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All Companies applying for or taking out a Warranty on a New Development with AHCI shall comply with these Rules.

These Rules apply to all Companies applying for registration with AHCI and to all New Developments registered with AHCI. These Rules may be amended from time to time and any such amendments will apply to all New Developments registered with AHCI at any time after notice of such amended Rules has been given.

These Rules are effective from 1st December 2014.

Compliance by the Company with these Rules is a condition precedent to the Underwriter providing insurance for any proposed Residential Property.

Defined terms used in these Rules are as set out in Section 1 of these Rules. Section 1 also sets out the rules of interpretation for these Rules.

These Rules and any dispute or claim arising out of or in connection with them or their subject matter shall be governed by and construed in accordance with the laws of England and Wales.

Scheme Administrator:

AHCI Limited  
0845 900 3969  
sales@ahci.co.uk  
www.ahci.co.uk

*Please read this document carefully as all Companies will have legal responsibilities and obligations under these Rules. If you have queries of any nature then please do not hesitate to contact the Scheme Administrator.*



## 1. DEFINITIONS AND INTERPRETATION

1.1 In these Rules, unless the context otherwise requires, the following terms shall have the following meanings given to them:

<b>Application Form</b>	means the Contract Notification Form or the Proposal Form (as the case may be);
<b>Approved Inspector</b>	any person, sole trader, partnership, company or other organisation authorised by the Construction Industry Council who or which carries out Building Control for the New Development and who or which is registered with AHCI;
<b>Builder</b>	has the meaning given to such term in the Policy;
<b>Building Period Certificate</b>	the certificate issued under the Residential Property Policy by the Scheme Administrator on behalf of the Insurer signifying its agreement to: a) the provision of the insurance cover for Section A of the Policy (if applicable) for the Residential Property during the Building Period; and/or b) the provision of the insurance cover under the other Sections (A, B, C, D and/or E, as applicable) of the Policy, subject to (and commencing upon) the issuance of the Insurance Term Certificate for the Residential Property;
<b>Code</b>	means the Consumer Code for Home Builders, as updated from time to time;
<b>Company</b>	means, as the context shall permit or require: a) the person, firm, company or other organisation whom or which applies to be registered with AHCI in accordance with and pursuant to these Rules; b) the person, firm, company or other organisation whom or which applies for a warranty on a New Development with AHCI; or c) a Developer or a Builder or both of them (and Companies shall be construed accordingly);
<b>Contract Notification Form</b>	means the form so entitled which is submitted by the Company for a proposed New Development in respect of which the Company wishes to effect insurance under the AHCI Scheme;
<b>Defect</b>	has the meaning given to such term in the Policy;
<b>Defects Insurance Period</b>	has the meaning given to such term in the Policy;
<b>Developer</b>	has the meaning given to such term in the Policy under the Residential Property Scheme (or, where applicable, in the Bond);
<b>Disputes</b>	has the meaning given to such term in the Policy;



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<b>Final Certificate</b>	the certificate issued under the Residential Property Scheme by the Approved Inspector following completion of the Building Control function for a Residential Property at the New Development;
<b>Insurance Term Certificate</b>	has the meaning given to such term in the Policy;
<b>New Development</b>	has the meaning given to such term in the Policy (and New Developments shall be construed accordingly);
<b>Policy</b>	means the relevant AHCI policy of insurance issued by the Scheme Administrator on behalf of the Insurer in respect of the relevant New Development;
<b>Policyholder</b>	has the meaning given to such term in the Policy;
<b>Proposal Form</b>	means the form so entitled which is submitted by the Company for a proposed New Development in respect of which the Company wishes to effect insurance;
<b>Registration Form</b>	means the form which is submitted (or, where the context requires, which is required to be submitted) by the Company in respect of its application to be registered with AHCI;
<b>Residential Property</b>	has the meaning given to such term in the Policy;
<b>Rules</b>	means these Rules of Registration;
<b>Site Audit Surveyor</b>	means the surveyor appointed by the Insurer to carry out checks and inspections on behalf of the Insurer (and who, where applicable, issues a Certificate of Approval);
<b>Social Housing Scheme</b>	means the AHCI scheme which provides cover in relation to social housing;
<b>Structural Insurance Period</b>	has the meaning given to such term in the Policy;
<b>Insurer</b>	has the meaning given to such term in the Policy (or, where applicable, in the Bond).



