



Halo Guarantee Homeowners Handbook

AUGUST 2019

0800 644 444
halo@bwrs.co.nz



Table of Contents

Introduction to the Halo Guarantee 1

- › Overview of Halo
- › Policy Underwriters and Broker

Halo Guarantee Cover 2

- › Benefits for the Homeowner
- › Sum Insured
- › Cover Commencement
- › Policy Exclusions
- › Non-Residential Buildings
- › Other Additional Benefits

Halo Guarantee Administration..... 4

- › Application Process
- › Certificate of Practical Completion
- › Transferring to Subsequent Homeowners
- › Claims Process

Introduction to the Halo Guarantee

The Halo Guarantee Scheme has been developed in conjunction with and is tailor made for and exclusively available to members of New Zealand Certified Builders Association.

It has key components which are considered essential for NZCB's flagship guarantee product:

- › Halo has been developed to provide confidence and protection to homeowners
- › Market leading comprehensive cover for homeowners
- › Simple and flexible administration
- › Competitive premiums
- › Credible and financially secure underwriter(s)

The Halo 10 Year Residential Guarantee Insurance is independently backed by a syndicate at Lloyd's of London.

Lloyd's of London is renowned throughout the world and provides excellent financial security with a financial rating of "A+" (Strong) with Standard and Poors and "A" (Excellent) with A.M. Best.

Halo Guarantee Insurance Cover

Benefits for the Homeowner

The Halo Guarantee Insurance provides cover to the homeowner in two sections:

Cover Prior to Completion of the Works:

- Loss of deposits if the builder doesn't start the building work*
- Cost to complete the works if they are started but not completed*
- Cover for contract variations during construction provided the variations are agreed to in writing by both you (the homeowner) and the builder*

Cover After Completion of the Works (Defects Insurance Period):

- 10 year cover for structural defects including weathertightness issues caused by the builder or the builder's employees
- 10 year cover for non-structural defects caused by the builder or the builder's employees
- 10 year cover for faulty materials and goods supplied by the builder
- 10 year cover for structural defects caused by the builder's subcontractors (including their employees)
- 10 year cover for non-structural defects caused by the builder's subcontractors (including their employees)

** Please refer to the Halo 10 Year Residential Guarantee Insurance Policy for full details of the policy coverage, exclusions and additional benefits.*

Sum Insured

The Sum Insured under the Halo Guarantee is the Original Contract Price including GST declared on the application form. The Halo Guarantee also provides cover for any contract variations which have been agreed upon in writing by you and the builder prior to completion of work.

When the contracted work has finished the Certificate of Practical Completion (CPC) will capture the value of the variation to the original contract price and any other contract price increases and the sum insured on your final policy schedule will be adjusted accordingly.

Cover Commencement

Cover commences at the date of the signing of the building contract or the commencement of the building works (whichever is the earlier) and ends at the Possession Date or the Completion Date (whichever is the earlier).

The Defects Insurance Period commences on the Possession Date or the Completion date (whichever is the earlier) and ends on the 10th anniversary of that date.

NOTE: If the head contractor builder gives you possession of the dwelling before practical completion, the cover provided during the construction period ceases and the Defects Insurance Period starts. This means you no longer have cover for non-completion from the date of possession.

It is important to check that the Contract Works insurance or Home insurance covers are in place if you take possession prior to completion and if CCC is not yet issued.

Policy Exclusions

There are policy exceptions and exclusions within the Halo Guarantee.

Works that are not covered include:

- Works outside the dwelling and outbuildings footprint
- Work not included in the Building Contract
- Materials not supplied under the Building Contract (ie materials supplied by you the homeowner)
- Works such as landscaping, gardens, driveways and other improvements

Non-Residential Buildings

The Halo Guarantee can also potentially provide guarantee insurance for the likes of:

- Buildings that include small office and/or industrial units, with residential accommodation above
- Farm buildings
- Motel complexes
- Preschool nurseries, play centres and kindergartens

The application will need to be referred to BrokerWeb Risk Services and a special premium and policy excess applied.

Other Additional Benefits

- Other Damage – the cost to repair other damage to the house caused by the defect, up to the full policy sum insured.
- Alternative Accommodation Expenses – up to 6 months reasonable alternative accommodation expenses while the house is being repaired.
- Professional Fees – surveyors, engineers, legal and other fees necessarily incurred to rectify the defect.

Halo Administration

Application Process

Your builder will apply for the Halo Guarantee on your behalf at the time you sign your building contract.

When the premium has been paid you will receive an initial policy schedule detailing your cover, a policy wording, a Certificate of Practical Completion (CPC), a Transfer Request Form (TRF) and a summary sheet outlining what each document is for. No action is required from you – just file these away safely.

Certificate of Practical Completion

When the contracted work has been completed you will be asked to sign the Certificate of Practical Completion (CPC) which will state the final contract value, taking into account any variations and any other contract price increases and also notes the date of practical completion or the date you have taken possession of the property, whichever is the earlier.

The fully completed CPC will be sent to the Halo team at BWRS for processing. You will then receive an updated policy schedule noting the details on the CPC – this policy schedule replaces the initial policy schedule you received.

It is important that the CPC is completed and submitted as this is what triggers the beginning of the Defects Insurance Period (10 years).

NOTE: If no CPC is received cover may default to the completion date and sum insured originally advised on the application.

Transferring to Subsequent Homeowners

The building owner in the Halo policy includes any subsequent owners of the property provided they are registered on the Certificate of Title to the property. Therefore the Guarantee automatically transfers to any subsequent homeowners, irrespective of how many times the property changes hands during its 10 year period of cover.

The automatic transfer gives you a great selling point as you can promote the fact that your home comes with the balance of the Halo 10 Year Residential Guarantee. When the property sells you can simply hand over the documents you have received, ie the policy schedule, wording and Transfer Request Form.



If the new owner or their bank/solicitor wants the policy to be endorsed to show the new owners' names on the policy schedule there is an administration fee (contact the Halo Division at BWRS on 0800 644 444 for this cost). Simply fill out the Transfer Request Form and email it to halo@bwrs.co.nz. The transfer fee will be invoiced and emailed to the appropriate party for payment. When payment has been received the updated policy schedule will be emailed to the new owners.

Claims Process

Any claim under the Halo Guarantee policy must be lodged by you the homeowner, as the owner of the policy. Claims can be lodged by phoning the Halo Division of Archer Group Limited (the Lloyd's Coverholder Representative in New Zealand for the Halo Guarantee insurance) on 0800 644 444 or by emailing claims@archergroup.co.nz and/or halo@bwrs.co.nz.

NOTE: If you do not lodge a claim, the builder is still liable for a defect. Under the Building Act (and other law) the builder is liable for any defects during the 10 year guarantee period irrespective of whether a claim has been made under the policy or not.

Lloyd's is a member of the Insurance Council of NZ and its New Zealand coverholders adhere to the Fair Insurance Code, which provides you with assurance that we have high standards of service to our customers.

