

Technical Brief: Written Insured Warranties for New Home Construction

What a third-party insured structural warranty is, how the standard 1-2-10 coverage term works, why "insured" is the operative word, and how Ducere applies warranty programs across new builds and renovations

Executive summary

A written insured warranty is a formal, transferable warranty document issued on a new home through a third-party warranty company (for example Residential Warranty Company (RWC) or 2-10 Home Buyers Warranty) and backed by an insurance policy, rather than a builder's informal promise to "take care of it." The warranty company underwrites and administers the program; an insurer stands behind the structural performance obligation starting day one, so a homeowner's claim does not depend solely on the builder staying in business or staying solvent long enough to pay for a defect. The industry-standard coverage structure is commonly described as "1-2-10": one year on workmanship, materials and mechanical systems; two years on major mechanical/distribution systems in some programs; and ten years on major structural defects to load-bearing components. For a builder, enrolling in a third-party insured warranty program converts an open-ended personal liability into a defined, insured, time-limited obligation - and gives buyers, lenders and real estate agents a marketing-grade proof point that is far stronger than a verbal assurance.

1-2-10 standard new-home warranty term structure	Day 1 structural coverage typically begins under RWC-style insured programs	10 yrs standard major structural defect coverage term	\$42K-\$113K average cost range to fix a single structural defect claim, per industry data
--	---	---	--

1. What a written insured warranty is - and why "insured" matters

A builder can always promise, in a sales contract, to fix problems after closing. That promise is only as strong as the builder's balance sheet and willingness to perform - if the builder goes out of business, is acquired, or simply disputes a claim, the homeowner's only remedy is to sue. A written insured warranty replaces that informal promise with a structured, transferable, third-party-backed contract: the warranty company sets the coverage terms and standards, administers claims and inspections, and - critically - an insurer (not just the builder) is financially responsible for covered structural claims, typically from the day coverage begins. That is the distinction behind marketing language like "Written Insured Warranties... Protect What You Build": the warranty survives builder turnover, business changes, and even builder insolvency, because the insurance company, not the builder's own checking account, is the backstop.

2. The standard coverage structure ("1-2-10")

PERIOD	WHAT IS COVERED	TYPICAL SCOPE
Year 1	Workmanship, materials, and mechanical/equipment systems	Fit, finish, and installation defects: drywall cracks, nail pops, trim separation, door/window operation, initial HVAC/plumbing/electrical function.
Years 1-2	Major mechanical distribution systems (program-dependent)	Plumbing, electrical, and HVAC distribution systems - wiring and piping runs rather than fixtures or finish, in programs that carry a distinct 2-year systems tier.

PERIOD	WHAT IS COVERED	TYPICAL SCOPE
Years 1-10	Major structural defects	Defects in designated load-bearing elements (foundation, framing, load-bearing walls, roof framing) that make the home unsafe, unsanitary, or unlivable. Insurer-backed from day one in RWC-style programs.

Programs vary by provider and state - the table reflects the common industry structure referenced by RWC and 2-10 Home Buyers Warranty, the two largest third-party new-home warranty administrators. Always confirm the specific coverage term sheet and state-specific exclusions before relying on a given program.

3. How a claim actually works

Four participants, one standardized process: homeowner, builder, warranty company, and (for structural claims) the insurer.

A homeowner reports a suspected defect to the warranty company (not directly to an insurer) within the applicable coverage window. The warranty company applies its published performance standards - objective thresholds for what counts as a covered defect versus normal cosmetic variation or routine maintenance - and determines coverage. For workmanship-year claims, the builder is typically still the party performing the repair. For a structural claim in year 2 and beyond, the warranty company and its insurer evaluate the claim against the structural performance standards; if covered, the insurer funds or arranges the repair, independent of whether the original builder is still operating. Most programs include a free mediation or arbitration step before litigation, which is one of the central selling points: it gives both builder and homeowner a defined, lower-cost dispute path instead of going straight to a lawsuit.

WHY "FREE MEDIATION" IS NOT A MINOR FEATURE

Construction defect litigation is expensive and slow for both sides. A warranty program with a built-in mediation/arbitration step gives the builder a contractual off-ramp from litigation and gives the homeowner a faster path to a resolution - which is also why warranty-backed homes face materially fewer defect lawsuits than unwarranted homes in the same market segment.

