



PROPERTY INSURANCE CENTRE

WELCOME

FROM THE EDITOR IN
CHIEF, ROBERT FISHER



The **Ultimate Block of Flats Insurance Guide** will show you what you need to be insured for if you are a Freeholder, Leaseholder or Landlord. Insuring flats can be confusing especially when you have a mixture of tenant types & leaseholders.

Or maybe you don't know whether to add Loss of Rent Insurance for the units that are rented out OR alternative accommodation for the owner occupied units. **Did you know you can actually insure for both at the same time on the same policy?**

On a freehold Block of Flats policy this ensures Owners who let their flat out do not lose any income and owners who live on site have somewhere to stay if the block becomes uninhabitable.

We find it is common for Management Companies to pick one or the other even though their properties have a mixture of tenant types.

This is not their fault, it just hasn't been explained to them when the policy was taken out.

We have many practical tips for you whether it is a house converted into flats or a purpose built block. Insuring Blocks of Flats does not need to be confusing and we aim to make it simple.

Robert Fisher

ROBERT FISHER, DIRECTOR,
PROPERTY INSURANCE CENTRE



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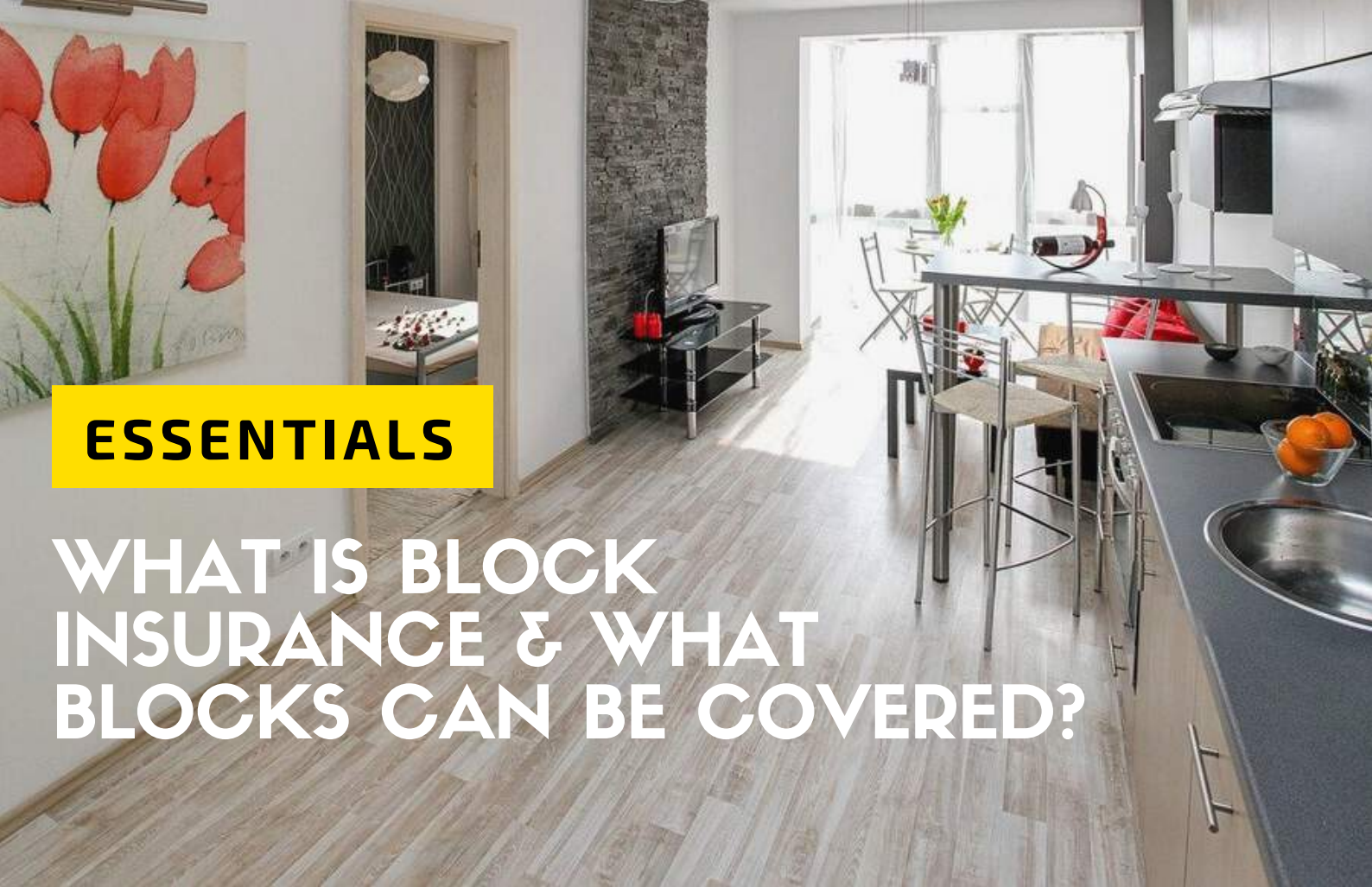
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CALL 0800 085 3761



