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INSURANCE OF BUILDINGS

No block buildings policy – an Adjusters experience



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The fire in progress



The aftermath looking into the remains of the building



SCENARIO

- This was a block of flats, a stone three storey and attic building with twelve owners.
- There was no block buildings policy in force.
- A significant fire takes off the roof with extensive damage by extinguishment water throughout the building.
- Only nine owners had insurance – the renewal dates on three policies had been overlooked or lapsed.
- Two of the nine who were insured, were not adequately insured.



CONSEQUENCES OF NO BLOCK POLICY:-

- Repair costs were in excess of £700,000
- Of that sum approximately £360,000 related to repairs that were of a communal nature and for which each owner had a 1/12 share - £30,000 each resulting in an uninsured proportion of £90,000
- Those who were not adequately insured would only receive approximately £20,000 each towards the communal repairs
- The above represented an overall shortfall of £110,000 and the absence of this funding meant the repairs, not least the roof repairs could not proceed, despite the fact the other seven owners were correctly and adequately insured
- The three uninsured owners who had continuing mortgages and loans on the flats also had no cover for alternative accommodation costs
- To this day and 19 months later repairs have not started and are unlikely to ever proceed



ADVANTAGES OF A BLOCK POLICY:-

- Continuity of cover
- Renewal dates never overlooked.
- Only one Insurer involved as opposed to several different Insurers if individual policies were in place.
- Different Insurers may use different Adjusters in the event of a loss with potential differing views on contractor appointment – only one contractor can only ever carry out the communal repair.
- Separate policies would also have separate excesses per flat – one recent example, involves a block of 6 flats where all were insured under their own policies .
- Storm damage to the roof – each flat has a claim – five owners had a £250 excess and one owner a £500 excess – total excess of £1,750 which exceeded the communal repair cost of £1,600. If this had been a block policy only the one £250 excess would apply and £1,500 would have been recovered by the owners.