4. What is - and is not - covered

Typically covered: defects in designated load-bearing structural elements that cause the home to become unsafe, unsanitary, or unlivable; workmanship and material defects within the Year 1 window; defined mechanical system defects within the systems-coverage window.

Typically excluded: normal settling, shrinkage, and minor cracking within performance tolerances; damage from the homeowner's own alterations or lack of maintenance; cosmetic issues reported after the applicable window closes; acts of God/casualty losses (those sit with the homeowner's property insurance, not the structural warranty); code upgrades not required to remedy the specific defect.

The performance-standard test. Every program publishes objective performance guidelines (crack widths, deflection limits, moisture thresholds) so coverage decisions are not subjective - a key reason lenders, agents, and attorneys treat a third-party warranty determination as more defensible than a builder's own opinion about whether something is "a problem."

5. Why builders enroll: four business reasons

REASON	WHAT IT DOES FOR THE BUILDER
Minimize liability / reduce financial risk	Shifts the long-tail structural exposure (claims can surface years after closing) from the builder's own balance sheet to the warranty company's insurer.

REASON	WHAT IT DOES FOR THE BUILDER
Capped, defined exposure	Converts an open-ended "we stand behind our work forever" exposure into a defined program with set terms, performance standards, and an end date.
Dispute off-ramp	Built-in mediation/arbitration reduces the builder's litigation frequency and legal spend versus an unwarranted book of homes.
Sales and lender tool	A transferable, insured, 10-year structural warranty is a differentiator in listings, a comfort factor for buyers, and in some cases a requirement or preference of certain lenders and programs.

6. Builder-backed vs. insurer-backed: the distinction that matters in a dispute

Not every "warranty" a builder offers is equivalent, and the difference becomes critical exactly when a homeowner needs to collect.

	BUILDER-BACKED (SELF-INSURED) WARRANTY	THIRD-PARTY INSURED WARRANTY (RWC / 2-10 STYLE)
Who pays a covered claim	The builder, out of its own funds or insurance	A licensed insurer, through the warranty company's program
What happens if the builder closes or is sold	Coverage can become unenforceable or worthless	Coverage continues - it is not tied to the builder's continued existence
Standards used to decide a claim	Builder's own discretion, unless contractually defined	Published, objective performance standards set by the warranty company
Dispute path	Direct negotiation, then litigation	Built-in mediation/arbitration before litigation, administered by a neutral third party
Transferability on resale	Rarely transferable or marketed as a selling point	Transferable to subsequent buyers, often marketed in the listing

This is the practical reading of a phrase like "Written Insured Warranties for New Home Construction": the word *insured* is doing real legal and financial work. It signals that an insurance company, not just the builder's word, is the credit behind the ten-year structural promise - exactly the detail an attorney, lender, or buyer's agent will ask about when evaluating a new-construction purchase or a dispute years after closing.

7. Written insured warranties at Ducere Construction

New builds. Ducere's active new-construction program - the Brunswick, GA builds and new single-family construction such as 1010 and 1049 Highland Village Trail - is exactly the product category this warranty structure targets: enrolling new builds in a third-party insured structural warranty program converts Ducere's long-tail structural exposure into a defined, insured obligation, and gives buyers and their agents a concrete, transferable proof point beyond Ducere's own standard 2-year warranty commitment.

Ducere's standard warranty baseline. Ducere's own standard warranty across divisions runs 2 years - shorter than, and distinct from, a third-party insured 10-year structural program. The two are not substitutes: Ducere's 2-year warranty is the builder's direct workmanship commitment; a third-party insured warranty is the longer-horizon structural backstop that survives any change in Ducere's own status, and the two should be presented to buyers as complementary, not interchangeable.

Renovation and ADU scope. Standard third-party new-home warranty programs are built around ground-up new construction. Renovation work (Mableton renovations, the Green Valley ADU conversion) and additions typically fall

under separate remodeler/renovation warranty products from the same providers, with different term structures - any ADU or renovation warranty decision should be confirmed against the specific program's renovation/addition terms, not assumed to mirror new-build coverage.

