

12-PART SERIES **PART 9**

HOW TO BUILD YOUR OWN HOME

Safe as houses

It is vital to protect your investment by ensuring your site and build are fully covered for any eventuality. Building sites are accident blackspots, vulnerable to vandalism and theft, so make sure you're covered, says Simon Middleton of the Self-build Zone

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Compared to specifying a new kitchen or a state of the art home entertainment system, insurance is not exactly the most exciting thing on the planet, but it does serve its purposes and for some people can be the single most important product they purchase as part of their project. The tricky part is getting the right sort of insurance. For example; when it comes to the renovation of a house, in most cases the first type of insurance you might consider is home insurance – because that covers your home, right? Wrong.

Most home insurance policies exclude claims arising out of renovation, conversion or alteration and some even exclude maintenance as well. The problem is exacerbated further when you consider that they don't normally cover unoccupied properties, ie most major projects.

If you are about to do a self-build you may think the process is a little bit more straightforward. In fact self-builders are often instructed by their bank or building society, as part of the mortgage offer, to purchase 'buildings insurance' before they lend you the money to get started, so how does that work when you haven't built it yet and there is nothing actually there to insure?

Only around half the UK self-build and renovation market actually has the right cover in place, which is astonishing, as it is all too easy to have a major loss.

Fire is one scenario that people seem to think is not going to happen to them, but arson is a major threat to a half-built home. Here at Self-Build Zone we handle a range of insurances and warranties, and have seen all too often how vital they can be. One customer was recently relieved to be insured with us

when they fell victim to an arsonist and the house was partly destroyed by fire (below). The claim was quickly settled at just under £110,000, but had that customer purchased home insurance for their renovation project the insurers would have quickly identified that works were taking place and declined the loss. It is all too easy to end up paying the mortgage for years with nothing to show for it.

Self-builds, like people, are all different and it is important to seek expert advice relevant to your project, but generally speaking we can split up the insurance products according to the type of project you are embarking on. A straight new self-build project only really requires site insurance, with legal expenses and a 10-year structural warranty. A conversion, renovation or extension all has an element of 'existing structure', for example a house that is being extended or a

This is the shell of a part burnt out self-build project following arson, which was covered by Self-build Zone site insurance and became a £109,750 claim. The premium was around £473 – proof that it's a vital part of the budget



MAKE SURE YOU KNOW

Read the documents and policy thoroughly, make sure the details are correct and you know what your obligations are:

- If you need to make a claim, make it promptly – if you prejudice the insurer’s position they may refuse all or part of the claim.
- Prevention is better than cure so avoid being targeted by criminals. The simple fact is, a claim will be a huge interruption to your project so if you can avoid one in

the first place you will be better off. Don’t underestimate the criminal mind, for example, the fact that your roof tiles are now in position on the roof won’t always stop a criminal stripping them overnight.

- Log deliveries properly. The vast majority of theft claims relate to items that have been delivered to site and then stolen shortly after being delivered. Research shows that this is down to unscrupulous individuals who basically see something

quite tempting delivered and then basically tip off a criminal in exchange for cash. Make sure a written record is kept of all people delivering, visiting and working on site and check for personal ID each time someone new arrives. By writing their name down in a book, you can be sure they will think twice about blabbing down the local pub, especially as you know exactly who they are.

barn prior to conversion works and so on. It is really important that the existing bit gets correctly insured – even if it is bordering on a derelict pile of stone and rubble. Remodelling also falls into this bracket, while a 10-year structural warranty may be required on a conversion where there is a large element of new or structural works.

What is site insurance?

Site insurance policies have various section headings, and all suppliers are different, so it is important to check the cover summary before you decide if it is right for you or not.

A site insurance policy is designed to cover projects that a typical self-builder or renovator would be involved in, but by the very nature of these projects they are quite complex, so don’t expect them to read like your home and contents policies.



They normally cover All Risks of Physical Loss or Damage, which means literally ‘All Risks’ and is considerably better than just fire, flood, etc, which is a named perils policy.

Site insurance policies have distinct sections of cover:

New Works is the area that covers most of the project, materials, temporary works and the build in progress up until you move in.

Existing Structure is the building (or remains of the building) forming all or part of the renovation or conversion project.

Public Liability is the area that covers you if you damage someone else or their property but not an employee.

Employers Liability covers you in the event a worker is killed or injured on site. Last year two workers were seriously injured and one was killed on a Self-build Zone-insured site.

Plant and equipment owned and or hired in by you. Provides cover should it be stolen or damaged while in your care. A mini digger costs around £16,000 to replace.

