

## Zurich Insurance Submission: Building Safety Bill Public Bill Committee Written Evidence

### ***About Zurich Insurance***

Zurich UK provides a suite of general insurance and life insurance products to retail and corporate customers. We supply personal, commercial, and public sector insurance through a number of distribution channels, and offer a range of protection, retirement, and savings policies available online and through financial intermediaries for the retail market and via employee benefit consultants for the corporate market. Based in a number of locations across the UK - with large sites in Birmingham, Farnborough, Glasgow, London, Swindon and Whiteley - Zurich employs approximately 4,000 people in the UK.

Fundamental reform of our building safety regulations is long overdue, and this is a landmark opportunity to deliver safer homes and business premises. Zurich recognise that we have a crucial role to play in driving reform, and we have welcomed sustained and positive dialogue with Dame Judith Hackitt's Industry Safety Steering Group (ISSG) as the only insurer representative to help inform this debate and drive change. We are now committed to working with stakeholders across Parliament to help deliver vital reform.

### ***Executive Summary***

1. Zurich welcomes the progress of the Building Safety Bill and acknowledge that its passage is a significant step towards ensuring that building regulations are both up-to-date and fit for purpose. Zurich has consistently supported the Government's legislative reform programme during the passage of the Fire Safety Act and during the HCLG Select Committee's pre-legislative scrutiny of the Building Safety Bill.
2. It is essential that industry, Parliament, and the Government work together to ensure the Building Safety Bill delivers on its aims: to establish a framework that will create high quality, resilient buildings where people feel safe to live and, in doing so, restores confidence in the built environment for communities and wider society, including the insurance industry. We, therefore, welcome the opportunity to feed into the Public Bill Committee stage of the legislative process and would encourage the Committee to consider the following:
  - **Whilst the Bill establishes the overarching framework it does little to define how the new regulatory system will operate, the requirements the system will define and impose, and how they will be enforced. The Bill would benefit from further clarity across a number of areas to ensure that it meets the Government's own policy intentions.**
  - **The Committee should seek to introduce an amendment to the Bill to establish the changes necessary to the Building Regulations regime to ensure it provides proportionate baseline health, safety, accessibility, and sustainability (including energy efficiency) standards for buildings of the future. With the unknown impact of climate change on the built environment, minimum buildings standards must ensure greater levels of protection to be afforded as a matter of course. The additional benefits of designing to a property protection baseline is that the**

social and economic impact of peril events such as flood, fire, escape of water and climate change are subsequently minimized.

- **Risk not height should be the central consideration of the new legislative regime for building safety and it is concerning that despite widespread objections the Government is still intent on only focusing on buildings over 18 metres in height or seven stories that contain at least two residential units. The Committee should seek to amend the height threshold to introduce a system that is able to incorporate a more holistic understanding of risk factors, including the vulnerability of building occupants and the overall risk profile of the building. This would then necessitate a wider range of buildings to be brought into scope of the planning, and thereby that the construction and design side of the new regime ensures these buildings are built correctly to begin with.**
- **Given the increasing use of modern methods of construction (MMC) Zurich has been calling for a “digital construction passport” as part of a publicly accessible database of buildings materials and products as well as techniques used during its construction. This will improve the level of information available to consumers and the fire services as well as provide greater insight to insurers on the long-term durability, repairability, and resilience of modern buildings. The Bill presents the opportunity to deliver this construction passport as part of the golden thread of information.**
- **We are concerned that suggested changes to the Defective Premises Act (DPA), as set out in the current Building Safety Bill, and extending the period within which legal action can be brought from six to 15 years on a retrospective basis, will likely create new exposures on existing insured risks overnight, as well as the potential for a number of previously closed notifications to be opened up again.**

#### MEETING THE GOVERNMENT’S OWN POLICY INTENTIONS

3. Zurich welcomes the publication of the Building Safety Bill as a key milestone in safeguarding high-rise buildings and their occupants. Managing risk and maximising safety are crucial in all stages from a building’s conception and design through construction to inhabitation. The establishment of a clear framework for competency and responsibility is therefore key and the legislation’s success will hinge on effective implementation to ensure it delivers the fundamental safety and compliance it sets out to achieve.
4. However, whilst the Bill establishes the overarching framework it does little to define how the new regulatory system will operate, the requirements the system will define and impose, and how they will be enforced.
5. The Bill would, therefore, benefit from further clarity on the following to ensure that it meets the Government’s own policy intentions and we would encourage the Committee to reflect the following in their amendments:

