



Gallagher

Insurance | Risk Management | Consulting

## Professional building insurance valuations for property owners

### Does your building insurance cover you for the right amount?

**You should get your building insured for the correct amount to ensure you're adequately covered in the event of a claim.**

After all, who wants to have a tricky conversation about how an insurance claim pay out isn't going to meet expectations, especially if it might involve multiple flats and hundreds of thousands of pounds?

**At Gallagher, working with RICS-approved surveyors, we offer assessment reports which may not require a site visit thanks to online resources.**

When it comes to your building's insurance cover, you should consider having a suitable level of cover in place.

**A valuation can lead to a number of scenarios. For example:**

1

#### Everything is correct

You have an insurance rebuild cost valuation carried out and according to the report, the current building's declared value is in line with the calculated rebuild cost. In this case, there may be no changes required to the building's declared value.

2

#### You're overinsured

You have an insurance rebuild cost valuation carried out and according to the report, the current building's declared value is more than the calculated rebuild cost. This means your building's declared value can now be set according to a professional assessment carried out by a 'Regulated RICS' organisation and may result in a reduction of premium.

3

#### You're underinsured

You have an insurance rebuild cost valuation carried out and according to the report, the building's declared value is less than the calculated rebuild cost. What does this mean? If, for example, the building's declared value you have insured for is £600,000, but should be £1,000,000, you need to consider if you and your fellow leaseholders could afford to pay the difference if the whole building had to be rebuilt following a total loss. In the event of a partial loss insurers would reduce the amount they pay out for any claim by the amount you are underinsured (i.e., 40% in this example). If you're the director of an RMC or RTM company, you might even be liable for the shortfall.



### Declared value and sum insured—what's the difference?

Some policies mention 'declared value' and 'sum insured', but what's the difference? At the start of the policy period, the cost to rebuild the property is referred to as the declared value. The sum insured is the maximum amount the insurer will pay out following a claim after taking into account inflationary factors which increase the cost to rebuild such as increased material and labour costs since the policy was taken out. The sum insured on a Gallagher Block of Flats Insurance policy is higher than the declared value, as it makes an allowance for future inflation of up to 50% in the event that rebuilding costs increase due to the time elapsed since policy inception and in the event of a claim, whilst the repairs are being carried out.

### About Gallagher

Gallagher is one of the world's largest global insurance brokers, risk management services and consulting firms.

Gallagher offers client services capabilities in more than 130 countries around the world through its owned operations and a network of correspondent brokers and consultants.

Gallagher's global operations and partnerships can help you with your insurance, risk management and consulting needs. Through our international presence, we offer extensive insurance solutions and products worldwide. Working with us means you can access some of the most innovative products and service offerings that are the preferred choice of international businesses large and small.

Gallagher works with a panel of well-known insurers and are trusted to insure more than £18.2 billion\* worth of property, ranging from just two flats in a converted property to more than 200 in a purpose-built block.

With blocks of flats considered to be commercial property for insurance purposes, it takes specialist knowledge and experience to navigate the often complex property insurance market to find an appropriate level of cover at a sensible price.

Our specialist insurance brokers work with a panel of insurers, many household names, to find an appropriate level of cover. We insure the property of standard and nonstandard construction, as well as listed buildings. And should the worst happen, our experienced in-house claims team are here to support you and your clients step-by-step through the claims process.

Ninety percent (90%) of customers renewed their policies with the Gallagher Blocks of Flats specialist team in Bournemouth last year.\*\*

To arrange an assessment,  
call us at **0800 092 9394** or  
email us **UKinfo@ajg.com**.

\*Based on the buildings declared values (BDVs) of live policies placed with Gallagher's Bournemouth-based Block of Flats Insurance team as at 30 January 2023.

\*\*Based on blocks of flats policyholders who placed business in 2021 and renewed in 2022.

The sole purpose of this document is to provide guidance on the issues covered. This article is not intended to give legal advice, and, accordingly, it should not be relied upon. It should not be regarded as a comprehensive statement of the law and/or market practice in this area. We make no claims as to the completeness or accuracy of the information contained herein or in the links which were live at the date of publication. You should not act upon (or should refrain from acting upon) information in this publication without first seeking specific legal and/or specialist advice. Arthur J. Gallagher Insurance Brokers Limited trading as Intasure accepts no liability for any inaccuracy, omission or mistake in this publication, nor will we be responsible for any loss which may be suffered as a result of any person relying on the information contained herein.