**1.2** In these Rules (unless the context otherwise requires):

- a) the words including and include and words of similar effect shall be deemed to have the words “without limitation” following them;
- b) references to a gender include all other genders;
- c) words importing the singular shall include the plural and vice versa; and
- d) references to a person includes a natural person, corporate or unincorporated body (whether or not having separate legal personality).

**1.3** In the event of any conflict between the provisions of these Rules and the Policy then the policy shall take precedence.

**1.4** The headings in these Rules are for ease of reference only and shall not affect the construction or interpretation of these Rules.

## **2. SUMMARY OF COVER**

### **2.1 BACKGROUND**

The AHCI policy is designed to meet the insurance cover required to be provided in respect of new home warranty schemes in accordance with the Council of Mortgage Lenders Handbook for England and Wales.

AHCI is committed to quality both in terms of ensuring that houses are built to the highest possible standards and also in the standard of service it provides to its customers and business partners.

The Company has to comply with Building Regulations and the requirements of the authorised Building Control Body involved in inspecting their work. These Regulations are statutory requirements and are concerned mainly with health and safety, access for the disabled and conservation of fuel and power issues. For Residential Property(s) insured under AHCI the Building Control function can be undertaken by either Local Authority Building Control or an Approved Inspector.

Approved Inspectors are only able to carry out Building Control of building work involving the creation by new build or conversion of any new dwellings for sale if they are registered with a designated warranty provider. They are required to check that the new dwellings are registered under a designated warranty scheme before undertaking Building Control.

### **2.2 POLICY COVERAGE**

The relevant Policy document should be read carefully and in conjunction with these Rules. The Building Term Certificate issued for each New Development will detail the sections of cover which are applicable. The Building Term Certificate and the Residential Property Initial Certificate should be read carefully and in conjunction with the wording of the Policy.



## 3. ACCEPTANCE OF A COMPANY FOR INSURANCE

### 3.1 REGISTRATION FORM

Before insurance can be incepted, the Scheme Administrator must receive a duly completed and signed Registration Form from the Company. It is a condition of all insurance that the Company pays all fees and other amounts due to the Scheme Administrator on the due date for payment.

Following receipt of the Registration Form from the Company, the Scheme Administrator may, in its discretion:

- a) register the Company with AHCI;
- b) register the Company with AHCI but apply certain conditions to such registration;
- c) decide not to register the Company with AHCI; or
- d) postpone its decision relating to the Company's application for registration until such time as it has sufficient information to make such decision, and the Scheme Administrator will notify the Company in writing as to which of the above is applicable.

The Scheme Administrator reserves the right to ask for any information that it or the Underwriter considers relevant to the Company's application for registration. The Scheme Administrator may also require a technical assessment to be carried out in respect of the Company in relation to the application for registration.

### 3.2 TERMS FOR NEW DEVELOPMENTS

An Application Form must be submitted by the Company in respect of each New Development. The proposed terms for each New Development will be notified separately by the Scheme Administrator following receipt by it of the relevant Application Form and any supporting information requested by the Scheme Administrator.

Where the Company wishes to effect insurance in respect of any proposed New Development, it should forward to the Scheme Administrator a signed quote acceptance, sent with the quotation by the Scheme Administrator for the proposed New Development, and make payment to Scheme Administrator of all applicable sums due. Following receipt of these, the Scheme Administrator will instruct the Site Audit Surveyor to contact the Company to arrange a time and date to initiate the audit process.

