

Dubai To Allow Home Insurance

Dubai's buyers can finally decide to have a sigh of relief, since they can buy now properties insured against any structural damages. The buyers used to be left in lurch until today whenever any structural damage came to light after the properties were handover. They couldn't ask for any legal proceeding or compensation due to the lack of proper laws they had. But, the Real Estate Regulatory Authority (RERA) has finally decided to change this scenario, and introduced a new law which makes developers responsible for damages that might get noticed after the property had been handed over. The buyers will be free to approach the regulatory body whenever there seemed to be any breach of law taking place. Scores of Dubai apartments, furnished villas, hotels and Dubai hotel apartments will come under the purview of this new legislation.

Investors used to withdraw from projects earlier, citing the lack of insurance cover as a reason. Under the new law, however, the developer will be made answerable to courts for any sub-standard construction. For example, any serious wall cracks taking place within the first ten years of property handover, can amount to be a case for compensation. Additionally, any electrical, mechanical or plumbing related irregularities can also be challenged during the first year. Any irregularities in the construction of Dubai apartments, hotels, furnished villas or Dubai hotel apartments could not be challenged in the courts earlier, since there was no clear framework to do it.

In addition, this law adds more clarity about the issue of maintenance of buildings. Under the new directive, a Home Owner's Association (HOA) will be established for each jointly owned property and asked to look after the common areas, such as gyms, swimming pools, parking spaces, entrances etc. They will have to play the role of watch-dogs and see that the buyer's money was properly made use of. It is surprising that, only five percent of Dubai's households carry home insurance coverage, which is too few in numbers compared to what we may get to see from the countries like the USA, the UK, Australia or Japan.

The formation of HOA is key ingredient of this whole exercise. It will be required to maintain and be the beneficiary of the insurance cover in each case, while the constituent members, each having the ownership of one unit, will have to pay up the premium. Dubai may be a late entrant into this exercise, but it is expected to pursue it seriously now, and the buyers and promoters should be getting used to it now. The city needed to have it anyway, with so many high-end Dubai apartments, hotels, furnished villas and Dubai hotel apartments dotting its skyline.

Although, insurance cover is a basic necessity for any real estate buyer, people of Dubai did not shown any keenness about it in the past, may be, since most of them happened to be short term buyers. However, the introduction of the new law by RERA will change this scenario fundamentally, one hopes, and the awareness about property insurance will grow further. Dubai is as much known for its successful commerce, as for its shining real estate, which comprises of lavish hotels, shopping malls, Dubai apartments, villas and Dubai hotel apartments. The new property law by RERA will add more value to its real estate.

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