ESSENTIALS

WHAT IS BLOCK INSURANCE & WHAT BLOCKS CAN BE COVERED?

What is block of flats insurance?

Block Insurance or block of flats insurance is for property owners or management companies with multiple connected properties.

The risks associated with a single property are not the same as properties which are connected, so block insurance exists for these types of properties.

Common examples of these are:

Blocks of flats, conversions or maisonettes.

What types of blocks do Property Insurance Centre insure?

- Converted Block of Flats
- Purpose Built Block of Flats
- Blocks with a Commercial Unit below
- Block with mixed Tenant types
- Owner Occupied Blocks of Flats

By Robert Fisher

RESPONSIBILITY

Insurance arrangements in a block of flats or apartments can be confusing. Here are the straightforward facts about responsibility.

Owner/Landlord

You have responsibility for insuring the building and your policy must be suitable for rented properties if you are renting your flats out. If something happens like a fire or a flood you need to ensure you have the right insurance to pay for repairs or in the worst case for the building to be rebuilt.

If you own more than one building you can take out one combined policy for all your properties.

If you **own a leasehold flat/apartments**, the building should be insured by the landlord who owns the freehold. Typically, it isn't your responsibility to take out buildings cover (although you may still be paying the premiums, via your service charge).

If you have any fittings or contents within the communal areas of the building you may want to take out contents insurance to cover this.

Remember that you also need **public liability insurance** and if you have any employees you will also need employee liability insurance.

If you rely on the income from your tenants to pay your bills, you may want to take out rent protection and alternative accommodation cover as well.

Management Company

In many blocks of flats a management company will be in place and act on behalf of the owner/landlord. They will usually arrange all the necessary insurance on behalf of the landlord.

Tenants

While a tenant is not responsible for insuring the building itself (that's the landlord's responsibility) you need to make sure you have **home contents insurance** for your possessions to ensure you can replace them if something happens to them.



Owner-Occupier

If you have bought an apartment and have a mortgage, it is likely that the mortgage company will ask for you to take buildings cover in case something happens.

If you don't have a mortgage you don't have to have buildings insurance cover – but it is advisable.

You should also take out **contents insurance** to cover your belongings. If you are insuring a block of flats remember that you need to insure the cost of rebuilding – not the market value of the building. That said, the cost of rebuilding will go up over time – so you will need to increase the value you insure.



COVER

WHAT COVER CAN I EXPECT?

What does the block of flats insurance policy typically cover?

- Property Owners Liability
- Alternative Accommodation
- Loss of Rental Income
- Communal Contents
- Legal Cover is optional

Our Block Policies are Flexible

- You can add or remove certain covers as required
- Lift inspection policies can be bolted on
- If you have a claim we can provide a claims handler who works FOR YOU not the insurance company!

COVER YOU CAN HAVE

So our essentials in terms of the cover you will need are property owners liability cover in case someone is injured in the property. Employers liability cover in case a member of staff or volunteer is injured. Cover for damage which is malicious or intentional and for accidental damage.

Our recommended optional extras which are normally regarded as beneficial include:

Legal expenses to cover any legal advice or representation you need if someone takes a claim against you

Loss of rent or cover for alternative accommodation in case the block becomes uninhabitable for any reason.

There is a specialist insurance cover for Blocks of Flats with multiple tenancy types. For example, if there are shop units on the ground floor and residential above then standard block of flats insurance will not offer adequate cover.