Unless otherwise agreed by the Scheme Administrator, the Company must provide the signed quotation acceptance, sent with the quotation by the Scheme Administrator for the proposed New Development, and make payment of all applicable sums due at least three weeks before works are due to commence at such New Development unless an alternative has been agreed in writing.

The Scheme Administrator may cancel any request made in an Application Form, or cancel all or any part of the cover under any Policy if:

- a) construction works at the New Development are not started within one year of the date of submission of the relevant Application Form;



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- b) construction works at the New Development are suspended for a period of more than 90 consecutive days ;
- c) if the Company gives notice (whether or not to the Scheme Administrator) that it has or intends to cease construction works at the New Development, or the Company threatens to do so;
- d) construction works at the New Development are not completed within two years following the completion date specified by the Company on the relevant Application Form; or
- e) the Residential Property/s is sold to any firm, company or other organisation (other than a company within the same group of companies of the company).

### 3.3 CHANGE IN DETAILS

Should any of the details relating to the Company on the original Registration Form or on any Application Form change or should there be any change in circumstances which means that (or could reasonably be expected to result in) such details being misleading or no longer remaining entirely accurate, the Company should notify the Scheme Administrator in writing as soon as possible but in any event within 48 hours of such change.

### 3.4 COMPLIANCE WITH RULES AND POLICIES

It is a condition precedent to the Underwriter providing insurance for any proposed Residential Property(s) that the Company:

- a) complies with these Rules; and
- b) satisfies all applicable conditions of the Policy.

The Company shall be under a continuing obligation to comply with these Rules (including as updated under section 12.9 of these Rules), for all New Developments insured under AHCI. Failure of the Company to comply with these Rules may void, diminish or otherwise affect the insurance provided in respect of the New Developments.

### 3.5 ASSESSMENT OF QUALITY

A continuous scheme of quality assessment shall be in place in respect of the Company and each New Development. The following procedures shall apply in respect of such assessments:

- a) the Site Audit Surveyor will carry out a design check on each New Development and each Residential Property type;
- b) after each visit to site, the Site Audit Surveyor will complete a site inspection report;
- c) the performance of a Company in respect of each New Development will be continuously assessed;
- d) on completion of each New Development, an assessment will be made of the quality of the work on the New Development;
- e) the assessment for each New Development will be electronically stored and an on-going assessment of quality will be made.

### 3.6 CONDITIONS OF REGISTRATION



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Without prejudice to Sections 3.1 and 3.4 of these Rules, the Underwriter may require, at its discretion, any one or more of the following before providing any insurance for a New Development:

- a) a signed Developers Indemnity Agreement from the Developer (or proposed Developer);
- b) a signed Builders Counter Indemnity Agreement from the Builder (or proposed Builder);
- c) a signed Builders Indemnity Agreement from the Builder (or proposed Builder);
- d) security for any indemnity required by the Underwriter in one or more of the following forms (at the discretion of the Underwriter):
  - i. a bond executed by a bank, insurance company or other surety acceptable to the Underwriter;
  - ii. an amount held in Escrow;
  - iii. a personal, parent or cross company guarantee and/or indemnity relating to the obligations of the Company under these Rules and/or one or more of the documents referred to in this Section (3.6) of these Rules;
- e) evidence that the Company has satisfied any applicable conditions of a Policy which has been issued previously or which is proposed to be issued in respect of the New Development.

Where the Scheme Administrator registers the Company with AHCI subject to certain conditions, those conditions shall apply in addition to the provisions of these Rules and all references to these Rules shall be deemed to include reference to such conditions. The Scheme Administrator may, on giving written notice to the Company at any time, remove or vary any such conditions in its discretion. In the event of any conflict between the provisions of these Rules and any such conditions, then such conditions shall prevail.

### **3.7 ESCROW ARRANGEMENTS**

All monies held in Escrow will be held separately by an independent escrow agent who will release the monies held upon the sole instructions of the Scheme Administrator to either the Company or the Underwriter (as appropriate).

