

# Building alterations or additions – Who is responsible for insurance?

One common misconception is that the client's household policy covers the existing structure when completing this type of work, however, in most cases while property is undergoing alterations and additions only a limited amount of cover is available.

Your company may be at risk for any damage caused to the existing structure either during the course of alterations or by accident.

For example:

As part of your construction you remove a section of the client's roof and tarp the section. Overnight a severe storm occurs and causes water damage to the existing structure. While you have done everything in your power to prevent damage your client may argue your company is responsible.

Your public liability policy **will not cover amounts you feel morally obliged to pay, unless you are considered legally liable** (negligent) for the damage. If it is found that you have not caused the damage your client cannot hold you responsible, putting them greatly out of pocket for the repairs.

**Or, if you are found to be negligent you will be required to pay.** And, a general public liability policy will only pay the "indemnity value" (market value) of the damaged existing structure/property, rather than "replacement value" (new for old), potentially costing you tens of thousands of dollars.

Before beginning a job to protect both you and your client it is important to discuss insurance responsibilities. If you are unsure about the situation contact your HIA Insurance office.

## YOUR INSURANCE CHECKLIST

- Check with your client to see if their **household policy will cover the existing structure during an alteration, addition or renovation**
- Agree in writing **who is responsible for insuring the existing structure**, at what sum insured, and on what basis (market value or replacement value)
- Ensure **you** are covered while under construction against a range of risks, inc. fire, storm, theft and malicious damage
- Ensure your client secures property (such as curtains and blinds) from the area during the construction period as **these items will not be covered**
- Speak to your local HIA Insurance representative** if you have any further questions

NSW	1300 200 201	VIC	1300 554 227
SA	1300 600 601	TAS	1300 500 501
ACT	1300 400 401	WA	1300 800 801
QLD	1300 700 701		



Insurance services

YOUR INSURANCE PARTNER