- I. The role of the regulator is defined in Part 2, Section 3 (1) (b) of the Bill as “improving the standard of buildings”. Clarity is required as to what “standard” this refers and what the baseline is. We would suggest this baseline should be a property safety baseline with a view to influencing the overall resilience of the property, to ensure appropriate levels of life safety, health, and wellbeing, and to afford appropriate protections to occupants’ belongings and to their homes.
- II. Part 2, Section 10 of the Bill refers to the Committee on Industry Competence and Part 3, Section 39 refers to amendments to the Building Act 1984 on industry competence. In order to achieve consistency across the country and have a benchmark standard, a specific framework would be useful. Standardisation would support competence and allow accountable persons to know that they have the right persons involved.
- III. A building safety risk is referred to in the Bill as “a risk to the safety of persons in or about a building arising from the occurrence as regards the building of any of the following— (a) fire; (b) structural failure; (c) any other prescribed matter”. Clarity is again required as to what is any other prescribed matter.
- IV. A major incident is defined in the Bill in Part 4, Section 60 as “an incident resulting in a significant number of deaths, or serious injury to a significant number of people”. The term “significant number” is ambiguous and we would suggest that one death or serious injury is one too many. Further clarity on a major incident is required and we would suggest that any definition aligns with HSE legislation.
- V. Part 4, Section 83 of the Bill refers to assessment of building safety risks with (2) (a) referring to “regular intervals”. This could lead to increased and unnecessary ambiguity and clarification on the period of a regular interval is required. We would suggest every 12 months as an appropriate period for a high-level review.

#### PROPERTY PROTECTION BASELINE

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6. We would encourage the Bill Committee to make amendments to the Building Safety Bill to establish the changes necessary to the Building Regulations regime to ensure it provides proportionate baseline health, safety, accessibility and sustainability (including energy efficiency) standards for buildings of the future.
7. Efforts to ensure the UK’s housing stock are resilient to the impacts of the changing climate: higher temperatures, as well as flooding and water scarcity, are lagging far behind what is needed to keep us safe and comfortable, even as these climate change risks grow.
8. Current provisions of Approved Document B and the associated provisions are neither reflective of the current building designs, construction methodologies and materials used in

new buildings nor factor in how they will respond to climate change or future adaptations of a building. Moreover, they fail to reflect the devastating impact that events can have on occupants and their mental health/wellbeing. It does not take a fatality to have an impact on someone's life.

9. Given the challenges to date with emerging technologies / systems / materials / techniques, we question whether it is appropriate to expect buildings to only offer a measurable degree of resilience beyond that of simply ensuring people can escape safely as its currently set out in the Bill through its focus on life safety. Indeed, we would emphasise that there are repeated examples of individuals, families, communities, and businesses being displaced for significant periods following a peril event, resulting in significant non-financial impact.
  
10. With the unknown impact of climate change on the built environment, minimum standards must ensure greater levels of protection to be afforded as a matter of course. The additional benefits of designing to a property protection baseline is that the social and economic impact of peril events and climate change are subsequently minimized.

*Current Wording Part 2 Section 3, sub-section 1(a) and (b): (a) securing the safety of people in or about buildings in relation to risks arising from buildings, and (b) improving the standard of buildings*

***Suggested Amendment: The Secretary of State, through regulation, (a) must introduce a minimum property safety baseline for all new buildings, (b) this regulation must, by instrument, ensure that all new developments offer a minimum level of property protection beyond that of purely facilitating safe evacuation and, (c) must be created on advice received by the Secretary of State from experts.***

## HEIGHT THRESHOLD

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11. As the Bill currently stands, only buildings over 18 metres or seven storeys are in scope and we urge the Bill Committee to immediately expand the scope of the Bill to include buildings of any height in the UK accommodating vulnerable people or those with complex conditions – either now or in the future so as to future proof developments. This includes:
  - a. Residents whose physical ability to evacuate to a place of safety is compromised either through physical disability or restricted movements, locked doors, or visually impaired.
  - b. Residents who may be able to physically escape a fire situation but their understanding and ability to make safe decisions or even the ability to hear an alarm may be compromised.
  - c. Any person who is or may be in need of community services by reason of mental, physical, or learning disability, age or illness AND is/or may be unable to take care of themselves or unable to protect themselves against significant harm

