

# PROPERTY INSURANCE NOTES

## Insurance Programme

A single block policy with Zurich Insurance has been arranged for all assets which are the responsibility of Curtis Banks to insure. Assets are insured until 30<sup>th</sup> April each year (pro-rata for acquisitions during the period) and cover renewed automatically by Curtis Banks.

## What Is The Core Coverage?

'All Risks' of Physical Loss or Damage including Theft, Subsidence, Glass and Accidental Damage and Consequential Loss resulting therefrom.

The policy will also respond in the event of Damage following a Terrorism incident; or where Damage to property leads to an interruption in the rent. Property Owners' public liability cover is in place with a limit of not less than £10m to protect your pension and Curtis Banks from claims for injury to third parties and their property.

There is an increased focus from insurers on combustible building materials. If you are aware of any Composite Panels or combustible construction materials in existence at the property, please advise Curtis Banks immediately.

## Does 'All Risks' Cover Everything?

No. The principal behind an 'All Risks' policy is that everything is insured, unless otherwise excluded. However, you should be aware of the following key exclusions - these are standard in the insurance industry.

- Faulty and defective design, materials and workmanship.
- Gradual deterioration, wear and tear, rust and corrosion, wet or dry rot, dampness, dryness, shrinkage, evaporation, marring, scratching, vermin or insects. Change in temperature, colour, texture or finish.
- Collapse of buildings and other structures - this exclusion does not apply if the collapse is due to an insured cause e.g. a fire or subsidence.
- War Risks.

Remember insurance provided by this policy is for the benefit of the underlying pension and Curtis Banks and does not provide cover for any activity the tenant is engaged in.

**Tenants should arrange their own policy to cover their operational activities and liability.**

## What Excess Applies?

The standard policy excess applicable from 1<sup>st</sup> May 2024 are as follows:

- Subsidence, Landslip or Heave - £1,500
- Storm and Flood - £1,000
- Water Damage - £500
- All other Damage - £250
- Vacant Property All Perils - £10,000 (Providing Vacant Property Endorsement is followed)

This applies for all existing and acquired assets unless exceptional circumstances prevail. **Specific higher excesses may apply in certain circumstances and will be specified on the certificate of insurance.**

## Values Insured and Underinsurance

Where stated on the insurance certificate, all properties are insured for a 'day one' reinstatement value unless specifically advised by Curtis Banks- i.e. where properties are due for demolition and/or there is no obligation to reinstate the building.

- Building values should be assessed by a RICS qualified surveyor and a Reinstatement Cost assessment (RCA) should be undertaken at least once every 3 years. The portfolio will be uplifted by the annual cost of inflation in intervening years.
- Insurers have applied a 10% indexation increase to the property Declared Values for the 2024 renewal. This increase is recommended by insurers to minimize underinsurance and avoid any reduction in claims payments. This uplift is calculated by insurers and is based on a combination of the BCIS rebuilding cost index, anticipated claims inflation costs and previous evidence of underinsurance in similar properties.

This increase has been applied to all properties which have not had a valuation undertaken in 2023-2024. To ensure any claims payments are not affected by underinsurance it is important that you ensure the declared value shown on your certificate represents the full amount to rebuild your property on day one of the policy.

Loss of Rent is insured based on the income received on 01 March 2024 multiplied by the indemnity period (3 years). This includes the estimated annual rent at Void/Vacant units where information has been declared (an adjustment will be made for the period Curtis Banks would not have received income).

Turnover Rent – where applicable – base rent plus turnover rent percentage to be declared at each renewal. No end of year declaration to be completed. 200% rental uplift covers variation in actual turnover rent at time of loss.

## Policy Changes and/or Amendment

You must contact Curtis Banks to notify them of a material change in circumstance at the property. Such examples include, but are not limited to:

- Works being undertaken at the property, particularly those involving the application of heat.
- Changes in the values insured
- Changes in the use or occupancy of the building
- The property becoming vacant even if a lease remains in place

Please note any changes made midterm will be submitted to our insurance broker and lodged with insurers. Revised certificates and invoices will be issued where relevant, however premium adjustments (+/-) of less than £100 for property insurance and £50 for terrorism insurance will not be charged or refunded.

