



Ministry of Housing,
Communities &
Local Government

To:

The Chief Executive:

Unitary, Metropolitan, District and London Borough Councils in England
County and County Borough Councils in Wales

The Town Clerk, City of London

The Clerk, Council of the Isles of Scilly

The Sub-Treasurer, Inner Temple

The Under Treasurer, Middle Temple

The Head of Building Control:

Unitary Metropolitan, District and
London Borough Councils in England
County and County Borough Councils
in Wales

City of London

Council of the Isles of Scilly

The Association of Consultant Approved Inspectors Approved Inspectors

CICAIR Limited

Welsh Government

cc: The Chief Executive:

Combined Authorities in England

County Councils in England

National Park Authorities in England & Wales

The Chief Fire Officer: Fire and Rescue Authorities in England & Wales

01 November 2019

Dear Sir/Madam

**CHANGES TO STRUCTURE OF APPROVALS AND SCHEMES OF INSURANCE FOR
APPROVED INSPECTORS**

I am writing to inform you about changes we are making to Approved Inspector oversight arrangements, the Criteria for Schemes of Insurance for Approved Inspectors pursuant to Section 47(6) of the Building Act 1984, and new Guidelines for the Schemes of Insurance.

Scope

This circular letter applies to Approved Inspectors carrying out building control functions in England.

Changes to the Criteria for Schemes of Insurance

Following engagement with AIs and the insurance sector, we are revising the criteria for schemes of insurers to preserve historic consumer protections, better align with requirements on other professions and to provide for greater commercial flexibility. The new criteria allow:

- a banded excess cap, proportionate to each firm's turnover;
- six years automatic run off cover, aligning the requirements for Approved Inspectors with other regulated professions;
- specific restrictions to insurance cover, supported by a 2-tier structure of AI oversight.

The level of protection offered under existing approved schemes will be preserved for building control projects that already have a valid Initial Notice.

The revised Criteria for Schemes of Insurance for Approved Inspectors can be found at <https://www.gov.uk/government/publications/approved-inspectors-changes-to-structure-of-approvals-and-schemes-of-insurance>, and we are discussing these changes and their application with Approved Inspector and insurance sectors.

Two-tier structure for oversight of Approved Inspectors

To support greater transparency of Approved Inspector approved schemes of insurance, we are asking CICAIR Limited to introduce a two-tier structure for Approved Inspectors. This will allow insurers and AIs to tailor their schemes to suit the risk profile of AIs working in different tiers.

Guidelines for schemes of insurance

Prior to being considered an approved scheme of insurance, schemes must be approved as providing adequate insurance cover by the Secretary of State.

Existing schemes wishing to make any changes to any of their terms, including to reflect the amended criteria, must be reapproved by the Secretary of State. New or revised terms should be provided in full to: enquiries.br@communities.gov.uk

We continue to welcome discussions with brokers, insurers, or other parties able to propose schemes that would meet the Criteria for Schemes of Insurance.

We are publishing Guidelines for Schemes of Insurance, which will be available on Gov.uk, and we are asking CICAIR to strengthen their audit process to support the insurance requirements in the legislation and Code of Conduct.

Enquiries

Telephone enquiries on this Circular Letter should be addressed to Thomas Wood on 0303 444 4524. All e-mail enquiries to: enquiries.br@communities.gov.uk

Best wishes



Chandru Dissanayeke
Director, Ministry for Housing, Communities and Local Government