### **3.8 LIMITS ON NUMBER OF Residential Property**

The Underwriter may at its discretion and at any time impose a limit on the number of Residential Property that can be registered by the Company.

### **3.9 REGISTRATION FEE**

In order to be and remain registered with AHCI, an annual registration fee must be paid by the Company, if applicable. This fee is payable for each year (or part year) that the Company is registered.

The Company shall not in any circumstances be entitled to any refund or repayment of all or part of the registration fee.

Failure to maintain registration will mean that no cover will be offered by AHCI and therefore no certification will be issued which the Company may require for any New Development.



## 4. THE TECHNICAL AUDIT

### 4.1 THE ROLE OF THE SITE AUDIT SURVEYOR

The Site Audit Surveyor is engaged by (and for the purposes of these Rules works solely on behalf of) the Underwriter to assess the quality of each Residential Property in order to determine whether it represents a standard risk to the Underwriter. To achieve this they will check whether Residential Property have been constructed in accordance with the technical requirements. The checks will not be exhaustive and the Site Audit Surveyor will be carrying out random checks on the Residential Property.

The Company must notify the Scheme Administrator, sufficiently in advance, of the expected dates of each relevant stage of construction of each Residential Property to enable all inspections and technical investigations referred to in these Rules and the agreed inspection process to take place at the appropriate time.

For the avoidance of doubt the Site Audit Surveyor will have no liability to any party other than the Underwriter in the event of defects being discovered during the Defects Insurance Period or Structural Insurance Period and it is the sole responsibility of the Company to ensure that each Residential Property is constructed using good industry practice and materials.

The Site Audit Surveyor will also be monitoring the standard of construction for each New Development, as outlined in Section 3.5 of these Rules.

### 4.2 CHECKS CARRIED OUT BY THE SITE AUDIT SURVEYOR

Where appropriate the Site Audit Surveyor will carry out the following checks on the Residential Property:

- a) a plan check;
- b) a check of calculations;
- c) a review of the historical records for the site;
- d) a check on the site investigation procedures and reports;
- e) a review of any remediation measures and subsequent verification procedures;
- f) visits to site to check standards of construction;
- g) checks on materials or components used in the construction;
- h) checks that relevant guarantees and warranties required from third parties are received;
- i) checks on the standard of construction.

These reviews and checks should not be relied upon by the Company to confirm that the construction and design and materials of the Residential Property complies with Building Regulations and all relevant legislation applicable at the time each New Development is started. The Company accepts that it has not, and will not place any reliance on such checks and reviews to satisfy itself that this is the case.

### 4.3 CERTIFICATES OF APPROVAL

If in the opinion of the Site Audit Surveyor a Residential Property represents an acceptable standard risk to the Underwriter and complies with the technical requirements, they will issue an Insurance Term Certificate to the Scheme Administrator. Receipt of a Certificate of Approval will allow the Scheme Administrator to issue the Insurance Term Certificate for the relevant Residential Property, subject to satisfaction of all applicable conditions of a quotation, the Policy and these Rules.





## 4.4 COMMUNICATION

The Company must notify the Scheme Administrator immediately on becoming aware of any matter which could result in any Residential Property not meeting any of the requirements required to obtain a Certificate of Approval.

The Site Audit Surveyor will communicate directly with the Company to obtain information about any technical issues involved in the design and construction of the relevant Residential Property(s). The Company shall keep the Site Audit Surveyor, who has been appointed to a New Development, advised of any changes in the timetable or changes in design or any matter which may affect the insurance which is to be provided.

The Site Audit Surveyor will from time to time issue reports to the Scheme Administrator and copies of site inspection reports will be forwarded to the Company.

Communication regarding all matters other than technical issues involved in the design and construction of a New Development shall be between the Scheme Administrator and the Company or any intermediary acting on the Company's behalf.

