

Getting the Best From Your Broker

As a homeowner, taking out the right level of buildings and contents insurance is important. Therefore, as a director of a Residents' Management Company (RMC), choosing the right policy is absolutely vital.

Your fellow leaseholders, as well as your own family are relying on your judgement to ensure that, should the worst happen, your block will be covered – not only for fire, flood and other damage, but also for unforeseen problems with cleaners, (external) contractors, and "third parties

Instant access to the internet means that insurance policies and quotes are easily available. However the fact that it is easy doesn't make the decision-making straightforward. How do you select the right insurance product? How do you decide which policy is right for your needs and those of the other leaseholders in your block? And how do you make sense of all that small print?

Unless you fancy becoming an insurance expert yourself, the obvious solution is to use a specialist insurance broker, an independent professional, who will act on your behalf to determine your insurance needs and then find the right policy. Their task is to help you locate the insurance cover that best suits your requirements and canvas the insurance market to obtain the best protection at the most competitive price. This should be coupled with information on the levels and type of cover you need, together with help when claims are made.

Best Value for Money

A broker is able to evaluate the type of cover required and will go to a number of different underwriters who specialise in that particular class of business in order to get the best deal for you. Having more options to choose from should leave you comfortable in the knowledge that you are getting the best value for your money.

When dealing with customers direct or via a broker in most cases, an insurance company will prefer dealing with a broker, particularly in a specialist field such as property insurance. Insurance underwriters acknowledge that an experienced broker will often have a better understanding of customers' requirements than the customers themselves. Brokers can also provide quotations, summaries of cover and sample policies. Some can also issue policy and renewal documents, as well as invoices. They will collect premiums and can also assist in the claim process.

Complex

Taking on the role of director in an RMC can be complex enough without having to become an expert in every aspect of property ownership. AVIVA, one of the country's largest insurance providers positively promotes the use of brokers, Davis Bruce, Commercial Product Manager at Aviva advises: "Instead of worrying about what sort of insurance you should have why not let your insurance broker sort it all out for you. That would be one less job for you to do and peace of mind that you are adequately protected."

From 14 January 2005, all insurance brokers and intermediates operating in the UK had to be regulated and authorised by the Financial Conduct Authority. This gives you the security of knowing that:

There is someone to whom you can complain to if things go wrong; Your money is held in an 'insurance broking account' which the broker cannot dip into to run their business; The solvency and working capital of your broker will be regularly tested by the FCA; and Your broker will have many years broking experience and has a first duty of care to you and not to the insurer.

A good insurance broker may also be able to offer you and your fellow RMC directors advice on areas such as risk management and changes in legislation to ensure that you keep your risk to a minimum and are covered for those risks that are unavoidable.

However, RMC directors do not always take responsibility for arranging insurance because many RMCs will have their policies arranged by their managing agent. Agents can be FSA authorised in their own right, enabling them to obtain quotes from many sources. Royal Institutes of Chartered Surveyors (RICS) members may be authorised under their RICS membership, but this is not an automatic right. Some agents are Appointed Representatives. This ties them to one broker or intermediary but allows them to complete many functions such as notifying insurers of a claim and arranging an insurance policy. Agents can also be Introducer Appointed Representatives, which allows them to introduce insurance products to their client(s). However they cannot decide which product is suitable or arrange cover (this needs to be done by the RMC) and nor can they notify a claim, although they can be involved once the incident has been notified.

If you are not sure which, if any, of these categories your managing agent may fall into, just ask. They should be only too willing to explain what their status in term of insurance means for you and your fellow leaseholders.

For more information about insurance as well as a range of legal and health and safety matters, go to www.flat-living.co.uk/insurance

To check the current FCA status of any brokers, go to www.fca.gov.uk/register/home/do

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