

Non-Negligence Insurance

If you're doing construction work on your property, and the works accidentally damage a neighbouring property you will be responsible for the cost of putting the damage right. Even if the builders or building professionals aren't careless (not negligent) when they are carrying out the work, damage can still happen. Non-negligence insurance helps to protect you against the unexpected costs of putting things right.

Here's a breakdown:

- **What it is:** Insurance for unexpected damage to nearby properties during construction, even if the builders or building professionals (Architects, Building Engineers, Project Managers etc) aren't to blame.
- **Why you might need it:** If you're building near other houses, businesses, or walls shared with neighbours (party walls). This is especially important for things like excavations or swimming pools.
- **What it covers:** Specific damages caused by the construction, like collapse, vibration, or changes in groundwater levels. In some cases, it might cover damage to the building being worked on as well.
- **What it doesn't cover:** Damage that was always going to happen because of the work itself (like cracks arising from vibrations from pile driving during the work).
- **Who can get it:** Both builders and property owners can buy this insurance, but it's usually best for the property owner to purchase it and have control over it.

Here are some extra things to keep in mind:

- **Cost:** The insurance cost depends on the sum insured you choose, the work that you are doing and the proximity and condition of neighbouring properties. You should choose a limit that relates to the value of the surrounding properties. More expensive properties might need higher limits of cover.
- **Making a claim:** To successfully claim, you'll need a detailed report showing the condition of your and the neighbouring properties before construction work began. This helps prove the damage wasn't there before the work started and to establish whether it was foreseeable that damage might occur.

Non-Negligence and Party Wall Insurance

This is a form of cover which came into effect following the Party Wall Act 1996. This insurance can be referred to many names; Party Wall Liability insurance, 21.2.1 insurance, 6.5.1 insurance or Non-Negligence Insurance.

The Party Wall Act 1996

The Party Wall Act makes homeowners in England and Wales responsible for damage caused to a neighbouring property during a building project and provides a framework for preventing and resolving disputes in relation to party walls, boundary walls and excavations near neighbouring buildings.

The act covers new building works on or at the boundary of two properties; Excavation near to and/or below the foundation level of neighbouring properties; Work to an existing party wall or structure. Anyone planning to carry out work of this nature must give adjoining owners notice of the work to be carried out.

Why People Buy Non-Negligence Cover

Typically, non-negligence insurance is used if the project includes works that are in close proximity or on a party wall (shared wall), near to adjoining properties or businesses – for example a tennis or swimming club where the courts or pool adjoin or are located near to where pile driving or excavation works are to be undertaken.

What Non-Negligence Insurance Covers

Non-Negligence insurance covers liability claims that arise for injury to any person or damage to any property, where negligence by the contractor and/or any sub-contractors cannot be clearly established. The cover is specifically for damage resulting from collapse, subsidence, heave, vibration,

weakening or removal of support and lowering of ground water arising out of the contract works. In some cases, cover may also extend to the building that is being worked on.

In plain English if the works that are being undertaken cause loss or damage to others in the vicinity and this results from collapse, subsidence, heave, vibration, weakening or removal of support or lowering of ground water and the possibility of this damage could not have been anticipated by the experts or was not the fault of the workmen, then a claim can normally be made under this policy.

Non-Negligence insurance does not cover damage which can reasonably be foreseen to be inevitable, due to the nature of the work or the way it is carried out. It would not for example cover the cost of repairing cracks in a neighbouring property which are an unavoidable consequence of the building works, but it could cover the collapse of a neighbour's ceiling due to vibration, even if this happens a few months after work is completed, if the ceiling had been inspected prior to the work taking place and was not at that time thought to be vulnerable to damage during the build.

Contractual Requirements

Non negligence insurance may be a contractual requirement of a JCT Intermediate or Standard Contract under Section 6.5.1 (formally known as Section 21.2.1), but property owners using a minor works policy should also consider purchasing cover where there are neighbouring properties that could be affected.

Who Should Buy Cover

The Contractor or the Property Owner can take out this insurance, however it benefits the Property Owner if they have control of it, so ideally it should be arranged and bought by them but placed in joint names.

How Much Cover To Buy

It is important that you consider the value of the properties around you. Cover should be sufficient to cover the worst-case scenario of how much damage could be caused if something went wrong. The limit of indemnity provided starts at £1,000,000, but you may need much more than this if you are building in an expensive urban area.

Condition Surveys

In order to make a successful non-negligence claim, Insurers will expect a schedule of condition to be drawn up which shows the condition of the property to be worked on and the neighbouring properties before the works are undertaken. This should contain pictures and note any pre-existing damage.

This document is essential in a claims situation because the onus is on the property owner (not the neighbour) to prove that the damage that is being claimed for was caused as a result of the carrying out of the works and was not pre-existing or foreseeable. You may struggle to make a claim if you do not have reasonable evidence of condition from an expert (building engineer or surveyor or party wall surveyor) that was collated prior to the work commencing.

Get a Quotation

For a quotation, help or advice call JCT Insurance Expert on **01825 745 410** or email **enquiries@eig.email** Or download, complete a proposal form and send it back to us.



Property Owners and Contract Works Proposal Form



Non Negligence Proposal Form