## 4.5 DISPUTES

If in the opinion of the Site Audit Surveyor any item does not comply with the functional requirements to obtain a Final Certificate they will advise the Company accordingly. Should the Company disagree with the opinion of the Site Audit Surveyor the matter shall be referred to the Scheme Administrator's Technical Services Department who will review the case further. If a satisfactory conclusion is not forthcoming, the matter shall be referred to an Independent Expert or Arbitrator at the choice of, and to be appointed by, the Royal Institution of Chartered Surveyors ("RICS").

The decision of such Expert or Arbitrator shall be binding on the Site Audit Surveyor and the Company. If such decision upholds the opinion of the Site Audit Surveyor then the Company shall be responsible for all the costs of the referral to the Expert or Arbitrator and any additional costs incurred in carrying out the remedial works necessary to ensure that the relevant Residential Property(s) complies with the requirements to obtain a Final Certificate. If the decision of the Expert or Arbitrator upholds the opinion of the Company then the Scheme Administrator will meet the costs of the referral to the Expert or Arbitrator but will not be responsible for any other costs.

## 5. NOTIFICATION AND COMMUNICATION

### 5.1 COVER

For a Policy under the Residential Property Scheme:

- a) the Development Building Period Certificate and the Residential Property Building Period Certificate each detail the sections of the Policy for which cover will be provided for both the New Development and each Residential Property;
- b) the Building Period Certificate confirms the cover provided under Section A of the Policy (subject to satisfaction of all applicable conditions of the Policy);
- c) no insurance cover shall apply in respect of Sections B, C, D and E of the Policy unless



and until a Certificate of Approval has been issued by the Site Audit Surveyor and where applicable a Final Certificate has been issued by the Approved Inspector and subject to satisfaction of all applicable conditions of the Policy.

If Building Control has been undertaken by an Approved Inspector and:

- a) a satisfactory final inspection has been carried out by the Site Audit Surveyor; and
- b) the Approved Inspector has confirmed that they are not aware of any circumstances that would restrict their ability to issue a Final Certificate, then:

A Certificate of Insurance will be issued to the Policyholder after issue of the Cover Note, provided that a Certificate of Approval has been issued by the Site Audit Surveyor and, if applicable, a Final Certificate has been issued by the Approved Inspector and subject to satisfaction of all applicable conditions of a quotation and the Policy.

## 5.2 DEVELOPERS NOT ACTING AS BUILDERS

Where a Developer (or proposed Developer) is not actually constructing the relevant Residential Property(s) which the Developer (or proposed Developer) wishes to be insured under AHCI:

- a) the Builder (or proposed Builder) who will be constructing such Residential Property(s) must also be registered with AHCI and must comply with these Rules accordingly; and
- b) it is the sole responsibility of the Developer to ensure that each property is constructed in such a way as to ensure it will obtain a Final Certificate.

In respect of a Policy under the Residential Property Scheme:

- a) the Developer shall be responsible for any claims arising under Section A of the Policy; and for any claims that are accepted by the underwriter in years one and two from the date of the final certificate.
- b) the Policy will cover the interests of the Policyholder under Sections C, D and E of the Policy (as applicable) and the Developer confirms and agrees that the Underwriter will retain all rights of subrogation against the Builder under all applicable sections of the Policy.

## 5.3 DEVELOPERS ALSO ACTING AS BUILDERS

For the avoidance of doubt, where a Builder (or proposed Builder) is also a Developer (or proposed Developer), these Rules and the applicable provisions of a Policy which refer to a Developer apply also to the Builder (or proposed Builder) in its capacity as a Developer (or proposed Developer) in particular clause 5.2.

## 5.4 BUILDING STANDARDS

All Residential Property must be built in accordance with the highest standards so as to ensure they will obtain a Final Certificate.

## 5.5 SALE OR RENTAL OF HOME



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For the Residential Property Scheme the Company must immediately notify the Scheme Administrator in writing when any Residential Property is sold or rented out by the Company, giving full details of the relevant purchaser or tenant. The Company must also promptly supply such other information required by the Scheme Administrator in respect of such sale or rental.

