the Policyholder to carry out remediation of contamination.</p>
STRUCTURAL INSURANCE PERIOD	<p>The period commencing on the date specified in the Certificate of Insurance and ending ten or twelve years after such date.</p> <p>The Structural Insurance Period may differ to the period shown above; if this is the case it will be detailed in the Certificate of Insurance. It is important that the Certificate of Insurance is read in conjunction with the Policy.</p>
STRUCTURE	<p>Is comprised of the following elements of a Property Insured:</p> <ul style="list-style-type: none"> a) foundations; b) load-bearing parts of ceilings, floors, staircases and associated guard rails, walls and roofs, together with load-bearing retaining walls necessary for stability; c) non-load bearing partition walls; d) roof covering; e) any external finishing surface (including rendering) necessary for the water-tightness of the External Envelope; f) internal floor decking and screeds, where these fail to support normal loads; g) double or triple glazed panes to external windows and doors; and h) the underground drainage that the Policyholder is responsible for maintaining, or contributing to the cost of maintaining.
SUM INSURED	<p>The reconstruction cost of the Property Insured as specified within the Certificate of Insurance.</p>
SURVEYOR	<p>The party appointed by the Underwriter who carries out checks and inspections solely on behalf of the Underwriter and who, prior to the issue of the Certificate of Insurance for the Property Insured, issues a Certificate of Approval.</p>

UNDERWRITER	AmTrust Europe Limited, whose registered office is at Market Square House, St James's Street, Nottingham, NG1 6FG, is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Financial services register number 202189. These details can be checked on the Financial Services Register by visiting: www.fca.org.uk or by contacting the Financial Conduct Authority on 0800 111 6768.
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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 firms, companies, associations, 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**;
 - 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.
 - f) words importing the masculine shall include the feminine.
3. The headings in this **Policy** are for ease of reference only and shall not affect its construction or interpretation.

3. TYPES OF COVER

3.1. STRUCTURAL INSURANCE

- 3.1.1. The **Underwriter** will indemnify the **Policyholder** against all claims discovered and notified to the **Underwriter** during the **Structural Insurance Period** in respect of:
- a) 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;
 - b) the costs of repairing, replacing or rectifying any destruction of or physical damage to the **External Car Parking and Roads** within the **Property Insured** resulting in:
 - i) settlement giving rise to a loss of safe passage for motor vehicles, pedestrians or people in wheelchairsand/or
 - ii) inability to utilise more than 10% of the total space allocated for car parking in the **External Car Parking and Roads** as a result of water logging for a continuous period in excess of seven days.
- 3.1.2. A Time Deductible of 12 months commencing from the date specified in the **Certificate of Insurance** as the commencement of the **Structural Insurance Period** shall apply in respect of any claim discovered and made for either Section 3.1.1 b) of the **Policy** or for a defect in the design, workmanship materials or components of the waterproofing elements of the **External Envelope**.
- 3.1.3. In the event of a valid claim being made under this section, 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 resulting from items (a) and (b) above.

3.1.4. 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**; or
 - b) £5,000,000 for all claims relating to all converted or refurbished **Continuous Structures** (where the **Continuous Structure** includes residential dwellings covered by any other LABC Warranty Policies).
3. For the avoidance of doubt, the **Financial Limits** under section 3.1 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. The **Financial Limits** above are index-linked in accordance with the condition of the **Policy** 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 be utilised by a previous owner and you will only be entitled to the remainder.

3.1.5. 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) sound transmission
 - 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**.

3.1.6. 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, the **Policyholder** should immediately notify the **Scheme Administrator** on **0845 054 0505**, and request a claim form.
2. When notifying the **Scheme Administrator** of a claim, the **Policyholder** must also;
 - a) complete the claim form and obtain a report from a specialist confirming that there has been **Major Damage**; and
 - b) take all responsible steps to prevent further loss or damage; and
 - c) allow the **Scheme Administrator** and its agents to gain access to the **Property Insured**; and
 - d) obtain permission to access neighbouring land and obtain any other permission needed to allow investigations and work; and
 - e) provide the **Scheme Administrator** with all information and documentation it may request in relation to investigating the claim.

