

## Why do you need Latent Defect Insurance

### Your Options if structural defects occur

	<u>You do not have Latent Defects Insurance</u>	<u>You do have Latent Defects Insurance</u>
Investigation	Owners must carry out their own investigation, perhaps employing professional surveyors at their own expense to determine the cause of the loss	Notification Insured notifies a claim and insurers appoint independent loss adjusters (at their own expense) to investigate the claim and determine remedial action
Claim	Owner makes a claim against the party responsible (if they are still in business). This may involve lengthy negotiation, and litigation to achieve a result. All the time, the building may continue to deteriorate	Remediation If it is a valid claim, the insurers will pay for the loss within the terms of the policy (including the application of an excess) up to the Indemnity Limit, They have every incentive to remedy the defects quickly as their costs will only increase if there is any delay in carrying out repairs.
Settlement	Owners will usually reach a negotiated or legal settlement for less than the full cost of the works. The owner must then execute the works, employing their own professional team and contractors	Recourse If another party is responsible for the defect the insurers take over the owner's rights of subrogation and the owner is not involved in any litigation
After Completion	The owner still has a renovated property without any Latent Defects Insurance in place	After Completion The building is still covered by the Structural Defects Insurance for the balance of the 10 years subject to any remaining indemnity limit. Alternatively application can be made to have the full limit reinstated subject to Insurers terms.