

CONTRACTORS AND PROPERTY OWNERS

LEADERSHIP & INNOVATION



Protecting Your Real Estate Renovation

With the property market booming in many parts of Asia, demand for renovation insurance is soaring too

Hong Kong's home prices keep climbing higher, up 11% since the start of 2017 to continue a nine-year bull run. Commercial property prices in the city have also set a slew of records this year. Unsurprisingly, Hong Kong was ranked the least affordable city to buy a home, according to the UBS Global Real Estate Bubble Index, which points to the fact that as real incomes have virtually stagnated in Hong Kong for many years, so housing is less affordable than in any other city surveyed. Meanwhile, a series of blockbuster land deals in Singapore this year signal the city-state's property market is set to break out of its prolonged slump in 2018.

Against this backdrop, the property renovation market is gaining pace too. With the cost of acquiring and maintaining real estate representing a more significant outlay than ever, owners, builders and contractors are looking to protect their investments and the projects they undertake.

In light of these developments, Allied World is now offering renovation insurance packages in both Hong Kong and Singapore, aimed at a diverse segment of the market, ranging from small apartments, larger residential properties to commercial real estate such as restaurants, offices, factories and warehouses.

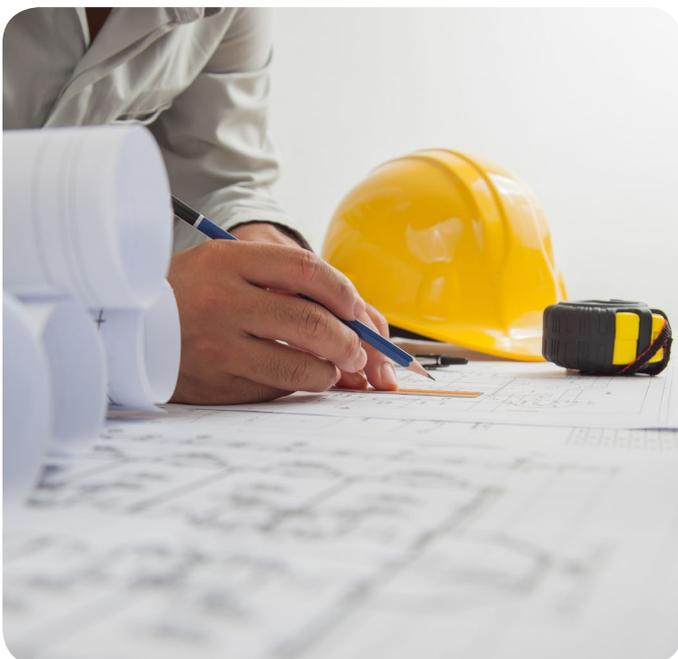
Broad coverage

But what exactly is the appeal of this type of cover?

Contractors and property owners face a range of risks during interior decoration works, defined as renovation, refurbishment / retrofitting works, including mechanical and electrical works, alteration and addition works. Inevitably, accidents can happen that might result in loss or damage to the property or that of a third party. There are risks to people too: if something goes wrong during the project, employees, workers or members of the public can be injured or taken ill.

Most contractors will need to have an insurance policy in order to fulfil the requirements of the contract. The scope of cover should include Contractor's All Risk insurance, which falls into two categories, material damage and third party liability. In addition, contractors will need workers' injury compensation insurance to cover their obligations to their employees.

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Extra protection

Property owners can also now look for comprehensive insurance solutions that include a performance bond – like our Renovation 360 package in Hong Kong – that protects them against the risk of the contractor becoming insolvent. This is a surety bond issued by an insurance company or a bank to guarantee satisfactory completion of a project by a contractor, based on the requirements of the tender. It is conditional upon the beneficiary proving the contractor has not performed before the bond pays out. Given the spiralling cost of property, and the time, effort and resources required to renovate it, protection of this kind provides very real peace of mind.

For more information about Allied World's market leading Renovation Package solutions for home owners and contractors please visit us at:

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Andy has more than 15 years of experience in SME and Personal Lines insurance, in both consulting and corporate environments. Prior to joining Allied World, Andy held positions at PriceWaterhouseCoopers and Suncorp Metway in Australia. Through a rich mix of operational and strategic management, underwriting, product and distribution skills, Andy has been able to deliver transformational change across his career. Currently Andy is responsible for driving and optimising the growth and performance of the underwriting portfolios for SME and Personal Lines within Allied World's Asia-Pacific business.

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