

Balancing costs against specification and quality assurance

Latent Defects Insurance

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It does not cover

- Maintenance
- Aesthetics
- Damage less than the Deductible
- Damage not affecting the building
- Damage discovered after expiry
- Ingress deemed acceptable during planning
- Fire, perils, nuclear, war, sonic bangs.




A Latent Defects Policy covers

- Structural Damage
- Ingress of Water
- Subsidence, landslip or heave
- Threat of collapse
- But...



Who benefits from the Cover?

- Long Term Owner
- Tenant
- Funders.



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Who probably does not benefit from cover? 

Developer
Contractor
Professional Team.

Damage caused by 

Defective Design
Defective Workmanship
Defective Materials.

Business Interruption Risks 

Loss of Rent
Cost of Alternative Accommodation
Loss of Gross Profit, Revenue or Fees
etc.

The Technical Audit 

Our Expert Eyes and Ears
Witness key parts of construction
Check Drawings and Calculations
Independent of Aviva
Long relationships.

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What cover is being bought?
What can go wrong?
Let's consider a few examples.

which had to be opened up for investigation



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A photograph showing a vertical opening in a white wall. A wooden ladder is leaning against the wall to the left of the opening. The interior of the opening is dark and appears to be under investigation.


Damp patches can appear as in this basement in Kings Cross



AVIVA

A photograph of a white wall in a basement. There are several large, irregular, brownish-grey patches on the wall, indicating dampness or water damage.

showing a damaged water-proof membrane.



AVIVA

A photograph showing a close-up of a damaged waterproof membrane. The membrane is dark green and appears to be peeling, cracked, and otherwise severely deteriorated.

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This is an ordinary, but nice, office in Cardiff



The problem was found in the design of the windows.



Which started to show damp patches too



Another office, in Liverpool



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which yet again exhibited damp patches



and we found a damp proof membrane which was undersized.



This required investigation





An ordinary office development in Macclesfield





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which sagged in one corner





caused by an undetected lens of peat.

In the basement




The underground public car-park always leaked



An Edinburgh Insurance Office






Water was entering the building at various locations from various causes



Through the walls





Complex interfaces between external surfaces allowed water to enter at a number of locations




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Through curtain walling



Which was extensive with no obvious point of entry.




Despite membranes, water started entering the basements






A South Coast Shopping Centre



Water again not where it should be



Caused by poorly designed and inappropriate pavement drainage.



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An Ancient Academic Institution

The need for sensitive design ...



... may have prejudiced the building's impermeability.



A Health Centre in SE England




Damp seems to get everywhere!



The next slides show the last ingress claim Today

Promise!

Most of our losses (by numbers) relate to water ingress.



Reasonable fall on roof...?



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Patching to sarking.



Too much sunshine -



A Shopping Centre Car Park





Requiring investigation by a team of experts.....

- led to thermal movement





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causing damage to beams and danger to people & cars





Warehouse Slabs.



so upsetting many well-known retailers.....

...when the Local Authority closed it for the weeks before Christmas!

Problem still unresolved.



An office building in Sheffield...



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... a prestige office building in Sheffield



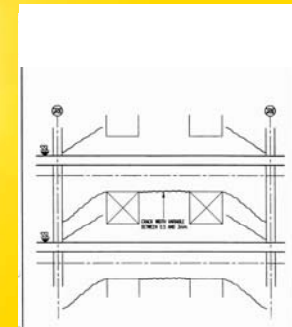
....and then the floors



Cracks were found in the walls...

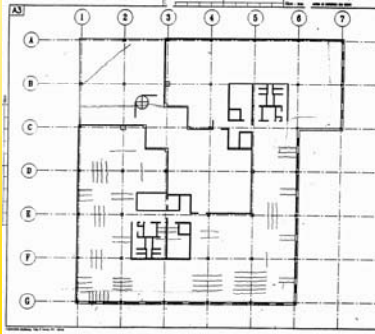


A pattern emerged in the walls...




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...and the floors



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The building had to be emptied and opened up for investigation and remedial works




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Two types of floor:




Plain reinforced slab



Waffle

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And this can include substantial unforeseen costs



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.... and more and more of the building needed to be disassembled






What is the Alternative?

The *only* thing worse than INSURANCE

THE LAW



which seemed never-ending!



Has there been negligence?
By whom?
Can it be proven?
Can the negligent party meet their obligations?
HOW?

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