3.2. CONTAMINATED LAND

- 3.2.1. The **Underwriter** will indemnify the **Policyholder** against all claims discovered and notified to the **Underwriter** 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 **Underwriter** 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 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 the **Underwriter** will pay for all claims made under all Sections (3.1 - 3.3 inclusive) of cover added together for policies applying to a **New Development** on a single piece of **Land** is:
 - a) £25,000,000 for all claims relating to all newly constructed **Continuous Structures**; or
 - b) £5,000,000 for all claims relating to all converted or refurbished **Continuous Structures** (where the **Continuous Structure** includes residential dwellings covered by any other LABC Warranty Policies).
3. Once the cumulative maximum liability for the claims made under all Sections of cover in respect of any or all property located on a single piece of **Land** is reached, the **Underwriter** shall not be liable for any further claims in respect of any property located elsewhere on that single piece of **Land**, whomsoever made by.
4. For the avoidance of doubt, the **Financial Limits** under this section 3.2 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.
5. The **Financial Limits** above are index-linked in accordance with the condition of the **Policy** entitled '**Indexation**'.
6. Claims under this section are subject to the **Excess** as detailed in the **Certificate of Insurance**.
7. Please note in the event that you are not the first owner of the **Property Insured**, the **Financial Limits** may have already be 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**
 - d) contamination that migrates onto the **Land** after commencement of the **Building Works**; or
 - e) contamination caused by the presence of naturally occurring radons.

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, the **Policyholder** should immediately notify the **Scheme Administrator** on **0845 054 0505**, which can provide a claim form.
3. When notifying the **Scheme Administrator** of a claim, the **Policyholder** must also:
 - a) take all reasonable and responsible steps to prevent further loss or damage; and
 - b) allow the **Scheme Administrator** and its agents to gain access to the **Property Insured** and / or **Land**; and
 - c) obtain permission to access neighbouring land and obtain any other permission needed to allow investigations and work; and
 - d) provide the **Scheme Administrator** with all information and documentation it may request in relation to investigating the claim.

3.3. ADDITIONAL COVER FOR LOCAL AUTHORITY BUILDING CONTROL FUNCTION

3.3.1. The **Underwriter** will indemnify the **Policyholder** against all claims discovered and notified to the **Scheme Administrator** during the **Structural Insurance Period** against the cost of repairing, replacing or rectifying the **Property Insured** where such repair, replacement or rectification cost is the result of a present or imminent danger to the physical health and safety of the occupants of the **Property Insured** because the **Property Insured** does not comply with **Building Regulations** which were applied to the construction, conversion or refurbishment in relation to the following:

Part A - Structure; and / or

Part B - Fire Safety; and/or

Part C - Site preparation and resistance to contaminants and moisture; and / or

Part J - Combustion appliances and Fuel Storage systems; and / or

Part K - Protection from falling, collision and impact; and / or

Part N - Glazing – safety in relation to impact, opening and cleaning.

3.3.2. A Time Deductible of 12 months commencing from the date specified in the **Certificate of Insurance** as the commencement of the **Structural Insurance Period** shall apply in respect of any claim discovered and made for either Section 3.3. of the **Policy** or for a defect in the design, workmanship materials or components of the waterproofing elements of the **External Envelope**.

3.3.3. FINANCIAL LIMITS FOR SECTION 3.3 (ADDITIONAL COVER FOR LOCAL AUTHORITY BUILDING CONTROL FUNCTION)

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**; or
 - b) £5,000,000 for all claims relating to all converted or refurbished **Continuous Structures** (where the **Continuous Structure** includes residential dwellings covered by any other LABC Policies).
3. For the avoidance of doubt, the **Financial Limits** under this section 3.3 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. The **Financial Limits** above are index-linked in accordance with the condition of the **Policy** 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 be utilised by a previous owner and you will only be entitled to the remainder.

