



INSURE YOUR PROPERTY FOR THE RIGHT AMOUNT

A robust Reinstatement Cost Assessment will take into account all of a building's unique features, says **Julian Davies**

EVERYONE UNDERSTANDS the importance of insuring buildings against the risk of damage or destruction by fire or flood. What is less well understood is the importance of an accurate assessment of what it would cost to restore or rebuild the building if the worst were actually to happen.

An insurance policy will be of little help if it is based on an underestimate of that figure, and the Association of British Insurers advise that 20% of householders are in fact underinsured, while one study has put the figure as high as 80%.

That is why it is essential to have an accurate Reinstatement

Cost Assessment (RCA), updated about every three years. An RCA is a careful, professional assessment of what it would cost to rebuild a property. It allows the owner to insure it for the right amount, avoiding the unexpected costs that result from undervaluation – as well as the unnecessarily high premiums that result from overvaluation.

An accurate RCA is also important for insurance claims for repairs, as opposed to rebuilding from scratch. Most insurance policies specify that in the case of undervaluation by more than 10%, any pay-out for repairs will be in the same proportion as the proportion of

the amount insured for to the actual cost of rebuilding. For example, if the property has been insured for only half that figure, then the insurer will pay out only half the amount needed for repairs.

In 2012, a Reinstatement Cost Assessment was prepared for the prestigious Block 4 Albert Hall Mansions, overlooking the famous London concert hall. The following year a strategic maintenance plan was provided, and the external repair and restoration of the external building façades took place. During these works a fire broke out in one of the apartments, causing major damage to the building. The damage was

assessed and the areas affected were repaired.

Albert Hall Mansions is a good example of the particular challenges of period buildings. These are both practical – older buildings tend to be built from distinctive materials, and the extra cost must be factored in – and legal, as if a building is Listed, the terms of restoration will have to be discussed with the local planning authority.

A good RCA will take all of these factors and more into account, and provides a property owner with genuine peace of mind.

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