## 5.6 CHANGE IN VALUE

Should the actual sale price of a Residential Property exceed the estimated market value specified on the relevant Application Form then the Company must notify the Scheme Administrator in writing when giving notice under Section 5.5 of these Rules. The Scheme Administrator reserves the right to charge an additional premium with regard to the increased value of such Residential Property.

## 5.7 CHANNELS OF COMMUNICATION

If the Scheme Administrator receives an application for insurance from a FCA approved intermediary on behalf of the Company, the Scheme Administrator will issue correspondence regarding applications for insurance and terms for the relevant New Development via the intermediary. Information passed to the intermediary will be deemed to be in the knowledge and possession of the Company. Any technical queries may nevertheless be raised directly with the Company, where considered appropriate by the Scheme Administrator.

The Site Audit Surveyor will communicate directly with the Company or its representative regarding the design check and inspections conducted by the Site Audit Surveyor. The Site Audit Surveyor will issue reports and a Certificate of Approval only to the Scheme Administrator.

## 6. THE COMPANY'S RIGHTS AND RESPONSIBILITIES

### 6.1 THE COMPANY'S RESPONSIBILITY FOR THE WORK OF OTHERS

As between the Company and the Underwriter, the Company shall be wholly responsible for the design adopted for a New Development and for the workmanship of any third party (including, where a Developer is not actually constructing the relevant Residential Property(s), the relevant Builder).

### 6.2 SUPPLY OF INFORMATION

The Company shall promptly supply, or arrange for the supply of (free of cost to the Site Audit Surveyor, the Scheme Administrator and the Underwriter) all or any of the following upon request from the Site Audit Surveyor:

- a) relevant drawings;
- b) relevant calculations, including (for example) structural calculations, thermal calculations, condensation risk calculations and mechanical engineering calculations;
- c) historical checks on sites;
- d) reports supplied by professionals or other parties regarding a New Development;
- e) guarantees and insurance warranties required from third parties, including (for example) in respect of basement design, roofing and commissioning of heat producing appliances;
- f) other information reasonably required by the Site Audit Surveyor.



In addition, the Company shall ensure that the Site Audit Surveyor has full access to each New Development.

## 6.3 RESPONSIBILITY DURING THE DEFECTS INSURANCE PERIOD

The Company is responsible to the Policy Holder during the Defects Insurance Period for any failure to comply with its obligations and has a defect covered under the Policy identified by the Householder or the company itself.

The Conciliation Service procedure set out within the Policy is intended to facilitate the resolution of disputes between the Policyholder and the Company. The Company shall participate in the Conciliation Service whenever requested by the Scheme Administrator in respect of any dispute between the Company and a Policyholder.

Any disputes between the Policyholder and the Company that fall outside the Conciliation Service may qualify for referral to the independent resolution scheme under the Code. Further details of the Code are available in Section 7 of these Rules.

Whenever the Underwriter has to meet any claim to remedy a Defect by the Company, the Underwriter shall be entitled to:

- a) issue proceedings for the recovery of any payments made;
- b) recover under any indemnity provided by the Company to the Underwriter on demand; and/or
- c) recover under any bond, undertaking or guarantee provided to the Underwriter on demand.

## 7. CONSUMER CODE FOR HOME BUILDERS

### 7.1 INTRODUCTION

The Code applies to all Home Builders (as defined in the Code) who accept reservations (a written statement of intent or contract to purchase a home) from a home buyer for a new or newly converted home on or after the 1st April 2010 and which has been registered with a Home Warranty Body (as defined in the Code).

The Code sets requirements that all Home Builders must meet when marketing and selling homes as well as in their after sales customer service.

The purpose of the Code is to ensure that home buyers:

- a) are treated fairly;
- b) know what service levels to expect;
- c) are given reliable information upon which to make their decisions;
- d) know how to access a speedy, low-cost dispute resolution arrangement if they are dissatisfied.