Dispute and compliance value. The GGL litigation is itself a case study in why an insured, third-party-administered structural standard is valuable: a defined, objective performance standard and a documented claims process are exactly what was missing in the Hunnicutt wall dispute. Enrolling new Ducere builds in a program like this creates the kind of neutral paper trail (performance standard, inspection, claim determination) that reduces future dispute exposure of the same kind.

8. Provider comparison: RWC vs. 2-10 HBW

The two dominant third-party administrators offer the same 1-2-10 skeleton, but differ in scale, product mix, and - most importantly for the builder - when the insurer steps in behind a structural claim. Confirm current term sheets before enrollment; the contrast below reflects each provider's marketed program structure.

	RWC (RESIDENTIAL WARRANTY CO.)	2-10 HOME BUYERS WARRANTY (2-10 HBW)
Scale	Builder-focused specialist, 40+ years in new-home warranty programs	The giant: roughly 1 in 5 new U.S. homes under its structural warranty; owned by Frontdoor (American Home Shield parent)
Insurer backing on structural claims	Marketed day-one insurer backing ("Day 1 Structural Coverage by RWC's Insurer") - builder is not the deep pocket in year one	Classic model: builder responsible for structural defects in the early years, with insured protection carrying the back half of the ten-year term - verify the current GA term sheet
Product breadth	Primarily builder programs, including dedicated remodeler/renovation warranty products	Structural warranties plus homeowner service contracts (systems/appliances) and realtor buyer/seller plans - a retail marketing machine attached
Best fit for Ducere	Day-one insurer backing is a liability plus for Ducere on ground-up builds; remodeler products cover the renovation/ADU lane	Brand recognition and buyer-facing marketing is a sales plus; retail product mix matters less to a GC

Shopping rule: before enrolling Brunswick or the Highland Village builds, get both GA quote sheets and compare three numbers - per-home enrollment fee, when insurer backing starts on structural claims, and inspection/documentation requirements imposed on the builder. The third number is where programs quietly differ most.

9. Quick reference: frequently asked questions

QUESTION	ANSWER
What is a written insured warranty?	A formal, transferable new-home warranty issued through a third-party warranty company and backed by an insurance policy, so a covered claim is paid by an insurer rather than depending solely on the builder.
What does "1-2-10" mean?	The common industry coverage structure: 1 year on workmanship/materials/mechanical systems, up to 2 years on major mechanical distribution systems in some programs, and 10 years on major structural defects.
When does structural coverage start?	In RWC-style insured programs, structural coverage is typically in force from day one of the warranty term, underwritten by the insurer rather than phased in.
Who are the major providers?	Residential Warranty Company (RWC) and 2-10 Home Buyers Warranty (2-10 HBW) are the two largest third-party new-home structural warranty administrators in the U.S.; see Section 8 for the provider comparison.

QUESTION	ANSWER
What is excluded?	Normal settling/shrinkage within tolerance, homeowner-caused damage or neglect, cosmetic issues reported after the coverage window, and casualty losses that belong under property insurance, not the structural warranty.
How is a claim decided?	Against the warranty company's published, objective performance standards (crack width, deflection, moisture thresholds) - not the builder's subjective opinion.
Is a builder's own warranty the same thing?	No. A builder-backed warranty is only as strong as the builder's continued existence and willingness to pay; a third-party insured warranty is backed by an insurer and survives changes to the builder's business.
Does Ducere use this kind of warranty?	Ducere's own standard warranty across divisions is 2 years; a third-party insured 10-year structural program is a separate, complementary product under consideration for new-build enrollment, not a replacement for Ducere's direct workmanship commitment.

Sources: Residential Warranty Company (RWC), rwcwarranty.com, state warranty program pages; 2-10 Home Buyers Warranty, 2-10.com, structural and builder warranty guides; industry claim-cost data as reported by 2-10/Buildertrend. Informational only - not legal, insurance, or financial advice. Confirm exact coverage terms, exclusions, and state variations directly with the warranty provider's current program documents before enrollment or reliance in a dispute.