

LATENT DEFECTS INSURANCE

Protection far beyond practical completion



Hidden faults and defects can be catastrophic in property development. Whatever you do, you need protection – for your projects, your asset value, your balance sheet – and your reputation.

What is latent defects insurance (LDI)?

After the prescribed defects liability period (DLP) ends, in the case of any defects being found in the building, the owner could seek damages for breach of contract or negligence.

But what if the problem is caused by defective materials? What if serious, hidden flaws are found 2, 5 or 9 years after practical completion? How can you protect against the unknown?

That's where latent defect insurance steps in.

You'll be protected as soon as a defect is discovered – without needing to prove or admit negligence.

LDI also covers any unexpected threats of structural damage, protecting you against structural issues or building defects that may arise in the future.

What does LDI cover?

Providing essential protection, LDI specifically covers issues that arise from structural defects in design, materials or workmanship which were unknown at completion.

LDI can provide cover for:

- Structural defects – including those in the design, materials, workmanship and specifications
- Water ingress caused by defective waterproofing in the building envelope
- Mechanical and electrical failures caused by defects
- Consequential damage to non-structural elements
- Loss of rental income, with revenue protection for owners and landlords
- The cost of any immediate remedial action in the threat of collapse
- Up to 12 years of potential indemnities from latent defects and structural issues

LDI is protection against the unforeseeable, meaning known defects, wear and tear and accidents are excluded.

Reduce your risk, enhance your reputation.

LDI is the assurance many tenants and finance providers look for. You'll de-risk your balance sheet, protect your assets against costly court cases and safeguard your investments for years to come.

It also protects you against complicated litigation around cause of action. Less time on the 'what, when and where' of the past, more time on building the future.



1

Risk Information Gathering

2

Quote Indication and Cover Proposal

3

Deposit Payment

4

Appointment of Technical Inspection Surveyor

5

Project Commencement and Breaking Ground

How does it work?

On receipt of risk information insurers provide a quote and commitment to cover, subject to receipt of deposit premium.

Prior to breaking ground, your insurer will recommend a specialist engineer to visit your site over the course of the construction to monitor and report on any issues or potential defects.

Once signed off at practical completion, a formal offer of cover can be made.

The LDI policy is fully transferrable to any new owner during the policy period.

We tailor coverage to the specific risks of your project, ensuring your investment is always safeguarded for the future.

What kind of businesses need LDI?

- Property owner or Landlord
- Commercial or residential real estate developer
- Urban redevelopment company
- Financier or lender
- Commercial tenant

LDI could be the key to the future success of your property business.

With latent defects insurance, you're not just building for today – you're building a stronger tomorrow.

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