Caravan and contents. On our policy we provide cover for the caravan and its contents while on site. We can be flexible so if you’re living on site between a barn, two caravans and an adjoining shed then let us know. »

Top tips

- ⊕ You can save money by getting a warranty provider, such as Build-Zone to do your Building Regulations at the same time as the warranty technical audit. This is because they can do both inspections in one visit. If you go for separate suppliers for warranty and building control, you essentially get charged twice for the same thing
- ⊕ You need to keep receipts for everything. Site insurance policies are not ‘new for old’, so unless you can prove it was recently purchased the settlement will be reduced for wear and tear
- ⊕ If you have a flood or a break in etc, take photographs and act as if you were uninsured, for example: if you have a flood, hire a pump and a dehumidifier – the additional costs will be recoverable as part of the claim





SITES & INSURANCE

Personal Possessions Everything you have with you today is covered under your contents cover that is, if you still have a home. If you are living on site then personal possessions will cover watches and cash etc. **Personal Accident** This bit looks after you. **Legal Expenses** If you fall out with the architect, supplier or have a contractual dispute with a tradesmen, you may need legal help, advice and funds to pay for a court case. Remember to advise your site insurance provider if work has already started, as not all providers will cover you.

10-year structural warranty

A 10-year structural warranty is a policy that covers a house against structural failure and several other problems, such as failed weatherproofing caused by defects in the design process, materials used or the actual workmanship itself. Several companies offer these, including NHBC (see above), Zurich or Self-builder, or you could opt for an architect's certificate. The Build-zone product runs for 10 years from the point you receive your completion certificate and enables a prospective purchaser to obtain a mortgage on the property in the event you sell it on.

In layman's terms, if you have moved in and your home is flooded in a storm because the roof blew off – then your 'home insurance' pays for it, but if the roof damage was

deemed to be caused by collapse due to poor workmanship, for example if it was incorrectly braced and strapped when built, then it is classed as defective workmanship and would be excluded by the home insurer. They would simply say 'sue the builder', which in raw terms will be you. This is why a structural warranty is so important for self-builders.

The warranty provider checks the build to make sure there is no defective workmanship in a series of technical audits, and any defects have to be remedied prior to issuing cover. The key is to arrange the warranty early on, before you clear the site, as premiums escalate the further into the project you leave it.

Upon purchasing a structural warranty you will be issued with an initial certificate that outlines who is doing the auditing. During an initial contact the technical auditor will explain what they would like to see and when. You must let the auditor know when you have reached the stage in question, usually: ground conditions, DPC/DPM, structural walls, roof and completion are the usual critical stages.

Warranty providers can also cover completed properties – useful if you didn't get a warranty in place at the start or the architect is no longer around to provide certification. This enables a prospective purchaser to raise a mortgage on the property.

One common misconception is to do with employing a contractor, and many people believe that if their contractor is insured then they don't need to be. But the truth is it rather depends on your individual circumstances. For instance, did you know that a contractor or tradesman with just Public Liability insurance will only be responsible for negligence, which can be tricky to prove? And when they are off site you have to ask yourself "who" is covering this project?"

Public Liability can carry many work related exclusions: The most frequent is demolition, both internal and external. This will cause a huge problem for the owner if the removal of a wall causes a collapse, because

even if the contractor has public liability and demolition was permitted on the cover negligence would still have to be proved, which could be a costly and lengthy process.

You should be OK to rely on your Contractor's Insurance as long as there is a written contract between you and the builder has Contractor's All Risks (CAR) cover; acts as your main contractor for the duration of the project; purchases ALL the materials and hands over a completed project for you to move in. If you're unsure, get site insurance. ●

Contacts

Health and Safety Executive Infoline
0845 345 0055 www.hse.gov.uk

Build-Zone 0845 230 9874
www.selfbuildzone.com

HOW TO BUILD YOUR HOME PARTS 1-12

The self-build process is complex and involved, and we want to make sure you know exactly what you're letting yourself in for. Our 12-part Build Series covers all aspects of self-building, from financing to design, planning applications to securing warranties. The stages of self-build covered in our series are listed below:



NEXT MONTH

10. CONTRACTS

Avoid costly disputes and stressful wrangles by getting contracts in place at the start of the work. Setting the boundaries will help ensure you get the work done on budget and on time.

Build It's cost CALCULATOR

Don't miss out on the essential *Build It* cost calculator, which will further help you work out the budget for your self-build – see page 114. And turn to Plot Watch on page 124 for tips and advice on finding the right plot