If you are looking for an independent insurance quote then we can arrange policies for the freeholder, leaseholder or management companies. Cover can include all risks such as fire, storm, flood subsidence and escape of water.

We have access to many different insurance underwriters such as AXA, Zurich, RSA, Aviva and Allianz, for example. We can therefore ensure you the best cover for the best price!

Even if you convert your house to have multiple units/flats to let out to people you need block of flats insurance.

Your block of flats insurance cover can extend to include common areas,



landscaping, solar panels, malicious damage by tenants and accidental damage to your buildings.

Our block of flats insurance for **multiple types of occupancy** can also cover you for loss or rent following damage, alternative accommodation and unoccupancy cover.

Property Insurance Centre also offers **legal protection insurance**. Other aspects of cover for your policy that could be relevant are:

Contents of Common Parts – ensuring that shared areas of block of flats such as stairs, entrance ways have adequate cover

Employers liability – this is compulsory if you employ staff to work at your block of flats such as a concierge, etc. Some of you may need Directors & Officers insurance.



APPLYING

WHAT DO I NEED TO APPLY?

What information do I need for my application?

To complete an application for block insurance you will need to know the basic information about the property such as:

Overall size of the building and how many individual flats you are insuring.

Construction and utility information such as the materials used for the walls and roof, security arrangements such as locks on doors/windows and whether there is any security on site as well as what kinds of utilities are available i.e. gas, oil heating etc.

- Whether there is a mix of residential and business and if so, what types of business are within the block.

- What fixtures and fittings are included within the property – and if there is any communal furniture or carpets that you may want to include in the communal contents section of the policy.

Once you have gathered all this basic information you should chat to an expert in Block Insurance, such as one of the Property Insurance Centre team.

It is always better to talk to a professional advisor. An expert will navigate you through the quotation swiftly and make sure all the right questions are asked. They can then give you details on all the different types of cover which you must include before discussing the range of optional extras.

By Robert Fisher



CLAIMS

WHEN DO I NEED TO CLAIM & HOW TO REDUCE THE RISK OF A CLAIM

When might I need to make a claim?

Many people purchase insurance and put a large excess on the policy as they think they will never use it but it's important to note that in 2018 property insurance companies in the UK paid more than £15 billion in claims*.

One article ** noted the top most common insurance claims made by small businesses in 2018 were for:

- Burglary and theft
- Water escape and frozen pipes
- Wind and storm damage
- Fire
- Slips, trips and falls by members of the public

The type of building you have and the frequency of access by tenants and members of the public will clearly influence the likelihood of having to make a claim, as will the age and type of building being insured.

*Statistica.com

**<https://www.thebalancesmb.com/common-insurance-claims-462673>

By Gavin Fisher



CLAIMS

HOW TO MINIMISE THE RISKS

Here are some simple steps ...

Maintain your Building

The vast majority of claims are actually turned down due to a lack of property maintenance – for example, this is particularly true with flat roof claims.

Make sure your roof is inspected every few years (or as the policy requires) and keep proof of such an inspection.

This can be the difference between your claim being paid and not!

There are however practical steps which you can take to try to reduce the likelihood of a claim and this will normally be viewed favourably by insurance providers.

Make sure you have suitable fire detection, CCTV and physical security at your block as this will help to reduce the likelihood of fire, burglary or theft.

Good building maintenance and monitoring can help to reduce the potential for weather related damage, malicious damage in common areas or claims for accidents as a result of poor maintenance or negligence.

Rather than just renew your insurance, take the time to think about what cover you need and also consider what steps you can take to reduce your risk by reviewing your current maintenance and security regimes.

TOP TIP – Keep your Fire Safety Procedures in Flats up to date. This can often get you discounts. Take a look at our special **Fire Safety Guide** which may help in lowering your insurance premium! Not to mention keeping the tenants and the building safer.

By Gavin Fisher

IN THE EVENT OF A CLAIM

There are **two fundamental points** you ought to know before you need to make a claim. Appreciating these will make sure you don't get off on the wrong foot, with the person on the other end of the phone. Of course most importantly, these core principles will help you to use best practice before and during the claim process.

1. The onus always rests on YOU (the insured) to PROVE that there is a VALID claim.
2. YOU must be able to PROVE the amount of the loss

TOP TIP - Prepare for the a loss before it happens.

