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The Travelers Warranty

Travelers Guarantee Company of Canada led the way in being the first insurance company to be approved by the Financial Institutions Commission to deliver warranty coverage for new homes in British Columbia. Travelers Guarantee takes great pride in providing new home buyers with strong protection in the warranty coverage pursuant to the Homeowner Protection Act & Regulations. The comprehensive 2-5-10 Home Warranty Certificate provides new home buyers with security and peace of mind in one of the most significant, and exciting purchases most people make in their lifetime. The Travelers Guarantee Warranty provides important protection and coverage to new home buyers both before and after buying a new home:

Material & Labour Warranty

Year 1 – Any defect in materials and labour

Year 2 – Defects in materials and labour supplied for:

1. gas, electrical, plumbing, heating ventilation and air-conditioning delivery and distribution systems;
2. exterior cladding, caulking, windows and doors that may lead to detachment or material damage to the new home;
3. coverage for any defects in materials and labour rendering the new home unfit to live in; and
4. subject to Subsection A.1.2., coverage for non-compliance or a violation of the building code

5 Year Building Envelope Warranty

Coverage for the building envelope for up to five years for defects in the building envelope of a new home, including a defect which permits unintended water penetration such that it causes, or is likely to cause, material damage to the new home.

10 Year Structural Defects Warranty

Coverage for structural defects for up to ten years for:

1. any defect in materials and labour that results in the failure of a load bearing part of the new home; and
2. any defect which causes structural damage that materially and adversely affects the use of the new home for residential occupancy.

Note: For complete warranty coverage information, please refer to the 2-5-10 Home Warranty Certificate.

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2-5-10 Year Home Warranty Insurance

SCHEDULE G



Homeowner
Protection Office

HOME WARRANTY INSURANCE REQUIREMENTS FOR NEW HOMES

To increase consumer protection for new home buyers, the *Homeowner Protection Act* regulations for residential builder licensing and mandatory, third-party home warranty insurance were implemented on July 1, 1999. As a result, all new homes constructed with building permits applied for on or after July 1, 1999 must be built by residential builders licensed with the Homeowner Protection Office (HPO) and covered by a policy of home warranty insurance. In geographic areas where building permits are not required, licensing and home warranty insurance is required for new home construction commenced on or after July 1, 1999.

Home warranty insurance can now only be provided by insurance companies that have been approved by the Financial Institutions Commission (FICOM) and meet the requirements of the *Homeowner Protection Act*. (See the HPO bulletin entitled "Understanding Home Warranties" for further information.)

Standards of coverage, commencement dates, exclusions and limits on coverage are now set by government to ensure clarity and a consistent base-level of consumer protection.

MINIMUM STANDARDS OF COVERAGE REQUIRED: 2-5-10

Home warranty insurance on new homes includes a minimum of 2 years on labour and materials, 5 years on the building envelope, including water penetration, and 10 years on structure. The 2-year labour and materials coverage is broken down as follows:

Any defect in materials and labour:

- 12 months on detached homes and on non-common property in strata units (includes fee simple homes)
- 15 months on common property of strata buildings

Defects in materials and labour related to the delivery and distribution systems (electrical, plumbing, heating ventilation, air conditioning, etc.):

- 24 months for all buildings.

COMMENCEMENT DATES

Commencement dates on home warranty insurance are:

Fee simple (primarily detached dwelling units):

- Custom homes: date of first occupancy or date of first occupancy permit, whichever transpires first.

- Spec. homes: Date of first occupancy or date of transfer of legal title to first owner, whichever transpires first.

Strata homes:

- Strata unit: earliest of date of first occupancy or date of transfer of legal title to first owner.
- Common property: earliest of date of first-unit occupancy in strata building or date of transfer of legal title to first owner in building.

HOME WARRANTY INSURANCE EXCLUSIONS

The *Homeowner Protection Act* regulations specify what the home warranty insurance companies can exclude from their policies.

General exclusions can include: landscaping; non-residential detached structures (however, parking structures, recreational and amenity facilities in multi-unit buildings are covered); commercial use areas; roads, curbs and lanes (however, driveways are covered); site grading and surface drainage; the operation of municipal services; septic tanks and fields; and water quality and quantity.

Defect related exclusions can include: normal wear and tear; normal shrinkage of materials from construction; use of new home for non-residential purposes; materials, labour and design supplied by the owner; damage caused by the anyone other than the residential builder; damage caused by insects or rodents; failure of an owner to prevent or minimize damage and acts of nature.

LIMITS ON COVERAGE

Coverage on claims is as follows:

Fee simple (primarily detached dwelling units):

- The lesser of the first owner's purchase price or \$200,000.

Strata homes:

- Strata unit: lesser of the first owner's purchase price or \$100,000.
- Common property: the lesser \$100,000 times the number of dwelling units in the building or \$2.5 million per building.