3.3.4. EXCLUSIONS TO SECTION 3.3 (ADDITIONAL COVER FOR LOCAL AUTHORITY BUILDING CONTROL FUNCTION)

1. Any claim in respect of site preparation and resistance to moisture relating to ground that is outside the foundations of the **Property Insured**.
2. 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.

3.3.5. CLAIMS PROCEDURE FOR SECTION 3.3 (ADDITIONAL COVER FOR LOCAL AUTHORITY BUILDING CONTROL FUNCTION)

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, the **Policyholder** should immediately notify the **Scheme Administrator** on **0845 054 0505**, which can provide a claim form.
3. When notifying the **Scheme Administrator** of a claim, the **Policyholder** must also:
 - a) take all responsible steps to prevent further loss or damage; and
 - b) allow the **Scheme Administrator** and its agents to gain access to the **Property Insured**; and
 - c) obtain permission to access neighbouring land and obtain any other permission needed to allow investigations and work; and
 - d) provide the **Scheme Administrator** with a copy of the **Completion Certificate** issued by the **Local Authority Building Control Inspector** and all information and documentation it may request in relation to investigating the claim.

4 ADDITIONAL COVER

In addition to any applicable cover under section 3, in the event of a valid claim under sections 3.1 to 3.3, the **Underwriter** will pay within the **Limit of Indemnity**:

1. **ADDITIONAL COSTS**

Such additional costs and expenses as are necessarily incurred by the **Policyholder** solely in order to comply with **Building Regulations** or Local Authority requirements or other legal requirements, provided that the **Underwriter** shall not be liable for those costs that would have been payable by the **Policyholder** in the absence of the discovery of a valid claim under the **Policy**.

2. **FEES**

Such Architects', Surveyors', Legal, Consulting Engineers' and other fees as are necessarily and reasonably incurred by the **Policyholder** in relation to the complete or partial rebuilding or rectifying work to the **Property Insured** (excluding any costs or fees incurred by the **Policyholder** in investigating and / or preparing a claim).

3. **REMOVAL OF DEBRIS**

The costs and expenses incurred by the **Policyholder** 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)

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 **Underwriter** has been informed, the **Policy** endorsed and any applicable additional premium paid to the **Underwriter**.

2. CHANGE IN COLOUR

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

3. 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.

4. ENDORSEMENT

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

5. 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.

6. HUMIDITY

Loss or damage caused by or consequent upon humidity in the **Property Insured** that is not the direct result of the ingress of water caused by a defect in the design, workmanship, materials or components of the waterproofing elements of the **External Envelope** of the **Property Insured**.

7. INDIRECT LOSS

Unless expressly provided for in this **Policy**, economic loss of any description (including, but not exclusively limited to 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 or complaint.

8. 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 **Underwriter** has been informed in writing, the **Policy** endorsed and any applicable additional premium paid to the **Underwriter**.

9. PERSONAL INJURY

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

10. PRIOR KNOWLEDGE

Anything which would constitute a valid claim under the **Policy** and about which the **Policyholder** was aware prior to purchasing the **Property Insured** and as a consequence agreed a reduction in the purchase price for the **Property Insured** or obtained any other remedy, benefit or compensation of any kind.