If you haven't already, make a list of the communal contents there are within the Block for example. Why not take a picture of what is there BEFORE disaster strikes

If something is stolen, you will need to prove it existed in the first place. You, or the management company, should keep receipts. It can be difficult in practice to keep receipts, but why not have it sent to you electronically next time you make a purchase. Most retail outlets will do this & it means you will always have access to a copy.

Lack of composure could cost you money.

The first thing many people do in the event of a claim is rush to phone the claims line. Taking time to read your Schedule and your Policy Wording will have you better equipped to ensure you are paid a fair sum. So take some time and revisit the Schedule and Policy Wording before phoning an insurance company claims line and accidentally say the wrong thing.



This may not hurt your claim prospects in the end, but it could drag things out if the claims handler decides extra investigation is required. So phone promptly, but it doesn't have to be the very second you find out – you need time to prepare for your initial claim conversation and calm down from what can be a potentially stressful event!

The more calm and collected you are, the better chance there is that you will supply the right information and your claim will be handled correctly and more efficiently.

So always remember the two fundamental points of claiming. They are two **LEGAL REQUIREMENTS** for a Claim. However it works both ways. If the insurer declines a claim, the onus will fall on the insuring entity to prove an exclusion applies.



4 STEPS

IN THE EVENT OF A CLAIM

4 simple steps in the event of a claim

1. Take photos

Get your own images as soon as you are aware of any damage. This is a powerful way to prove that loss has occurred. The insurer may send out a Loss Adjuster to assess the damage which may take a week.

If the adjuster fails to see some of the damage, then your photos will mean you don't have to argue the case that things missed were also damaged – your photos will help this & ensure a proper full estimate of damage is submitted to the insurer for their consideration.

By Robert Fisher

2. Don't throw away any damaged items

You don't want any dispute and the insurer will need to see them as evidence.

3. Minimise the Loss (where possible)

If water is escaping, for example, then turn off the water or get an emergency plumber if you are unsure. It is actually a duty imposed by Common Law to take reasonable steps to minimise the loss. You should act as though you are 'uninsured.'

4. Call your Broker

This is one of the main reasons why going through an independent agent is the preferred option of many.

Those who have had a claim in the past will know, a Broker is the Agent of the Insured, not the Insurer. They are there to act for YOU.

Property Insurance Centre have a team of Loss Assessors who will act on your behalf and make sure your settlement is a fair one!



**FEATURE STORY: HOW MR. KHAN SAVED
OVER 40% ON HIS PREMIUM**

Mr Khan was a long standing leaseholder in a block of purpose built flats in London. The rebuilding cost of the property was £1 million.

His freeholder was in charge of insuring the property for years. Every year the insurance was renewed with the same insurer with little thought given to the premium.

Mr Khan approached the Freeholder and asked his permission to shop around for a specialist block of flats insurance broker.

Mr Khan eventually spoke with Property Insurance Centre who were able to provide several premiums with different insurers, who were more competitive than the existing provider.

Mr Khan saved over 40% on the premium he paid with his previous insurer and was also able to add legal expenses & terrorism cover and increase the Property Owners Liability to £5 million and still save money.

The freeholder changed to the Property Insurance Centre at renewal. Thanks to Mr Khan, the leaseholders in the block are now paying a greatly reduced portion of the insurance which was annually passed to them by the freeholder.

Mr Khan has since insured his own contents within his flat with Property Insurance Centre and again saved whilst doing so.





EXAMPLES

CASE STUDIES

Welcome to our case study section.

Here you will read over a range of different scenarios, which will give you a more in-depth understanding, while illustrating how you might be able to save on your premiums.

If you own a block of flats freehold, and the property is occupied by leaseholders and private working tenants on a 6 month tenancy agreement.

Well, there are many providers out there, but you need to know what you **SHOULD** be insured for.

It can often be said, your tenant or occupant is the driving force behind the type of insurance and cover you need.

So think carefully.

The following examples are of different combinations – be it purpose built, converted house or a mixture of tenant types, such as leasehold and private 6 months AST (Assured Shorthold Tenancy).

Top Tip – If you own a block of flats building and rent out half with the other half owner occupied, make sure your policy covers both alternative accommodation **AND** Loss of Rent to cater for both of these occupant types. Often freeholders forget to ask for both and can find themselves out of pocket when there is a claim.

