

Buildings Insurance Frequently asked Questions

April 2008

1. Who are the new insurance providers?

From April 2008 to March 2009 Aspen Insurance UK Limited are providing buildings insurance for Hackney Council leasehold properties.

2. Why does the Council insure my flat?

It is the most economical way to ensure that all the leasehold flats are insured and avoids insurers deciding not to insure flats in specific areas or because of claims etc. Another advantage is that it provides bulk buying power not available on individual policies. If the Council had to check every individual policy every year and whenever there was a change in ownership etc the service cost of the time, postage and the real costs of individual policies would greatly exceed the present charges many times over.

3. Why did the Council seek alternative insurance quotes?

It is important that the Council undertakes market checks on a regular basis to ensure that the prices and cover remain competitive and provide value for money. Normally the contracts are for up to 5 years to take advantage of any discounts offered.

4. What insurers did the Council approach? There appears to be some good offers advertised these days?

In order to ensure we attract the widest range of insurers, the council advertised its intention to re-tender the contracts in the European Journal. If an insurer is interested in providing a quote they respond. It is important to realise that many advertised insurers would not be interested in quoting for local authority business. This year we had a good result, in fact 5 leading insurers responded and 3 provided quotations.

5. Who determines the sum insured for my property? What would happen if I am underinsured?

This is an area of concern for many leaseholders since the leaseholder is responsible for determining the sum insured. The problem is to ensure that the flat is correctly insured yet not being over insured. If you are underinsured then the insurers would not pay for the total cost of rebuilding or may refuse cover if the underinsurance was deliberate or if there was a significant difference in values.

The sum insured can vary according to the size of the flat, the value of any improvements, or in many cases the sums insured as required by the mortgage company which are index linked for inflation. Sometimes different mortgage companies set different values. This led to similar sized flats having radically different sums insured. As a result we have had a significant number of calls seeking advice on what they should be insured for. Unfortunately the Council could not provide this advice.

6. What are the possible solutions to underinsurance?

The options available were either for leaseholders to arrange their own qualified valuers and pay the fees, or to increase their sum insured to a higher figure just in case.

In response to these concerns the Council investigated alternatives, and the best solution is to arrange the cover based on the number of bedrooms, and not a specific sum insured. Therefore, all 3 bedroom flats would pay the same premium, all 2 bedroom flats etc. The New insurers have agreed to this system, thereby removing the risk of under insurance.

7. Will my premium increase this year?

Unfortunately for the majority of leaseholders the answer is yes, due to the claims history for the policy. All the quotes received quoted a higher premium. The preferred insurers quoted a competitive premium and a policy excess of £50. Additionally, in future there will be the normal annual increase in line with Retail Price Index or 5% which so ever is the greater which covers inflation in rebuilding costs.

8. What other major changes are there? Is everything insured?

As with all insurers, they only pay for claims covered by their policy. Therefore, there are cases where damage arises and where it is not insured.

The preferred policy provides for 2 levels of cover:-

1. The traditional house insurance e.g. fire aircraft, explosion, burst pipes, storm, flood and subsidence etc. similar to the present policy. This is shown as standard cover on the quote provided in the text of the main letter
2. The option for you to extend this to include accidental damage, which offers a much wider range of cover. This is shown as AD cover in the quote, and the higher premiums will apply for the wider cover.

We have taken the decision that it is in the interest of all Leaseholders to have the additional cover, and as such the properties are all insured with it automatically included.

The additional premium is minimal, however, if you want to remove the accidental damage cover, please write to:-

London Borough of Hackney
Insurance and Risk section
3rd Floor Keltan House
89-115 Mare Street
London
E8 4RU

Please note cover cannot be backdated.

9. Will I have to complete a new proposal form for the new insurers?

No, the preferred insurers have agreed that they will accept the present proposals, but simple proposals may still be required for new leaseholders or change of ownership.

10. Will I get a new Insurance Policy document?

The Insurance and Risk Section are endeavouring to send out insurance policies to all leaseholders, however, in the mean time if you require a copy of your insurance policy schedule you will need to put your request in writing by either fax, letter or email to:-

Andrew Miller
London Borough of Hackney

Insurance and Risk Section
3rd Floor, Keltan House
89-115 Mare Street
London
E8 4RU

Fax: 020 8356 3035
Email: Andrew.miller@hackney.gov.uk

11. How much Commission does the Council earn from this Insurance?

Neither the broker nor the Council are paid any commission on this policy. Instead the rates quoted have been discounted and are those charged to the Council.

12. Does the policy have any restrictions on cover?

All insurance policies have terms and conditions. These are clearly stated on the new policy and are in line with other similar policies. However, we strongly recommend that you read your policy.

13. What if I sublet my property?

If you sublet your property you are required to inform the Leasehold and Right to Buy Services Dept (in writing), who will advise the Insurance and Risk Department. Your insurance premium will be affected if you sublet. See table below for premium details.

Number of Bedrooms	Annual Estimated Premium including "Accidental Damage"	Annual Estimated Premium without "Accidental Damage" Inc sub lets	Sublets with Accidental Damage
Bedsits	53.82	52.50	65.63
1	59.20	57.75	72.19
2	83.41	81.38	101.73
3	113.00	110.25	137.82
4	161.44	157.50	196.88
5	182.97	178.50	223.13
6	188.35	183.75	229.69
6+	193.73	189.00	236.25

14. What do I do if I wish to make a claim?

Please phone Aspen Insurance UK Limited direct on their 24hr helpline **on** 0870 5212223.