### 7.2 TERMS OF REGISTRATION



It is a requirement of these Rules that the Company:

- a) (to the extent applicable to it) complies with the requirements of the Code;
- b) (to the extent applicable to it) adopts equal or better standards of good practice, procedures and information as are detailed in the guidance for each requirement of the Code; and
- c) honours any award made against it under any independent dispute resolution scheme.

Where a Company is found to be in breach of the Code, the Underwriter may (without prejudice to any other rights or remedies it may have) terminate the Company's registration under AHCI.

Copies of the Code and appropriate guidance can be viewed or downloaded from our website, [www.ahci.co.uk](http://www.ahci.co.uk), or by accessing [www.consumercodeforhomebuilders.com](http://www.consumercodeforhomebuilders.com).

## 8. CONDITIONS OF INSURANCE

### 8.1 ACCEPTANCE OF A NEW DEVELOPMENT

Acceptance of the Company for registration with AHCI does not mean that any insurance will be offered in respect of any New Development. The Scheme Administrator shall advise the Company whether or not the Company may take out any warranty under AHCI in respect of any New Development. The Scheme Administrator reserves the right to consider each New Development on its technical merits. Similarly, any offer of insurance in respect of any New Development does not mean that any insurance will be offered in respect of any subsequent New Development. The Underwriter may in its absolute discretion decide whether to offer or refuse insurance (and to decide the terms of any applicable offer of insurance) in respect of each New Development.

### 8.2 NEW DEVELOPMENT ACCEPTANCE PROCEDURE

Once the Company has accepted a quotation for insurance for a New Development and has paid the applicable premium, the terms as put forward on the quotation will apply unless:

- a) the Site Audit Surveyor is unable to issue a Certificate of Approval for the New Development or Residential Property(s);
- b) where applicable, a Final Certificate has not been issued by the Approved Inspector;
- c) there is any material change in the status of the Company or any information supplied by the Company in support of its application for such insurance;
- d) the Underwriter becomes aware of any information that in their opinion would have influenced their decision to provide a quotation for a New Development; and/or
- e) there is a low quality assessment score for other New Development(s) of the Company.

In any of the above circumstances, the Underwriter reserves the right to amend or withdraw the terms of its quotation or any offer to provide insurance under AHCI.



## 8.3 PAYMENT OF PREMIUM AND AUDIT FEE

The Scheme Administrator will send an invoice to the Company in respect of the premium and any other fees specified on the quotation. The Company must send payment to the Scheme Administrator. For the avoidance of doubt, no insurance will be effected unless such payment is made.

No payment terms or credit facilities will apply unless otherwise agreed by the Scheme Administrator in writing.

If, where applicable, the fees of the relevant Site Audit Surveyor are not paid, a Certificate of Approval will not be issued and cover will not be effected under Sections B, C, D and E of a Policy under the Residential Property Scheme;

If the Company does not, within a reasonable time, pay the premium and any other fees specified on the quotation in respect of cover under Section A of a Policy under the Residential Property Scheme or for the Insolvency of the Builder Endorsement under the Social Housing Scheme, the cover will not be provided.

## 9 DISPUTE RESOLUTION IN RELATION TO THE DEFECTS INSURANCE SECTION OF THE POLICY

- 9.1** The Company shall use its best endeavours to negotiate in good faith and settle amicably any dispute with a Policyholder that may arise out of or in relation to Section A of a policy and or any accepted claim made in the first two years from the date of Final Certificate.
- 9.2** If the Company fails to remedy any Defect and any resultant damage notified to it or the Policyholder is not satisfied with its response then the Scheme Administrator may, at its sole discretion, offer the Conciliation Service.
- 9.3** In the event of a valid claim under Section B of a Policy under the Residential Property Scheme or Section A of a Policy under the Social Housing Scheme (as the case may be), the Underwriter may, at its sole option, either pay the cost of repairing, replacing or rectifying any Defect and any resultant damage to the Residential Property or itself arrange to have such Defect and any resultant damage to the Residential Property corrected.

