

Consumer Code of Practice

Advantage Home Construction Insurance (AHCI) Ltd

Structural Defects Insurance

19 June 2019

Background information

AHCI Limited was formed in 2014 and provides structural defects insurance to the construction industry. AHCI achieved Stage two approval in June 2018 and from May 2016 new members who fall within the scope of the Code must sign up to it to obtain insurance cover. AHCI believes the code ensures that their members provide the highest levels of customer service and protection with their structural defects insurance policies.

In the event of any dispute or complaint by the homebuyer regarding the member's conduct, AHCI provides a mediation service initially via their Compliance team. If mediation fails to resolve the homebuyer's issues, they can access an independent Alternative Dispute Resolution (ADR) service.

AHCI has members across the UK. In the last year AHCI has 427 new members that are applicable to the Code, with a total of 1656 policies inceptioned.

Audit Process

The focus of the audit was on:

- code management, processes and procedures
- guidance to support members to implement the code
- documents provided by members relevant to the code
- the mechanisms in place for dealing with consumer feedback
- support for vulnerable consumers
- issues relating to pressure selling
- mediation and ADR
- the disciplinary & sanctions process

Summary

AHCI demonstrates continued commitment to the code and has made extensive and beneficial changes since the audit in November 2018. The first Annual Report was published in June 2019.

AHCI members are keenly aware of the requirements to comply with the code. Its members understand that if they are found to be not compliant with the Code the insurance is not provided and the consequences on their business of non-supply of the new home warranty, is significant.

Member Application Process

All applications are assessed by the AHCI team. The application process includes checks of the validity of the company with HMRC, a company report is requested from Credit Safe – if the company score is below 25 then company accounts are requested for examination and assessment of fluidity, AHCI records are checked for behaviour in relation to previous projects. The same checks are made each time the member applies for insurance for a new project.

Some members of AHCI, due to the type of project they are working on eg build-to-let, projects covered by an Architects Certificate, investment properties (not for sale), retrospective, self - builds and some housing association schemes are exempt from compliance with the Consumer Code.

Member Monitoring

Since the last audit AHCI has recruited new personnel into the Compliance Team to take responsibility for Code Administration and member monitoring.

The members audit has recently been completely relaunched and is now wholly on-line. The member is made aware of the requirement to complete the audit at the point of inception of the policy at which the Home Construction Insurance is agreed. When AHCI is notified that the build is complete the log-in details for the audit are sent out by email.

If the member claims to be exempt from compliance with the Code and therefore does not have to complete the audit, they are immediately prompted to email or call the Compliance Team for this to be assessed and agreed.

As the member progresses through the online audit, it is possible for them to 'Save and Continue Later'. The compliance team has sight of how the audit is progressing and has a process in place to chase members to ensure completion.

The audit includes the up-loading of up to seven documents. AHCI plans within the next 12 months to expand their internal CRM system to encompass the audit

process. When this is complete these documents will be uploaded directly into each member's folder, rather than this having to be done manually by the Compliance Team.

Best Practice:

The content of the audit is dramatically improved, the number of questions has been streamlined removing duplication. The online facility has been developed specifically with the users in mind with the Save and Continue Later facility allowing members, who are likely to be busy on their building site, the opportunity to repeatedly return to the audit until it is complete.

Currently AHCI employs eight surveyors and use a pool of independent surveyors (all with appropriate Professional Indemnity Insurance, experience and qualifications) totalling a team of 30. The surveyors carry out up to five site visits during the period of the build. The five stages are foundations; ground floor oversite, first floor joist/roof; pre-plaster and completion. If all of these inspections are satisfactory then the insurance documentation can be issued.

Withdrawal from membership and non-compliant businesses

AHCI has a Disciplinary and Sanctions Panel to take responsibility for considering allegation of a serious breach of the Consumer Code.

Any non-compliances are escalated to the compliance team. In the event of cancelled membership, the policy remains in place to leave the consumer protected.

Marketing and Advertising by Member Business

Code promotion is essential to the success of the Code as it informs the consumer of their enhanced protection. AHCI was able to show how it promotes the Code in its marketing material and requires it to be on display by members. Evidence of this is requested at the audit. Advantage supplies banners, evidence of them in use was provided at audit.

Terms and Conditions and other Pre-Contractual Information

The Code requires that terms and conditions and pre-contractual information must be supplied for assessment. Policy documents and associated paperwork are supplied to the Policy holder upon inception. Different documents are supplied for different insurers.

Customer Service Provisions

Providing support for vulnerable consumers is a key requirement of the Consumer Code Approval Scheme. The AHCI Code includes this requirement and the new audit regime gives the example of someone who does not have English as their first language to assist members. AHCI is prepared to support any members who have any such issues, but no support has been requested to date.

Consumer Complaints Process

AHCI currently has 6-8 cases ongoing. The Disciplinary and Sanctions Panel is set up and can deal with these issues if required.

Customer Satisfaction and Feedback

AHCI sends the customer satisfaction survey directly to the consumer following receipt of their contact details from their solicitor. The survey is sent out with their insurance certificate and a pre-paid envelope for return. AHCI send two letters (with pre-paid envelopes) chasing the completion of the survey. They are considering putting the survey online.

Conclusion

Since the audit in November 2018 AHCI has made great improvements in the monitoring of members. Now that the new scheme is in place the monitoring can begin in earnest. The success of the new systems will be evident at the next audit.