12. We would urge that the risk of external fire spread should be considered for all residential buildings, irrespective of height, from the outset and should include materials, building height, vulnerability of residents, escape routes and the complexity of the building.
13. We would echo the comments of the National Fire Chiefs Council (NFCC) and that the Bill must introduce a system that is able to incorporate a more holistic understanding of risk factors, including the vulnerability of building occupants. This would then necessitate a wider range of buildings to be brought into scope of the planning, and thereby that the construction and design side of the new regime ensures these buildings are built correctly to begin with. This is particularly important given that there is significant scope for 'gaming' hard parameters such as trigger heights, and aspects such as how buildings are measured.
14. Moreover, we would highlight that the current proposed 18-metre threshold creates additional ambiguity when considered alongside the current review of the ban on the use of combustible materials in and on the external walls of buildings. Given that it is widely expected the threshold will be reduced it is essential that any height threshold in the Bill aligns with the combustible cladding ban threshold.

*Current Wording 120D Section 2: "Higher-risk building" means a building in England that— (a) is at least 18 metres in height or has at least 7 storeys, and (b) is of a description specified in regulations made by the Secretary of State.*

***Suggested Amendment to 120D Section 2: "Higher-risk building" means a building that— (a) is at least 11 metres in height or has at least 4 storeys, (b) buildings of any height accommodating vulnerable adults and children or (c) is of a description prescribed in regulations made by the Secretary of State***

#### PUBLICLY ACCESSIBLE DATABASE OF BUILDING MATERIALS

15. Growth in the use of Modern Methods of Construction (MMC) have transformed the way in which the UK's building stock responds to fire and other peril events. Poor workmanship and light-touch enforcement of building regulations have frequently resulted in buildings that offer poor levels of fire protection, and Zurich has long called for building safety reforms to ensure that robust procedures across the design, construction, and inhabitation phases are in place to better protect residents in all types of developments, not just high-rise residential buildings.
16. Given the increasing use of modern methods of construction (MMC) Zurich has been calling for a "digital construction passport" as part of a publicly accessible database of buildings materials and products as well as techniques used during its construction. This will improve the level of information available to consumers and the fire services as well as provide greater insight to insurers on the long-term durability, repairability and resilience of modern buildings. The Bill presents the opportunity to deliver this construction passport as part of the golden thread of information.
17. If the passport was also linked to BIM (Building Information Modelling) and adopted to Level 3 standard, the model would contain all the data necessary.

*No Current Wording.*

***Suggested Amendment to Schedule 3 insert Section 7: The Regulator must establish a publicly accessible digital database to include details of (a) all raw materials and components used in the construction of the external envelope of the building, (b) the techniques used in the construction of the external envelope of the building, (c) any modifications as part of the repair or maintenance of the building and, (d) any other areas as laid out in regulation by the Secretary of State***

#### **DEFECTIVE PREMISES ACT**

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18. We would echo concerns from the Association of British Insurers (ABI) regarding suggested changes to the Defective Premises Act (DPA), as set out in the current Building Safety Bill. By seeking to extend the period within which legal action can be brought from six to 15 years on a retrospective basis, it will likely create new exposures on existing insured risks overnight, as well as the potential for a number of previously closed notifications to be opened up again.
19. The Professional Indemnity (PI) insurance market has hardened significantly over the last few years, with PI insurers already nervous about writing cover which includes fire safety risks. This change of the goalposts, which was introduced into the draft Bill without consultation, will significantly impact the liabilities that insurers will be on risk for, will require them to recalculate their capital reserves requirements and may result in further policy exclusions. Insurers will take commercial decisions on their risk appetite to cover DPA claims, but there is a risk that if legislation is introduced, DPA claims may not be covered by PI insurers, resulting in construction firms needing to pay any claims themselves and risking insolvency.
20. The DPA will also create strict liability linked to uninhabitable premises. Without a requirement to establish negligence it is reasonable to assume claimants will use the Act where possible to access compensation. As with the above, policy wording and coverage will be a commercial decision for individual insurers to make, and in some cases, there may be ambiguity of coverage for such claims where policies exclude strict liability incurred by insureds, or it may be the case that it is likely that cover will not be available for such strict liabilities.

**Zurich Insurance**  
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