



FEDERATION OF
**MASTER
BUILDERS**

INSURANCE



HOMEOWNER GUIDE

Insurance Backed Guarantees

Valuable Consumer Protection

An Insurance Backed Guarantee (IBG) is an insurance policy which provides valuable protection for consumers when undertaking home improvement projects.

The purpose of an Insurance Backed Guarantee is to honour the terms of the written guarantee, originally issued by the contractor, where that contractor has ceased to trade as defined within the policy document and is therefore unable to satisfy claims against that guarantee.

Why is an IBG important?

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Many contractors will be happy to guarantee their work against defects in workmanship or materials for **up to 10 years**.



If a defect arises in the works, the contractor will normally honour their responsibilities by attending to the defect at **no cost to you**, as set out in their written guarantee.



Although a contractor's written guarantee sets out their **obligation to rectify defects** in works carried out by them, it cannot guarantee that they will always be around.



If a contractor **ceases to trade**, and defects subsequently develop in any works, the contractor's written guarantee, although made in good faith and with the best of intentions, would be useless.

What Happens if I don't have an Insurance Backed Guarantee?

Hopefully, your chosen contractor will always be there to respond to any problems that may arise over the period of their written guarantee, and as such will perform any remedial works required.

However, even the most financially sound company can fail in uncertain economic times.

If you do not have an Insurance Backed Guarantee then you may incur substantial costs in the future if faults arise in the works.

What does an Insurance Backed Guarantee cover?

An Insurance Backed Guarantee provides protection to the customer in the event that the original contractor ceases to trade for reasons such as Liquidation, Receivership, Administration or the winding up of the business owing to the Bankruptcy, State Retirement or Death of the Principal(s).

If a fault is discovered in the insured works after the contractor has Ceased Trading for specified reasons and they are unable to honour their guarantee then FMB Insurance should be notified.

In the event of a claim, the Policy Holder would be asked to complete a simple claim form and a report would then be prepared by another contractor. This would determine the cause of the problem as well as the cost of repair.

If the fault falls under the terms of the original contractor's written guarantee, and the terms of the Policy of Insurance, then the Insurance Backed Guarantee would meet the reasonable cost of rectifying the defects up to a limit of the original contract price.

What is the Policy Term?



FMB Insurance can offer Insurance backed guarantees for either **2, 6 or 10 years** which will run from the date of completion of works.

The policy term is set out within the policy documents and is normally the period stated on the policy document, or the length of the contractor's original written guarantee; whichever is the lesser.



Is the cover transferable?

If the contractor's written guarantee states that it is transferable to subsequent owners of the property then the insurance cover will also be transferable upon the payment of an administration fee, as specified within the Policy of Insurance.

If the contractor's written guarantee does not state that it is transferable, then the Insurance Backed Guarantee, also, cannot be transferred.

General information

Please note that this is a general information leaflet only and you should always refer to your own Policy of Insurance and Insurance Product Information Document to confirm the insurance cover that has been provided to you. No insurance cover is in place until a certificate of insurance has been issued.



Find out more

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