## 10. MISCELLANEOUS

- 10.1** These Rules (together with the other documents referred to in these Rules, to the extent applicable) contain the entire terms and conditions upon which a Company will be, or will remain, registered under AHCI and supersede any prior rules or other terms and conditions relating to the subject matter of these Rules. The Company acknowledges and agrees that it has not relied upon any oral or written representations made to it by the Underwriter or the Scheme Administrator or their respective employees or agents which are not set out in these Rules and that it has made its own independent investigation into all matters relevant to it.
- 10.2** The Scheme Administrator will send all notices to the Company at the address on the Registration Form submitted by the Company (or as otherwise notified by the Company to the Scheme



Administrator from time to time). The Company must send all notices to the Scheme Administrator. Any notice to be served shall be sent by first class post or by facsimile or by electronic mail and shall be deemed to have been received by the Company within 72 hours if posted or within 24 hours if sent by facsimile or by electronic mail.

**10.3** Without prejudice to the generality of Section 3.3 of these Rules, the Company must immediately inform the Scheme Administrator if it:

- a) commits a breach of these Rules;
- b) ceases or threatens to cease trade;
- c) is unable to promptly discharge its debts in full;
- d) is a sole trader and ceases to trade in such capacity;
- e) is a partnership and there is a change in its partners or membership;
- f) is a company and any of its directors cease to be directors or any new directors are appointed or anyone acquires or sells more than 10% of its issued share capital.

**10.4** The Scheme Administrator may immediately terminate the Company's registration with AHCI on giving written notice to the Company if any of the circumstances referred to in Section 10.3 of these Rules exists or if the Company does anything or any other circumstances exist in relation to the Company which (in the opinion of the Scheme Administrator) may damage the business, interests or reputation of the Scheme Administrator or the Underwriter.

**10.5** The Company shall, during and after its period of registration with AHCI, indemnify the Scheme Administrator and the Underwriter on demand and keep the Scheme Administrator and the Underwriter fully indemnified and held harmless from and against all actions, proceedings, claims, demands, losses, costs, expenses (including legal expenses on an indemnity basis), awards, damages and payments incurred or suffered or paid by the Scheme Administrator or the Underwriter as a result of or in connection with:

- a) any failure of the Company to comply with (or any delay by the Company in performing) any of its obligations under these Rules or the Policy; and/or
- b) any other act or omission (including negligence or breach of any laws) of the Company (or its employees, agents or sub- contractors) in the performance or contemplated performance of these Rules or any matter connected with the Policy.

**10.6** The Scheme Administrator shall be entitled to charge fees for administering any claims made under the Defects Insurance Period of a Policy. The Company shall pay such fees on demand at the Scheme Administrator's standard rates applicable at the relevant time (details of which are available on request). The Company shall not in any circumstances be entitled to any refund or repayment of all or part of such fees.

**10.7** The Scheme Administrator may without notice to you combine, consolidate or merge all or any of your liabilities to the Scheme Administrator or the Underwriter and may set off or transfer any sums



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from time to time owed to you by the Scheme Administrator in or towards the satisfaction of any of those liabilities.

- 10.8** If the Company fails to pay any amount payable by it under these Rules, the Scheme Administrator may charge the Company interest on the overdue amount from the due date up to the date of actual payment, after as well as before judgment, at the rate of 5% per annum above the base rate for the time being of the Bank of England. Such interest shall accrue on a daily basis and be compounded quarterly and the Company shall pay the interest immediately on demand.
- 10.9** The Scheme Administrator may at any time replace or modify these Rules after giving reasonable notice to the Company and the Scheme Administrator will notify the Company of the effective date of the replacement or modified Rules. For the avoidance of doubt, the replacement or modified Rules shall have full force and effect (and be binding on the Company accordingly) with effect from and including such effective date.

## 11. ONGOING OBLIGATIONS

The member confirms by signing this membership form that they are required for the first 2 years of cover to repair at their cost any defects covered by the policy in a timely manner and irrevocably undertakes to meet these obligations in full for the first 2 years of cover being incepted on each residential property.