## What Happens If There Are Building Works At A Property?

The policy provides cover for contract works up to a limit of £1,000,000 plus 20% of limit for fees per contract where Curtis Banks is the Employer (only).

It is important that Curtis Banks is advised of all works, and Marsh must specifically be notified of works which involve:

- Structural changes
- Use of heat/Hot Works
- Works on roofs and specifically work involved with heat on roofs
- Modification to sprinkler systems
- Any Asbestos removal
- Any change to the building reinstatement valuation
- Changes to the rental flow (i.e. will result in an increased rent)
- A Contract Value in excess of £50,000

## Empty and/or Vacant Property

It is important that Curtis Banks are advised when a property becomes either fully vacant or empty, but is still subject to a lease.

Reasonable precautions and best endeavors to prevent losses are required, as a minimum, at all times. Full cover will continue when a property becomes vacant as long as the following are complied with:

- The premises is to be watertight and in a good state of repair.
- Any issues identified to be rectified immediately.
- Security to be reviewed, provision of the following as a minimum:
  - Perimeter fencing, where present, to be in a good state of repair and engaged as a deterrent. Any gates or access areas to fencing to be padlocked and secured at all times.
  - Any and all accessible windows or means of access to the premises to be securely locked and security measures to be put into full and effective operation.
  - For risks with a Buildings Reinstatement Value over £3 million, alarm protection with remote signaling to a central station to be provided. If not already present then this condition is to be met within 1 month of the property becoming vacant. Zurich will consider other forms of protection, specific details to be provided and agreed by Zurich.
  - Building services - Electricity can be maintained where this is to power any form of security or fire detection; all other services to be switched off at the mains and the water supply drained down.
  - Site Inspections to be internal and external. Curtis Banks will appoint a third party contractor or external property manager to carry out vacant site visits and these site visits are to be maintained at all times. Where non-compliance of any of these insurance terms are identified, details are to be raised with Curtis Banks and necessary actions to correct the position to be undertaken. This may be without further notice to the investor and will be at a cost to the pension fund.
- Third party contractor inspections to be at least once every 30 days for buildings and every quarter for land.

- Where additional site visits are carried out by either Curtis Banks or the investor any issues are to be logged with Curtis Banks and action taken to correct the position.
- Where site visits are carried out by an external property manager then the frequency of the visits to be determined by them.
- Any and all combustible materials inside or in the vicinity externally to be removed from the premises and the premises to be kept clear of combustible materials at all times.
- Zurich reserve the right to apply an increased excess, restrict perils cover or apply other terms, if required. Fire detection may be required or the use of CCTV if premises are in very rural areas.

**Where these conditions are not met, cover is limited to Fire, Lightening, Explosion, Aircraft. An excess of £10,000 for each and every loss will be applied.**

## Claims Procedure

In the event of damage to Property or injury to members of the public, or damage to Third Party Property, please contact Curtis Banks by telephone on 01473 296871 or by email to: [propertyinsuranceipswich@curtisbanks.co.uk](mailto:propertyinsuranceipswich@curtisbanks.co.uk)

## Important Notes on Making a Claim

**Report all claims or incidents promptly, failure to do so could invalidate your claim.**

- Malicious damage or theft claims must be reported to the Police and a crime reference number provided.
- Mitigate your loss by undertaking emergency works, e.g. boarding up/making safe and water tight.
- Refrain from undertaking reinstatement works until approval is granted by the appointed loss adjuster and allow their contractor network to carry out repairs where possible which will reduce administration your side.
- Retain damaged items for inspection by the loss adjuster and take photos of damage where possible. Include witness statements and details of any party responsible for causing the damage, for example impact damage by a vehicle.
- Retain CCTV footage of any accident/incident which could assist Zurich in the defense of a third-party claim.
- Do not respond to any letters of claim from third parties, they must be emailed directly, immediately and unanswered upon receipt to Zurich, failure to do so may prejudice the investigation. Do not take any action which could be construed as an admission of liability (sending an apology for example or repairing an accident location before prior discussion with Zurich).

Curtis Banks' client/tenant is responsible for payment of any policy excess.

**All other terms, conditions and exclusions are detailed in the policy wording.**