



Hiscox Renovation and Extension Insurance
Webinar Q&A



1. **Can the product be used for commercial risks?**
No. This product is aimed at new or existing 606 customers and therefore specifically at the high net worth home market.
2. **What happens where the client prefers to rely on the contractors works policy – would Hiscox continue to provide cover for the existing structure?**
We believe that it's in the best interests of customers to insure both the building works and the existing structure under a single policy and, as such, our renovation and extension policy is only available where the existing structure is included.
3. **Is the cover flexible so that cover can be limited only to cover the gaps under the contractors CAR cover?**
The policy is available where cover is purchased for the existing structure, the works in progress and property owners' liability. This way there is no need for the client to be concerned about potential 'gaps' in the contractors CAR policy. All other sections of cover are optional and can be added as required.
4. **If the customer isn't yet a 606 policyholder do they need to become a 606 policyholder to purchase this cover or can it be arranged 'standalone'?**
The customer will need to purchase a 606 policy and meet our 606 appetite. We're looking to establish long-term relationships with new or existing 606 customers.
5. **Is there a minimum or maximum premium for the renovation and extension cover or minimum value of contract limits?**
The minimum premium for the Hiscox Renovation and Extension cover is £500 but the product is sold in conjunction with a 606 policy and the usual 606 entry criteria – £500k buildings, £100k contents will still apply.

There is no set limit for works contracts however, as with any new product, we will be approaching this new area cautiously and as such there will be areas where we may request further information and our appetite might be more limited. As our knowledge and experience builds, so will our appetite.
6. **Would Hiscox cover a building that is boarded-up? e.g. an unoccupied building that the owners wanted to ensure its security.**
A property which is boarded up would be acceptable providing all other elements of the risk fit our appetite.
7. **Will Hiscox charge a further additional premium if the works over run? What happens if the contracts over runs its original time scale?**
If the works overrun then it will be possible to extend the policy. We would ask that the client notifies us in good time so that we can assess the delay to understand how the exposure is impacted. We would expect to charge a further AP in these circumstances however the size of the AP will vary based on the length of the delay and any underlying changes to the project scope.
8. **Does the type of contract that the client has signed with the contractor bear any significance on Hiscox's appetite?**
We will always want to know what contract has been signed so that we can understand our customer's contractual obligations and our cover and terms will vary based on what these requirements are.
9. **What is the minimum contract price which Hiscox will consider?**
Under the 606 policy, customers do not need to notify us of works which are less than £100k in value. If they still wish to purchase the additional cover provided by the renovation and extension insurance for projects with a value less than this then they can, however, this is subject to the £500 minimum premium.
10. **Can Hiscox provide information about the expected costs to this cover?**
The costs vary based on the nature of the existing property, the duration of the project and complexity of the works. We've seen projects at our minimum £500 premium and some exceeding £50k.
11. **Can brokers give clients access to further information to help them understand the cover they should be looking for?**
We have produced client facing literature which can be found at: <http://www.hiscoxbroker.co.uk/private-client-insurance/606-home-and-contents-insurance/renovation-and-extension-insurance/>.
12. **Is there any cover within the policy to protect clients against the builder going bust?**
I'm assuming that the question relates to any funds which have been transferred to the builder and are unrecovered. Unfortunately no cover is provided for this eventually which is why choosing a reputable builder and signing an appropriate contract with detail around the staging of payments is so important. If this is a concern for a customer then performance bonds are available in the market with the price and availability dependent on the contractors balance sheet and track record.
13. **Non-negligence is a big selling point for the Hiscox product vs. other HNW policies where the extension of works cover is probably minimal. Please provide more information.**
Where non-negligent liability cover is recommended by the architect, we are able to provide a solution. Non-negligent liability is a complex area which takes some time to underwrite. As such we're likely to request a fair amount of additional information and our quote turnaround will be slower. This is a new area for us, and as such is the part where we most expect our appetite to grow with our experience. Where the contractors PL policy can be extended to include non-negligent cover, this should be given serious consideration. Many non-negligent claims ultimately become contractors PL and vice versa, so it can be beneficial to have these two elements insured in one place.

