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# INSURANCE BACKED GUARANTEE

An Insurance Backed Guarantee (IBG) underwrites a company's guarantee which is usually for defective workmanship and/or defective materials. This means that both the deposit received and the contractors' guarantee can be protected for their customers in the event that the contractor becomes subject to an insolvency event, such as liquidation or bankruptcy.

An IBG can cover for up to 12 years where required and can cover almost any kind of work. However, typical periods are usually 6 – 10 years and the type of work protected can include glazing, flooring, roofing and general home improvements.

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## WHY PURCHASE AN INSURANCE BACKED GUARANTEE?

- ▶ Studies show that a customer is much more likely to appoint a contractor who provide an IBG
- ▶ Contractually a contractor may be required to provide an IBG by a property developer
- ▶ A funder or a lender may require a developer to have all their contractors provide IBG's
- ▶ Your Latent Defect Provider may insist that an IBG is put in place by contractors performing work on your property.

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## ARE THERE ANY LEGAL REQUIREMENTS?

For Contractors who carry out domestic Double-Glazing work and self-certify the Double Glazing through a Competent Person Scheme (CPS), such as FENSA, CERTASS, ASSURE as examples, it is a requirement to include an Insurance Backed Guarantee within their quote for their customer.

In June 2014, the Department for Communities and Local Government set out their requirements for the Conditions of Authorisation for CPS Operators. Condition 17 stipulates that CPS Operators must ensure that Glaziers now issue 'financial protection' on each and every domestic job that they registered with a CPS. Failure to provide adequate 'financial protection' in addition to your own guarantee will result in you no longer being able to self-certify via a CPS.

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## WHY REQUEST AN INSURANCE BACKED GUARANTEE FROM YOUR CONTRACTOR?

Many see property investment and improvements as one of the soundest financial investments around today. Most of these improvements are carried out by contractors who may offer them a guarantee.

What is often overlooked is the strength of the contractors guarantee or if they provide any such guarantee.

Thousands of contractors, both large and small, cease trading every year. If your chosen contractor ceases trading, you could potentially be left with faulty goods and additional costs in replacing these products.

Simply put, a contractors' guarantee or warranty simply isn't good enough anymore.

An Insurance Backed Guarantee provides you with the comfort that even though your contractor may go into administration, the guarantees and warranties put in place for the work that has been completed at your property are protected.

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## WHAT DO REICH NEED TO PROVIDE A QUOTE?

- ▶ A completed application form from the contractor who will take out the policy (available upon request)
- ▶ A copy of the Contractors Guarantee or Warranty
- ▶ A copy of the contractors' accounts showing a strong trading history.

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## WHY REICH?

Expert  
Advice



Bespoke  
Solutions



Unrivalled  
Customer Service



Competitive  
Pricing



Dedicated Internal  
Claims Team



Strong  
Insurer Relationships



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