

How Is Your Premium Calculated?

You probably wonder when you ring around to review your insurance premium why you are given so many different premiums, for the same block. Well here's how it is done...

Firstly your property information will be requested including:

- the blocks construction i.e tile or flat roof, timber or concrete floors
- the age of the building and if a purpose built block of flats or converted from a large house, hotel, mill etc into flats.
- occupation (i.e. whether owner occupied or tenanted)
- whether there are any communal facilities such as tennis courts, gymnasiums or swimming pools
- claims history or "losses" experienced during the previous three years
- rebuilding cost (which will be stated on your current insurance schedule as declared value or sum insured – see below for the explanation of these terms)

Often information about the surrounding area will be requested, for example whether you are aware of flooding in the locality or if your adjacent properties have suffered from subsidence.

Once the underwriter has collated this information he/she will normally check the "experience" of the area.

Subject to the block conforming with the Insurer's underwriting criteria most specialist intermediaries will have the authority to apply a "rate" to your reinstatement cost (Declared Value or Sum Insured – see below) apply to your sum insured, for example:

$\text{£1,000,000 (Declared Value/Sum Insured)} \times 0.080 \text{ (example insurance rate)} = \text{£800.00} + 12\% \text{ IPT (Insurance Premium Tax)} = \text{£896.00.}$

The premium quoted for this block would be £896.00.

Normally excess options will be offered, for example, the quote above could be with a £100 excess. If the client preferred a NIL excess the premium would normally increase or could be reduced by requesting a higher excess.

EXCESS

The first part of a claim which is paid by the Policyholder. The Insurer pays amounts in "excess" of this first amount. An excess may be compulsory (i.e. imposed by the Insurer) or voluntary (i.e. accepted by the Policyholder in return for a premium reduction).

If you would like us to review your policy against your current – please call us on 0800 281 233

Exclusively flats, it's our policy.