14. **Does the cover automatically include terrorism?**
The customer benefits from the same level of terrorism cover provided under the standard 606 policy. Where the property is insured in the name of a company or trust, the risk requires ceding to Pool Re and, as such, a further additional terrorism premium will be quoted.
15. **Is there cover for a rectification/maintenance period?**
Cover is provided for as long as the 606 policy remains in force for rectifications up to £100k in total. Should the cost of the rectifications be greater than this or where additional cover is required by the client for plant, machinery, building materials etc. then we would expect to be notified and would amend the policy accordingly.
16. **What if the intention of the client is to demolish the existing property and replace with a new build?**
Cover can be provided for the new build but it is not usual to offer cover for the existing structure. The client's interest is best served in maintaining cover for a new build to maintain control and guard against a lapse in cover if the contractor goes bust or has their contract terminated for another reason.
17. **For new risks about to undergo works, will Hiscox insist on picking up the contents cover or can you accept buildings only risks?**
We are looking to insure the main homes of our customers and so would expect the contents to be moved to us, however we appreciate that this may not be possible from day one.
18. **Would Hiscox take on a new enquiry where the building is just being purchased and will remain empty whilst works are being carried out?**
Yes. Providing the customer meets our 606 criteria and wishes to insure with Hiscox once the works are complete.
19. **How quickly will quotes be turned around, knowing that clients often don't inform brokers of works until the days before the works begin?**
We will endeavour to maintain our usual quote turnaround time however building works quote can be complex and, as such, may take longer to turnaround. To make the process as fast as possible we would ask that all information requested is provided promptly in as much detail as is available.
20. **Am I correct in that a big benefit is that any damage (likely to be to contract works and existing structures) would be picked up by Hiscox as a single claim as opposed to a contractors policy covering the CAR, which would lead to two separate claims?**
This is correct and is one of the key benefits. The customer is already trusting the contractor to look after their biggest asset appropriately and in purchasing Hiscox Renovation and Extension cover, they can be assured that they have retained control of the insurance of their home. In the event of a loss we would settle the covered elements under the renovation and extension policy and would look to recover any costs from the contractor separately from this.
21. **Could Hiscox cover contents only for a client during contract works?**
Yes we could, but in truth this is what we would have done prior to launching the renovation and extension policy. There would be no cover for the structure or the works, just the contents in the property.
22. **Does a contract have to be in place with the builders?**
Not necessarily but as its common practice for a contract to be signed, we would want to understand why a contract is not in place.
23. **Who is the actual insurer for the works?**
Hiscox are the insurer for the works however we utilise the experience and expertise of renovation insurance brokers to help underwrite the risks.
24. **Can new builds be covered?**
Yes, new builds can be covered.
25. **Is the 'works value limit' within the current 606 contract altering?**
We have no plans to change this from the current £100,000. For works beneath this amount the customer can still purchase the policy extension if they would like the added protection of the additional cover, however this is not compulsory.
26. **Competing markets currently exclude cover for contractors residing at the residence during the works; will Hiscox consider risks of this nature?**
Unfortunately we're unsure of what this question means. We are happy to give it further consideration if the broker could provide further information.
27. **Is the renovation and extension premium paid in one go or can it be added to monthly instalments?**
The premium can be paid by the existing payment method, including by instalments. It's important to note however that the renovation and extension policy premium will be spread over the remaining 606 policy period. So if works commence six months into the 606 policy then the full works premium will be spread over the remaining six months.
28. **How would Hiscox calculate the extension to the insurance? Is it pro-rata?**
The premium is calculated based on the duration of the project, the nature of the works and the size of the existing structure.
29. **What if someone self-manages their project and uses various contractors as and when?**
Self-managed projects require full project public liability and much depends on the project management experience of the client. Unfortunately we do not provide full project public liability cover but we would recommend that clients who want to use specified sub-contractors employ a project manager who will be able to advise on works sequencing and health and safety matters which will fall to the client if they are site controller.

30. Can Hiscox cover works that have already started?

If the works have recently begun then we will consider providing cover. If however the works have been going on for some time then we would not. Where works have already begun, we would underwrite and price the risk as if we'd been on cover from the date the works commenced.

31. Do brokers receive the same commission on the renovation and extension premium as on the normal 606 policy?

The commission level is different from 606 however is competitive for a CAR policy. Your Regional Manager will be able to take you through this in more detail.

32. Will policy wordings/summaries be supplied to brokers online and hard copies?

Policy literature can be found at: <http://www.hiscoxbroker.co.uk/private-client-insurance/606-home-and-contents-insurance/renovation-and-extension-insurance/> and can be ordered online in the usual way here: <https://www.hiscox.co.uk/brokerstationery/brokerstationery.aspx?option=2>.

33. Can Hiscox cover works on properties in continental Europe – France for example?

At this stage the product is only available to properties based in England, Wales, Scotland the Channel Islands.

34. Is this available to direct customers?

Yes the product is available in both distribution channels.

35. Does the extension wording modify the 606 cover?

No. The 606 policy remains unaltered but the terms of the renovation and extension cover apply and you should encourage your clients and their contractors to understand what these are.

Contact us

If you have any further questions then please contact your Regional Manager.

Renovation and extension policies are underwritten by Hiscox Underwriting Ltd on behalf of Hiscox Insurance Company Limited. Hiscox Underwriting Ltd is authorised and regulated by the Financial Conduct Authority. Hiscox Insurance Company Ltd is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and Prudential Regulation Authority.