
Broker Sales Support
Party Wall Liability Exposures

**BROKER SALES SUPPORT MATERIAL – Non-Negligent Party
Wall Insurance**
*renovation
underwriting*



Renovation Insurance Brokers offer an 'All Risks' contract works package for mid and high net worth domestic and commercial renovators. Below are a series of guidance notes in respect of high ***non-negligent party wall insurance (NNPWI)*** enquiries.

The Proposal Form:

NNPWI is a very risky head of cover to insure, and the information required to fully underwrite the risk is technical. For these 2 reasons, it is very important to ensure that the proposal form itself is completed fully, and with due care and attention. Direct responses should always be given, rather than responses such as 'refer to drawings' or 'see method statement'. The purpose of the proposal form is to summarise the technical information, not simply refer to it.

In addition to the proposal form, we will require the following where applicable:

- Method statements – documents, usually produced by the contractor, which detail exactly how certain operations will be undertaken. They are usually produced in relation to demolition, excavation, piling and underpinning activities
- A selection of plans and drawings
- A geotechnical report – this is a document which details the ground conditions
- Details of the temporary works – usually shoring, propping and scaffolding. The structural engineer is usually responsible for producing this information

We always issue guidance with our proposal form. You should stress to your client how important it is that this guidance is followed.

Our On-Line Portal Quotation System:

We are able to offer NNPWI via our on-line portal for projects where the party wall risk is low. You will be required to select a limit of indemnity. Your options are £250,000, £500,000, £1,000,000, £2,000,000 and £5,000,000, but please note that we can only offer £1,000,000 under our scheme product, and only for low risk projects. Little or no additional underwriting will be required in these circumstances

Where the project is riskier (for example, a basement dig), or the limit required exceeds £1,000,000, we will remove this requirement from the portal submission and contact you by email with a proposal form for the open market. We utilise open market suppliers. In these circumstances, we will proceed to quote the material damage and standard liability aspects via the portal as normal.

Underwriting:

As mentioned above, low risk enquiries are underwritten in-house and the cover offered as part of our standard package.

For higher risk projects, it is necessary to refer to the open market for terms. We do sense check the information provided, and identify any gaps in the underwriting information submitted, so there will not be a delay whilst we wait for the underwriter to identify the same discrepancies. We are able to advise your client on appropriate sums insured, and more generally in terms of the significance to them of the Act.

As previously advised, the underwriting is specialist, and technical. NNPWI enquiries routinely take a few days to come back to us, and considerably longer if our guidance has not been followed. We really must stress the importance of following the guidance notes if we are to achieve the best terms and a quick turn-around for your client.

Pricing:



Because this class of business is risky, and because claims tend to run to multiple thousands of Pounds (even when declined, investigation costs can run into the thousands), NNPWI is not cheap. It is not unusual to see the NNPWI element costing more than the material damage element.

The market for this cover is small, but pricing is inconsistent. You could see the same risk being quoted at £2k, £5k and £10k depending on the market you approach. We strongly believe that this inconsistency is down to a lack of familiarity with and appreciation of the risks involved, even amongst insurers. We are confident that RSA understand the risks fully, and price them correctly so we are generally comfortable with their offering.

The factors which affect pricing are as follows:

- Subsidence risk
- Contract value
- Nature of works
- Suitability of contractor
- Vulnerability of neighbouring structures
- Limit of indemnity selected

Contract duration will have a small effect on price, but is less of a driver.

Support:

We acknowledge that your brokers will not generally have sufficient knowledge to fully support your clients in this area. We are on-hand to offer as much support as is required.