

## INSURANCE FOR YOUR RENOVATION

The purpose of this document is to provide information to the homeowner on the subject of House Insurance when there is a structural alteration being made to the dwelling that you own.

1. Under every domestic house policy there is a specific exclusion stating that **no cover will apply to the house or the part of the house where there is structural alteration taking place**. This means that if you are taking out a window and enlarging the cavity to take in a larger window, this is structural. **You need to advise your insurance company of the intended activity and obtain confirmation from the insurer that they will be covered.**

Taking out a window and replacing that window of the same dimension is not a structural alteration.

2. On larger projects such as the construction of a conservatory requiring the demolition of a wall, the house policy needs to be amended in the following manner:
  - a) The house policy must still continue to be in place.
  - b) A Contract Works policy needs to be purchased to cover the value of:
    - The construction
    - The materials used
    - The materials that are in storage at any other location
    - Materials owned by you
    - Rebuilding costs
    - Demolition costs
    - Inflation
    - Architects fees
    - Earthquake

Also if **hire equipment** is to be used and hired by you (as opposed to the builder) then this equipment needs to be covered under the Contract Works policy\*.

It is also **important to note the interest of any contractor who has supplied materials** in that Contract Works policy as they are still the owners of the materials that they are supplying - until such time as you have paid them on receipt of the Certificate of Completion issued by the City Council.

**\* When you hire equipment from a hire company you can purchase cover on that hire equipment and we would strongly recommend that you purchase their cover.**

Please note that under your contract Works policy you will also be required to insure the total value of the existing dwelling. This may appear to be double insurance but in fact it is not, because if there was damage to the construction site and/or materials then that part of the dwelling which is damaged during the construction period will be covered under the Contract Works and the remaining part of the undamaged dwelling is covered under the house policy.

3. If you are using a builder under a building contract and there are also other trades providing materials, then their interests will be covered by the builders' Contract Works policy as a sub-contractor. If you are using a professional Master Builder, they should have purchased their own Contract Works policy. The contractor's Contract Works policy will insure the value of the contract but you also need to make certain that the builder's policy also covers the value of your existing dwelling.

The Contract Works policy will insure the value of the contract, but you also need to make certain that his policy covers the value of your dwelling. **Note that a builder's Contract Works policy is normally only arranged when the contract is for the build of a brand new home or building**

The necessity to have insurance arranged by the contractor will be specified in the contract that the builder should present to you on acceptance of his tender. **Please check the contract to see who is responsible for the Contract Works insurance.** Sometimes it is the owner of the premises that is responsible for arranging the insurance for new dwellings. For extensions to existing dwellings it is usually the owner of the property that needs to arrange the cover. This means you have to buy the Contract Works policy.

Proposal forms will need to be completed and your builder should be able to assist you with the collection of information. Please note that depending on the size and complexity of the project your insurer may need a minimum of at least 5 working days to provide a quotation. We recommend that you allow plenty of time for the insurance process to avoid any delays as your insurer will not provide insurance cover for a project which has already commenced.

#### CHECKLIST:



- Have you advised your insurer of the renovations and if necessary discussed with them issues of storage of contents, transit of contents(from home to storage)?
- Have you seen the contract from the builder?
- Have you got any other materials off-site and away from your own that you need to insure? What is its value?
- Do you need to insure hire equipment?
- Have you put the Contract Works policy in place prior to renovation?
- Do you have a Certificate of Insurance from the builder and/or your own insurer for this renovation?  
(Your bank/mortgagee will require this).

For any further enquiries or quotes please contact Barley Insurances Ltd  
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