FOR MORE INFORMATION CONTACT

Homeowner Protection Office

telephone: (604) 646-7055

toll-free: 1-800-407-7757

fax: (604) 646-7051

email: hpo@hpo.bc.ca

Web site: www.hpo.bc.ca

10/01



APPENDIX "A"

WARRANTY COVERAGES

1) MATERIALS & LABOUR WARRANTY

- (a) in the first 12 months of the Warranty, for **detached dwelling units** or **dwelling units** in a **multi-family building**, coverage for any Defect in Materials and Labour.
- (b) in the first 15 months of the Warranty, for the **Common Property**, common facilities and other assets of a Strata Corporation, coverage for any defect in Materials and Labour.
- (c) in the first 24 months of the Warranty,
 - i. coverage for any Defect in Materials and Labour supplied for the gas, electrical, plumbing, heating, ventilation, and air conditioning Delivery and Distribution Systems,
 - ii. coverage for any Defect in Materials and Labour supplied for the exterior cladding, caulking, windows, and doors that may lead to detachment or material damage to the new home or Common Property,
 - iii. coverage for any Defect in Materials and Labour which renders the new home unfit to live in, and;
 - iv. non-compliance with, or a violation of the Building Code if the non-compliance or violation:
 - 1) constitutes an unreasonable health or safety risk, or
 - 2) has resulted in, or is likely to result in, Material Damage to the new home.

2) BUILDING ENVELOPE WARRANTY - FIVE (5) YEARS

Coverage for the Building Envelope for up to five years for Defects in the Building Envelope of a new home, including a Defect which permits unintended water penetration such that it causes, or is likely to cause, Material Damage to the new home.

3) STRUCTURAL DEFECTS WARRANTY - TEN (10) YEARS

Coverage for Structural Defects for up to ten years for:

- (a) any Defect in Materials and Labour that results in the failure of a Load Bearing part of the new home, and;
- (b) any Defect which causes Structural Damage that materially and adversely affects the use of the new home for residential occupancy.

- *For complete Warranty Coverage information, refer to your St. Paul Guarantee Home Warranty Certificate.*



APPENDIX "B"

WARRANTY EXCLUSIONS

The Warranty does not cover the following:

- a) weathering, normal wear and tear, deterioration or deflection consistent with normal industry standards;
- b) normal shrinkage of materials caused by drying after construction;
- c) any loss or damage which arises while the new home is being used primarily or substantially for non-residential purposes;
- d) materials, labour, or design supplied by an owner;
- e) any damage to the extent that it is caused or made worse by an owner or Third Party, including:
 - (i) negligent or improper maintenance or improper operation by anyone other than the builder or its employees, agents, or sub-contractors,
 - (ii) failure of anyone, other than the builder or its employees, agents, or sub-contractors, to comply with the Warranty requirements of the manufacturers of appliances, equipment, or fixtures,
 - (iii) alterations to the new home, including the conversion of the non-living space into living space or the conversion of the new home into two (2) or more units, by anyone other than the builder or its employees, agents, or sub-contractors while undertaking their obligations under the sales contract, and,
 - (iv) changes to the grading of the ground by anyone other than the builder or its employees, agents, or sub-contractors;
- f) failure of an owner to take timely action to prevent or minimize loss or damage, including the failure to give prompt notice to St. Paul Guarantee of a Defect or discovered loss or a potential Defect or loss;
- g) any damage caused by insects or rodents and other animals, unless the damage results from non-compliance with the Building Code by the builder or its employees, agents, or sub-contractors;
- h) accidental loss or damage from acts of nature including, but not limited to, fire, explosion, smoke, water escape, glass breakage, windstorm, hail, lightning, falling trees, aircraft, vehicles, flood, earthquake, avalanche, landslide, and changes in the level in the underground water table which are not reasonably foreseeable by the builder;
- i) bodily injury or damage to personal property or real property which is not part of the new home;
- j) any Defect in, or caused by, materials or work supplied by anyone other than the builder or its employees, agents, or sub-contractors;
- k) changes, alterations, or additions made to the new home by anyone after initial occupancy, except those performed by the builder or its employees, agents, or sub-contractors under the construction contract or sales agreement, or as required by *St. Paul Guarantee* ;
- l) contaminated soil;
- m) subsidence of the land around the new home or along utility lines, other than subsidence beneath footings of the new home or under Driveways or Walkways;
- n) diminution in the value of the new home;
- o) landscaping, both hard and soft, including plants, fencing, detached patios, gazebos and similar structures;
- p) non-residential detached structures including sheds, garages, carports or outbuildings, or any structure or construction not attached to or forming an integral part of a multi-unit building or the new home;
- q) any commercial use area and any construction associated with a commercial use area;
- r) roads, curbs, and lanes;
- s) site grading and surface drainage, except as required by the Building Code;
- t) the operation of municipal services, including sanitary and storm sewer;

- U) septic tanks or septic fields;
- V) the quality or quantity of water, either from a piped municipal water supply or from a well;
- W) a water well, but excluding equipment installed for the operation of a water well used exclusively for the new home, which equipment is considered to be part of the plumbing system for the new home;
- X) damage caused or made worse by the failure of an owner to take reasonable steps to mitigate any damage.