By Gavin Fisher

PURPOSE BUILT BLOCK OF FLATS

Mr Arif is a leaseholder in a purpose built block of flats. He and several other leaseholders formed a Right to Manage Company which had responsibility for ensuring the annual insurance policy was renewed.

The block of flats was relatively modern with concrete floors throughout and had a declared rebuild value of £4 million.

Mr Arif had been paying **£3,200** to his previous insurer and called Property Insurance Centre for a quotation.

After a quick chat, our team took ten minutes to explore different providers and then emailed him a quotation of **£1,852** so that he could discuss it at his next annual general meeting.

The premium included cover for accidental damage, £100,000 of legal cover for any claims and as there was a lift in the premises, it included machinery breakdown cover for up to £1 million.

As the units were rented out for 6 month assured shorthold tenancies, the right to manage company wanted to include cover for loss of rent and the leaseholders wanted alternative accommodation cover in case an incident caused them to have to relocate temporarily.

With everyone's needs met under one policy and at a significantly reduced premium, the right to manage company then requested a quotation for a Lift Inspection Policy and Property Insurance Centre were able to offer this at an additional £250.

CASE STUDY 1



Property Insurance Centre were able to provide all the cover Mr. Arif and his leaseholders required at a lower premium and most importantly, the cover provided met not only their needs but the optional extras they preferred to have.

Original saving of: £1348.00

Even taking into account the chosen Lift Inspection Policy add on, of £250 - the savings were still £1098.00.

MR. ASIF SAVED £1098 & GOT BETTER COVER



CONVERTED FLATS

CASE STUDY 2

Mr Simmons had been with his previous insurance broker for more than 20 years and felt that he should remain loyal to his provider.

He is a joint freeholder with three flats in a converted house in South East London.

Despite having no previous claims in 20 years, his renewal premium had continued to rise each year and last year his renewal premium **increased by 20% to over £1,500** for a building with a rebuild estimate of £700,000.

Mr Simmons searched online and realised that the best cover and pricing was not always available on comparison websites, so he completed our online form and his personalised quotation was emailed to him within minutes.

As a new customer with no previous claims, we were able to reduce his renewal premium to **£514** with far superior cover including legal expenses cover up to £100,000, full accidental damage and alternative accommodation cover as standard.

The new insurance provider was one of the UK's largest insurers and due to their long-established relationship with Property Insurance Centre, they always provide excellent premiums to our clients.

Mr. Simmons and the other freeholders saved **£986** on their premium.

MR. SIMMONS SAVED £986 WITH SUPERIOR COVER



MIXED OWNERS & MIXED USE

CASE STUDY 3

Mr Jones is a director of a Limited Company with responsibility for a **block of flats insurance in North London**.

The block has five flats in a converted house from the Victorian era.

With two owner occupied flats on long leases and three tenants, Mr Jones had to ensure that all their different needs were met.

So he filled out the user friendly online form on the Property Insurance Centre website and his quotation was returned in minutes.

At **only £467** the quoted premium was a **saving of £300** from the previous provider and the level of cover was far superior as Property Insurance Centre include various levels of cover as standard when there are often additional charges for these with other providers.

The quotation provided included loss of rental income as standard. This was of vital importance to the owners as the tenants rented the flats on renewable six month tenancy agreements and the monthly rental income was relied upon so needed to be covered if the property was uninhabitable following an incident.

The quote also covered alternative accommodation cover as this was important to the owner occupiers to ensure they could be rehoused if required.

As there was communal contents within the building, £10,000 cover for damage to communal items such as the carpets, furniture and decorative items in the hallways and stairwells was included at no additional cost.

MR. JONES SAVED £300 WITH FAR SUPERIOR COVER



FAQS

BLOCK INSURANCE FREQUENTLY ASKED QUESTIONS

Does a Block of Flats policy cover the communal area?

Yes. This type of policy will cover the whole block which means any communal areas will be covered for material damage (such as a burst pipe and water damage along with Public Liability).

Who can take out a Block of Flats insurance policy?

Landlords, Freeholders and RTM (Right to Manage Companies) are all typical policy holders. The policy is designed to cater for part Owner Occupied and part Let to Tenants OR fully Owner Occupied and fully Private Let.