11. RADIOACTIVE CONTAMINATION, CHEMICAL, BIOLOGICAL, BIO-CHEMICAL AND ELECTROMAGNETIC WEAPONS

In no case shall this insurance cover loss, damage, liability or expense directly or indirectly caused by or contributed to, by or arising from:

- a) ionising radiations from or contamination by radioactivity from any nuclear fuel or from any nuclear waste or from the combustion of nuclear fuel; and/or
- b) the radioactive, toxic, explosive or other hazardous or contaminating properties of any nuclear installation, reactor or other nuclear assembly or nuclear component thereof; and/or
- c) any weapon or device employing atomic or nuclear fission and / or fusion or other like reaction or radioactive force or matter; and/or
- d) the radioactive, toxic, explosive or other hazardous or contaminating properties of any radioactive matter. The exclusion in this sub-clause does not extend to radioactive isotopes, other than nuclear fuel, when such isotopes are being prepared, carried, stored, or used for commercial, agricultural, medical, scientific or other similar peaceful purposes; and/or
- e) any chemical, biological, bio-chemical, or electromagnetic weapon.

12. REASONABLENESS

If items can be found to match existing items at a reasonable cost (being no more than a maximum of 20% higher than the original cost of the item/s) the **Underwriter** will endeavour to facilitate this. However the **Underwriter** will have no liability and will not be responsible for any additional costs if a similar match is not possible at a reasonable cost (being no more than a maximum of 20% higher than the original cost of the item/s).

13. SETTLEMENT

Loss or damage caused by or consequent upon normal settlement or bedding down of a **Property Insured**.

14. SONIC BANGS

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

15. SPECIAL PERILS

Loss or damage caused by or consequent upon fire, lightning, explosion, typhoon, hurricane, cyclone, volcanic eruption, earthquake, storm, tempest, flood, subterranean fire or other convulsion of nature, aircraft or other aerial devices or articles therefrom, escapes of water from tanks, apparatus or pipes (i.e. sprinkler systems, flood-protection systems and sustainable urban drainage systems) malicious persons, theft, attempted theft, impact or any accidental cause.

16. SUBSIDENCE

Loss or damage caused by or consequent upon subsidence, heave or landslip, save if and to the extent that such loss or damage is as a result of a defect in the design, workmanship, materials or components of the **Structure** of a **Property Insured**.

17. TOXIC MOULD

Loss, damage or bodily injury arising out of any pathogenic organisms, regardless of any other cause or event that contributed concurrently or in any sequence to that liability. For these purposes, 'pathogenic organisms' means any bacteria, yeasts, mildew, viruses, fungi, mould or their spores, mycotoxins or other metabolic products.

18. VERMIN

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

19. WAR RISKS

Loss or damage directly or indirectly occasioned by, happening through or in consequence of war, invasion, acts of foreign enemies, hostilities (whether war be declared or not), civil war, rebellion, revolution, insurrection, military or usurped power or confiscation or nationalisation or requisition or destruction of or damage to property by or under the order of any government or public or local authority.

20. 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).

21. WILFUL ACTS

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

6. CONDITIONS

1. APPLICABLE LAW	<p>You and We can choose the law which applies to this Policy. We propose that the Law of England and Wales apply. Unless We and You agree otherwise, the Law of England and Wales will apply to this Policy.</p>
2. ARBITRATION	<p>If any difference shall arise as to the amount to be paid under sections 3.1, 3.2 or 3.3 (liability being otherwise admitted) then such difference shall be referred to an arbitrator to be appointed by the parties in accordance with the Arbitration Act 1996.</p>
3. AVERAGE (APPLICABLE TO SECTION 3.1 ONLY)	<p>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.</p> <p>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'.</p>
4. CANCELLATION	<p>Unless otherwise agreed in writing by the Scheme Administrator the Underwriter reserves the right to cancel the Policy and return any premium, less any retentions in line with our cancellation procedures in the event of:</p> <ul style="list-style-type: none"> i) the building works period exceeding three years from the start date notified to the Scheme Administrator when the original application was made; <p>or</p> <ul style="list-style-type: none"> ii) If building work ceases for 180 days or more before the Property Insured is complete.
5. CONTRIBUTION	<p>If at any time of any occurrence giving rise to a claim under this Policy:</p> <ul style="list-style-type: none"> 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, <p>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.</p>

