
LATENT DEFECTS INSURANCE

Latent Defect Insurance (LDI), also known as a structural warranty, offers protection for any inherent defects of construction projects caused by failures in design, workmanship or materials, which may not become apparent or readily detectable (even with the exercise of reasonable care) until many years after completion of the project.

Residential

LDI policies are required by the lenders associated with the Council of Mortgage Lenders and without an approved policy in place, it is unlikely that a new purchaser would be accepted for a mortgage.

So effectively, anyone building new residential units for private sale will more than likely have a requirement for LDI.

Private Rental Sector (PRS)

The long-term nature of PRS developments makes it one of the most important investments to protect. There are tailored policies specifically designed for PRS schemes which provide peace of mind during the lifetime of investments. LDI also provides an exit strategy for developers as the policy is fully assignable to either individual or institutional purchasers.

Commercial

Building defects can affect asset value and commercial Latent Defects Insurance can help manage the risk, as inspections are carried out during various stages, with an intention of highlighting any future potential defects. LDI also makes the re-sale of a commercial property more attractive and helps attract tenants as they are also protected.

WHY DO YOU NEED LATENT DEFECTS INSURANCE?

Mortgage approvals

Most UK mortgage lenders insist on LDI from a recognised provider before lending on any property under 10 years old.

Makes selling easier

A credible LDI policy will assist with the sale of a new home as it provides peace of mind to the new purchaser, as they are covered too.

Reduces future claims

All LDI providers will conduct their own risk management service, with the sole purpose of identifying potential defects before they occur.

Protects asset value

Building defects can dramatically impact asset value. LDI completely mitigates the risk as the policy would cover the applicable defects.

Attracts investors

Despite there being no regulatory requirement, lenders and financiers are keen on LDI cover being arranged on certain schemes.

Saves time and money

First party cover, in the form of LDI, removes the time delays and legal costs in proving fault or negligence of a particular defect.

Insolvency fears removed

Unlike collateral warranties and professional certificates, insolvency of the construction or professional team won't affect the cover.

Future-proofs investments

LDI provides an exit strategy for investors as it will enable sale of residential units after a change of strategy within the first 10 years.

Attracts commercial tenants

LDI has the ability to provide tenants with a certain level of additional cover which protects their business.

HOW REICH CAN HELP WITH LDI

Within Reich Construction, we have specialists in many niche areas including LDI. We work with the majority of the UK's credible insurance backed LDI providers, including:

			
			
			

HOW WE ADD VALUE



Simplified process

We only require one simple form for numerous quotes. Obtaining a number of quotes usually requires several forms to be completed.



Advanced market knowledge

We have regular contact with the various LDI teams and hear first about any upcoming problems or regulation changes.



Improved inspection service

Once the policy is in place, we are on hand to assist with any issues and can step in where required to help mitigate potential problems.



Competitive rates

The quotes we provide are usually the same price as going direct, or cheaper (subject to minimum earnings per policy). Policies under £5,000 may be subject to an additional fee of up to £500.



Expert advice

We are specialists in this field and we always provide expert advice, which is tailored around your specific requirements.



Claims management

In the unfortunate event of a claim, we are here to help and will work with you and the insurers to get the claim resolved as soon as possible.



Flexible payments

Most LDI providers ask for either full payment or large deposits upfront. Whereas, we can often split these payments over monthly instalments.



Rate improvement

We fully understand the underwriting structures and over time, we can work with you to improve the rates you receive.



Insurance cohesion

Many insurance products overlap and if we manage all of your insurances, we can make certain that there are no gaps in cover.

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Insurance
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 Construction