

Criteria for schemes of insurance for approved inspectors pursuant to section 47(6) of the Building Act 1984

a) Public liability and professional indemnity insurance cover

Schemes of insurance for approved inspectors must provide for public liability and professional indemnity insurance covering the inspector for losses arising from claims in respect of the performance of duties as an approved inspector (AI)

The following minimum levels of cover apply:

i) for claims against the approved inspector in respect of personal injury (including illness, disease and death) a minimum limit of not less than £5m per claim (all claims attributable to one occurrence shall be treated as one claim)

ii) for other claims against the approved inspector, a minimum limit of not less than £1m per claim (all claims attributable to one occurrence shall be treated as one claim)

(iii) the minimums in subparagraphs (i) and (ii) are subject to an overall minimum cover of £15m for all claims against the approved inspector in respect of work carried out by the inspector in any one period of 12 months.

b) Restrictions – Tall Buildings, External cladding systems

Where an AI operates exclusively in a “Tier 2” of AI work (and informs CICAIR, customers and LAs of this fact), restrictions to cover (which have been agreed by the Secretary of State) may be applied to exclude specific types of buildings that can be worked on by AIs in Tier 1.

Examples of exclusions that might be proposed in insurance schemes are:

- work on buildings over 18m
- work on buildings with specific types of external cladding systems.

Historic work undertaken on excluded buildings types must have levels of protections provided by previous insurance policies preserved.

b) Defence costs

Cover is to extend to the approved inspector's defence costs, which are to be treated on a "costs in addition basis", i.e. such costs will not be taken into account for the per claim minimums, though they will count towards the overall minimum of £15m.

c) Automatic run off cover

In relation to:

- (i) any personal injury claims as set out in subparagraph (a)(i); and
- (ii) non-injury claims as set out in subparagraph (a)(ii) other than where under the law of contract

cover must be provided in respect of claims notified to the insurer within:

- (a) 10 years of the date of completion of the approved inspector's work in respect of the relevant building project, whether that date is that of giving of a final certificate, which is not subsequently rejected by a local authority, relating to the project, or of some other event marking the practical termination of the AI's involvement in the project in relation to an Initial Notice dated prior to date of the new insurance, or
- (b) 6 years of the date of completion of the approved inspector's work in respect of the relevant building project, whether that date is that of giving of a final certificate, which is not subsequently rejected by a local authority, relating to the project, or of some other event marking the practical termination of the AI's involvement in the project in relation to an Initial Notice dated on or after the new insurance.

The minimum per claim limits set out in (a)(i) and (ii) above apply in respect of this cover, as does the minimum aggregate limit of £15m.

d) Excess

Turnover £s in the preceding year	Excess Cap
100,000 or less	£10,000
100,001 – 200,000	£12,500
200,001 and above	2.5% sum insured, in accordance with criteria A (ii) - the full sum to be paid by the insurer, with excess recovered from the AI.

e) Voiding of Cover

In line with commercial practice, reasonable provisions for voiding of cover will be allowed for example: for failure to disclose material information, failure to adhere to the terms and conditions of the policy, or failure to pay the premium.

f) Transition to these 2019 Insurance Criteria

Before implementing the 2019 Insurance Criteria within schemes of insurance, new or amended schemes must be approved as adequate by the Secretary of State. Schemes may be submitted to the department and must include full terms and conditions. *Guidelines for Schemes of Insurance* are provided on the gov.uk website.

The insurance terms and conditions must include clauses that preserve existing consumer protection for work that received an Initial Notice prior to transition to the new scheme, including in for run-off and restrictions to cover.