<p>6. FRAUD</p>	<p>If you or anyone acting for you:</p> <ul style="list-style-type: none"> a) knowingly make a fraudulent or exaggerated claim under your Policy; or b) knowingly make a false statement in support of a claim (whether or not the claim itself is genuine); or c) knowingly submit a false or forged document in support of a claim (whether or not the claim itself is genuine), <p>We will:</p> <ul style="list-style-type: none"> d) refuse to pay the claim; and e) declare the Policy void, treating it as if it had never existed without any refund of premium; and f) recover any sums that we have already paid under the Policy in respect of the claim and any previous claims. <p>We may also inform the Police of the circumstances.</p>
<p>7. INDEXATION</p>	<p>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 sections 3.1, 3.2 and 3.3. 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.</p>
<p>8. MID-TERM ALTERATION</p>	<p>The Policyholder may, from time to time, request an increase in the Sum Insured stated in the Certificate of Insurance by written application to the Underwriter and if the increase is accepted, cover will commence upon payment of such additional premium as the Underwriter may require.</p> <p>Before agreement to such increase, the Underwriter has the right to request the Policyholder to arrange an examination of the Property Insured by the Surveyor at the Policyholder's own expense.</p>
<p>9. MISREPRESENTATION</p>	<p>This Policy will be voidable from inception in the event of deliberate misrepresentation, misdescription, error, omission or non-disclosure by the Policyholder.</p>
<p>10. MULTI-OCCUPIED BUILDINGS</p>	<p>Where the Property Insured is part of a multi-occupied building (where a number of Properties Insured 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.</p>
<p>11. RECOVERIES FROM THIRD PARTIES</p>	<p>The Underwriter is entitled (and the Policyholder gives consent to the Underwriter) to take proceedings, at its own expense, to secure compensation from any third party before or after any admission of or payment of a claim under this Policy.</p> <p>However the Underwriter waives their rights of subrogation against the architect responsible for the design of the Property Insured when the architect is a member of the Royal Institute of British Architects or the Chartered Institute of Architectural Technologists.</p>

<p>12. REINSTATEMENT OF LIMIT OF INDEMNITY</p>	<p>Where any successful claim has been made under any of sections 3.1, 3.2 and 3.3 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 Scheme Administrator and shall in any event be subject to:</p> <ul style="list-style-type: none"> 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. <p>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.</p>
<p>13. TERMINATION</p>	<p>This Policy will terminate automatically without refund of premium in the event that:</p> <ul style="list-style-type: none"> 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. <p>The cover under this Policy in respect of any of sections 3.1, 3.2 and 3.3 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.</p>
<p>14. THIRD PARTY RIGHTS</p>	<p>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.</p>
<p>15. UNDERWRITER'S RIGHTS</p>	<p>In the event of any occurrence which may give rise to a claim under this Policy, the Underwriter and its agents (including the Builder and / or their subcontractors) shall, with the permission of the Policyholder, be entitled to enter the Property Insured 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 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 void the Policy from inception.</p>

7. HOW TO MAKE A COMPLAINT

1. We have the authority to administer complaints on behalf of the **Underwriter**. MD Insurance Services Limited aims 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
Tel: 0845 054 0505.

3. A copy of the Complaints Procedure for MD Insurance Services Limited will be provided with an acknowledgement of your complaint.
4. Any eligible complaint that cannot be resolved by the MD Insurance Services Limited 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.
5. In all cases, the Reference Number appearing in the **Development Initial Certificate / Property Insured Initial Certificate** and **Certificate of Insurance** should be quoted.
6. **FINANCIAL SERVICES COMPENSATION SCHEME**

Policies issued by MD Insurance Services Limited 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 it's 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



2 Shore Lines Building Shore Road Birkenhead Wirral CH41 1AU

T 0845 054 0505 F 0845 054 0501 E enquiries@labcwarranty.co.uk W www.labcwarranty.co.uk

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