Can I insure a Block of Flats when one of the flats is empty?

Yes. You can insure a Block of Flats which is partially empty. It is better to give the insurer a greater idea of when it will be occupied again and why it is empty. This will help the insurer determine the correct premium and keep the policy holder right in the event of any claim.

Some insurers may not even charge any extra premium if the flat is empty only temporarily – they may however exclude Escape of Water in that particular flat.



FAQS

BLOCK INSURANCE FREQUENTLY ASKED QUESTIONS

Will a Block of Flats Policy cover a tenant?

It will cover the buildings – for example if there is a burst pipe and the flat walls get damaged, then this will be covered under the buildings section of the policy.

However, a flat owner or tenant should have their own contents insurance in place for contents owned by them. If the contents are not communal contents and owned by the Landlord, then they will not be covered under a standard Block of Flats Insurance Policy.

You can arrange a Tenant Contents policy through Property Insurance Centre for as little as £56.00.

Can I insure my Block of Flats if I am not the Freeholder?

Yes, but you must do things correctly! Many owner occupiers have this problem. The Freeholder has gone AWOL and the occupants are left wondering can they do this themselves and would it be valid.

Normally tenants can form a Right to Manage Company which allows this to be done. We would recommend you get the correct advise from specialist companies who do this for Blocks.



FAQS

BLOCK INSURANCE FREQUENTLY ASKED QUESTIONS

Does mixed ownership or mixed use of the building mean we need to take out different policies?

No– mixed ownership or use by lots of different people or businesses doesn't make taking out your insurance more challenging. We understand that the needs of all the owners and occupiers needs to be covered, so we just need to make sure we know who is using the building and for what purpose to make sure they are included in your cover.

Do I need terrorism cover for my block of flats?

While you don't have to have terrorism cover, it is not included as standard on most policies but is available as an optional extra from £50 so can be easily added to any policy.



FAQS

BLOCK INSURANCE FREQUENTLY ASKED QUESTIONS

What cover does a Residents Association need?

Residents Associations should have public liability insurance to cover the communal areas which the association looks after. This is to ensure that if someone has an accident in one of these areas there is insurance to cover any claims for negligence and avoids any member of the Residents Association being held personally liable.

What if there has been a previous claim on my building?

If there has been a previous claim, we just need to know when the claim was made, what it was for and how much was claimed. We will need to explain this to the insurance provider when we are discussing cover and your block of flats insurance cost may have an increment to reflect the claim but it will not prevent you from taking out a new policy with a new provider.

What about different types of property?

If you own or look after different types of flats and maybe other types of property as well, this doesn't mean you need lots of different policies – we can arrange a portfolio policy to cover all your buildings. Whether your premises were purpose built or converted or are small, large or includes multiple blocks, we can find a policy that suits your needs. Scale is not an issue either – we can provide cover for anything from a single building with two flats to a multi flat complex.

MEET THE TEAM



Claire Allington, Cert CII, Office Manager

Claire works with commercial clients on a day to day basis, managing new requirements and mid term adjustments as well as assisting clients through any claims processes that they may encounter.

Claire is mother to one young child with another on the way! She enjoys much of her spare time reading and walking her dog. She is also a Petrol Head and any excuse she will be at the local rally!



Gavin Fisher, BA (Hons) Cert PFS, Director

As well as responsibilities for the management of the business as a whole, Gavin works closely with the insurers. He has been with Townsend's Property Insurance Centre since 2000.

Gavin enjoys relaxing in his spare time by playing the guitar – he's no Jimi Hendrix....mmh maybe more of a Keith Richards type!! He is also a movie fanatic and spends much of his time with his two children.



Robert Fisher, BSc (Hons), Cert CII, Director

Sharing general management responsibilities with Gavin, Robert also works closely with insurance partners. Robert joined PIC in 2005 and during that time has worked in every department of the business.

In his spare time (when he gets it), Robert has three young children and a Pug that keep him busy. When not with his family, Robert goes to the gym, trains mixed martial arts and follows Liverpool FC. Not all at the same time!

CALL 0800 085 3761

Website: <https://www.propertyinsurancecentre.co.uk/>

Email: admin@propertyinsurancecentre.co.uk

*helping to
keep you
and
yours safe*

