On newly built properties, damage due to poor design, workmanship or faulty materials are the most common causes of defects discovered after practical completion. Whether you’re a developer, financier, owner, residential or commercial occupier, they can range from the irritating to the catastrophic – and their impact on your business and reputation can be severe. That’s why it makes good commercial sense to mitigate the risk with latent defects insurance.
Arthur J. Gallagher has significant expertise in the construction sector, built on a foundation of providing high quality advice and service. Our risk and insurance specialists are dedicated to responding to the wide ranging needs of our construction clients who are able to benefit from our in-depth knowledge of Latent Defects insurance.

Latent Defects insurance covers the cost of repairing or reinstating newly built properties for 10 or 12 years after practical completion, as a result of a defect in the structure due to defective design, defective workmanship or defective materials. It provides a cost effective, high performance alternative to collateral warranties across a diverse range of residential, mixed and commercial new builds.

Taking out this cover can benefit the building developers, owners, their funders, tenants and any other users or occupiers of the building. Policies are also freely assignable to any future owners, funders and tenants. Almost any commercial property can be covered i.e. offices, hotels, factories, warehouses, surgeries, schools, shops, sports stadia, pubs, restaurants, cinemas, public buildings and many more.

Ideally, cover should be arranged before work has started on site. Cover can be arranged where construction has already commenced or completed subject to full details being acceptable to insurers. However, the cost of the cover increases the further the building work has progressed. Cover for loss of rent can also be included.

There are many reasons why this cover should be taken out:

- Peace of mind: Cover is provided regardless of the continued solvency of any main or sub-contractors.
- Speed of rectification: There is no need to prove fault or liability on the part of a third party before a claim can be submitted to the insurer.
- Legal costs: Complex, costly and time consuming litigation does not have to take place before the necessary repair work can be put in hand.
- Funders: The security provided by a Latent Defects policy can encourage the backing and investment of potential investors in the development.
- Enhances sales and letting: Potential owners and tenants are becoming increasingly reluctant to assume risks associated with building defects, so they are attracted to buildings where the risk has already been transferred to an insurer.

Contact us today for a proposal form or to discuss this type of insurance in more detail.

About Arthur J. Gallagher

Founded by Arthur Gallagher in Chicago in 1927, Arthur J. Gallagher & Co. has grown to become one of the largest insurance brokerage and risk management companies in the world. With significant reach internationally, the group employs over 20,000 people and its global network provides services in more than 140 countries.

Outside the US, we use the brand name Arthur J. Gallagher.