

# BUILDERS VALUE PROTECTION - BVP

## PROGRAM OVERVIEW

### What is BVP?

The Builders Value Protection Program packages our broadest ISO-based GL policy, at a discounted rate, with a companion builder backed express written warranty endorsed to the policy. Inland Marine (Property, Installation Floaters, & Tools/Equipment/Computer) coverage can also be included.

### Benefits of Builder Backed Warranty Protection

The Builder's Limited Warranty is issued to the homebuyer during escrow closing, outlining established industry performance standards and defines obligations of the builder and homebuyer in an express warranty contract in lieu of implied warranty statutes. Disputes in contract law vs. tort law save time and expense with quicker remedies for construction defects, including mandatory and binding arbitration. Since performance standards are outlined, expectations defined, and methods established for resolving defects, the producer offering this risk management program gives the builder control over future construction defect disputes.

The warranty provides:

- 1 yr Workmanship
- 2 yr Systems (HVAC, electrical, plumbing), and
- \*Major Structural Components protection through the statute of repose

The builder can then fix problems without excessive expense or relying on a third party, while still backed by the protections of an admitted GL policy. These warranties should not be confused with home maintenance programs or systems and appliance warranties. The warranty limit equals the original purchase price of the house.

### Who is Eligible?

Experienced, licensed homebuilders interested in providing builder backed warranty protection to their homebuyers. Builder must have a 625+ Insurance Score, use an approved sub agreement, and provide clean 3 year loss runs. Eligibility includes structures up to 4 living units, <4 stories, non-condo, with up to \$25M annual sales, up to 25 homes per tract, and construction values <\$3M per structure (minus land cost).

### How Does Program Administration Work?

We have partnered with Professional Warranty Service Corporation- PWSC who acts as the administrator of the homebuilder's express limited warranty. If there is a problem not resolved by the builder, the homebuyer contacts PWSC for assistance in arranging for repair with the builder or if there is a dispute requiring mediation and/or binding arbitration. PWSC service and claims teams are equipped to answer questions or concerns of the builder or homeowner, resolving over 90% of complaints without arbitration.

PWSC Services Include:

- Provides the builder necessary closing documents and tracks enrollments
- Sends a Certificate of Warranty and Warranty Booklet to the homebuyers
- Representatives that can answer homebuyer's warranty questions and alert the builder and producer of potential issues



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## State Availability

AZ, CA, CO, ID, IL, MI, MN, MT, NV, OR, TX, UT, WA, WI, WY (bold= up to 25% remodeling work allowed; up to 50% in other states)

## Do All The Builder's New Homes Need To Be Enrolled With PWSC Warranty Protection?

Yes, program participants sign a Participation Agreement representing that each home sold will be issued a Builder's Limited Warranty with PWSC as the administrator, ensuring homebuyer confidence of warranty protection for their home.

## What Is The Builder's Role/Responsibility In Servicing The Warranty?

The builder, and/or contractor designated by the builder, is responsible for providing services to the homebuyer for covered deficiencies, defects, and structural failures during the specified timeframes of coverage outlined in the issued limited warranty.

## Warranty Highlights

- Built-in Dispute Resolution Process
- Easy to understand. Written in plain language with specific details so homeowners know exactly what is covered and for how long
- No deductible
- Just \$215 per enrolled home paid at closing
- Clearly defines builder liability for workmanship and material defects based on defined performance standards, promoting speedier claims resolution
- Transferable. If the home sells during the terms of the warranty, the remaining portion of the warranty transfers to the new owner

## GL Product Highlights

- Our broadest GL form on Admitted, AM Best A- Excellent XV rated paper
- Practice and Project Specific Policy options- up to 3 year projects with extended reporting available on a single policy
- Allows incidental remodeling jobs with no warranty
- 15% commission, \$1K minimum premium, with deductible and SIR options of \$5K- \$25K
- No per Model Home or Spec Home surcharges
- Subsidence up to \$1M considered (\$250K in CO & TX)
- Discounts for good credit, and AmTrust License Bond
- Easy Payment Options- In addition to Agency Bill, Direct Bill options include 12-pay, Debit/Credit Card and Paypal. And we'll even bill the broker fee!
- No Renewal Application
- Auditable Up and Down



Isn't Builder's Value Protection important to you?