



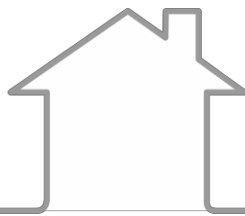
Building Insurance Information for Leaseholders

Frequently Asked Questions

Bron Afon Community Housing Limited (Bron Afon)

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**Gibbs
Laidler**
Consulting LLP



Frequently Asked Questions

Who is responsible for providing building insurance?

Under the terms of the lease, the building owner or 'freeholder' is responsible for providing building insurance, with leaseholders contributing towards the cost of the insurance in accordance with the terms of their leases.

Why are you sending Notices addressed to "The Occupier" to my leasehold flat when you know I don't live there?

Section 20 Notices are intended for the person who pays the service charge which is normally the owner/s of the property. However, situations can arise whereby a contributing party is not known to us. Therefore, we must send the Notice addressed to "the occupier/s" to cover these circumstances. If you are letting your leasehold flat then the occupiers will receive notices in case, they are a contributing party. If they are not a contributing party, then the Notice will not apply to them.

Why is there a need to get a new insurance policy?

The current policy has been in place since April 2018 and is due to expire on 30 March 2025 therefore, a new policy will need to be in place to ensure the buildings remain insured.

If we are receiving good service from the current provider, why are you seeking alternative quotations?

The current policy is ending, and we therefore need to re-tender the contract. The tender also gives us an opportunity to review the value for money in terms of cover and service and ensure Bron Afon has the appropriate insurance in place at an acceptable cost.

Where can I get a copy of the buildings insurance policy or summary of cover?

A copy of the new summary of cover will be made available to Leaseholders when the new Insurance Policy is in place. If you require a copy of the current summary, you may get one by contacting:

Name The Leasehold Team
Address Bron Afon Community Housing Ltd.
 Tŷ Bron Afon
 William Brown Close
 Llantarnam Industrial Estate
 Cwmbran NP44 3AB
By email Leasehold@bronafon.org.uk

How much will the insurance be?

The new policy has not been tendered for yet; therefore, we are unable to supply estimated costs.

Bron Afon will be tendering for the best cover and rate available from the market to ensure that the Leaseholder's insurance offers good value throughout the length of the agreement.

When the tenders have been returned and the individual insurance premiums have been established, a further notice will be issued to all Leaseholders with more information on the cost.



Will the cheapest quote be accepted?

Each bid received will be evaluated based on quality and price. The winning bid will need to meet a minimum level of service requirements and provide the required cover as a standard. We will seek the highest standards of service and the best possible value for money. At this time, we cannot confirm if the cheapest bid in terms of price will be the winning bid, however the results of the evaluation will be made available following the tender.

Are there any secret or hidden commissions?

We do not receive any remuneration from the insurers or brokers for arranging the insurance, and simply pass the premium at cost to leaseholders. The premiums we are charged by insurers are the costs to which leaseholders contribute. We will not ask for or accept any commissions from any bidder in return for helping arrange the new policy.

If the premiums increase in future years, will we be told in advance?

Bron Afon will ask the new provider to advise of any future increases, beyond that of index linking, ahead of time so consideration can be taken of the options available to help mitigate any increases.

I pay my service charge which I understood included insurance. Am I being asked to pay an additional amount?

You are not being asked to pay another fee. Bron Afon is consulting with you to advise that they are looking to tender the contract to make sure the best insurance cover deal is still being obtained.

Can I arrange my own policy to cover my flat as I might be able to obtain the cover cheaper if I buy it on my own?

No, as the lease states the insurance must be arranged by Bron Afon. As the freeholder of the property, Bron Afon has a financial interest in the property. Therefore, we need to be confident that all the properties are insured and in arranging a block policy that covers all of the leaseholders, we can be confident that the policy will respond to a loss. If the leaseholders were able to arrange buildings cover for their individual flats, in the event of a major claim, we could potentially be dealing with a separate insurer for each flat and if one of the leaseholders had not arranged insurance, or the policy failed to pay out, the remaining leaseholders would be responsible for the costs. Whilst it is appreciated that insurance can sometimes be purchased cheaper elsewhere, having a block policy benefits both Bron Afon and leaseholders. Therefore, there is no need to take out additional buildings cover, but it is strongly recommended that cover for your own possessions is obtained by way of a contents policy. In addition, if you are a landlord and subletting your flat you may also need to consider taking out a separate 'landlords insurance policy'.

Will this review make my insurance premium cheaper?

By undertaking the insurance tender it will allow Bron Afon to investigate the cover available for leaseholders. If the premium paid by Bron Afon is reduced, the cost to leaseholders will also reduce.

Will further financial contributions be required?

There will be a second stage to this process once the tender process has concluded where more information will be provided on costs and there is an opportunity to raise any observations at that stage.

What is a public notice?

This refers to contracts where the sum involved will be of a level where Public Contracts Regulations 2015(as amended) rules apply, and the proposed contract must be advertised by public notice in the Find a Tender Service (FTS).

At the time of writing, public notice was required for contract for the supply of services over £213,477.



What is a long-term agreement?

This is an agreement entered into by the Landlord with an independent organisation or contractor, for a period of more than 12 months.

Why are we entering into a long-term policy as better deals are available if you shop around every year?

For individuals, shopping around can lead to savings in premium for some but not all circumstances. For an organisation such as Bron Afon, a considerable amount of time and resources are spent in the process of procuring insurance for its properties and that of leaseholders. The advice from our consultants, is to enter into a longer-term contract as seeking alternative quotes every year would not result in the cost of insurance being reduced.

Can I nominate a company to provide building insurance?

While the opinions and views of Leaseholders are invited and considered, you are not invited to nominate a contractor or company for us to approach for the Buildings Insurance. This is in line with the regulations set out in the Landlord and Tenant Act 1985 as amended by Commonhold and Leasehold Reform Act 2002, as the invitation to tender is made by way of a public notice.

How will this Tender affect a current claim that I have?

The change of insurer will have no effect. Even if Bron Afon changes from the current insurer, the existing insurer will continue to deal with claims where the damage occurred during their period of cover.

I have never made a claim, do other claims made on the policy effect the overall premium I have to pay?

Insurance policies are affected by what is referred to as a loss ratio. This is the amount of premium collected compared to the amount paid out in respect of claims. A high loss ratio can affect the premium as insurers will need to charge a higher premium to account for the costs paid out for claims. As this is a block policy, any individual claim does not have an adverse effect on costs as it would if each block/development were to insure separately under its own insurance policy. Insurers review the portfolio, including the overall premium paid by the association, therefore any minor claims do not adversely affect loss ratios.

My contents Insurers require to know exactly what is covered by the buildings policy as there has been confusion in the past?

The bidders will be asked to clarify this issue as it is known to have caused problems previously. A summary of cover will be provided once the tender is complete.

Does this insurance policy mean that a new lease is required?

No, the current lease will not change. The notice relates to a tender of an insurance contract and will therefore not affect any other contract or service you have with Bron Afon.