

What is the buildings declared value?

The 'buildings declared value' is the cost of rebuilding a property at the time of policy inception/renewal. This value is based on the property itself, and has nothing to do with the resale value, land value or the desirability of the surrounding area. The figure is fixed from the day of policy inception/renewal - it is often referred to as the 'Day One value', as it is based on the first day of your policy. The declared value can also be known as the 'reinstatement cost', and should include the cost of professional fees, debris removal and compliance with European and Public Authority regulations.

The declared value will have a 'Day One uplift' applied; this figure is normally shown as the 'buildings sum insured'. The declared value and the sum insured are often confused. Whilst the declared value is based on the cost of rebuilding the property at the time of policy inception, the sum insured covers inflation costs between the date the declared value is established and the date of a total loss. This protects you against inflation and any rise in the cost of building materials.

Both the declared value and the buildings sum insured will be

shown on your policy schedule (the declared value is normally the lower figure shown in brackets). If the declared value is incorrect, then problems may arise with underinsurance: the Day One Uplift is only meant to protect against inflationary problems - not valuation inaccuracies.

Insurers will use the declared value to confirm what the total sum insured equates to (inclusive of Day One protection). For example, a property with a declared value of £500,000 will have a sum insured value of £675,000 if the insurance policy contains a 35% Day One Uplift Clause.

When obtaining quotations, you will need to provide the insurer with the reinstatement cost for your block. If your policy schedule shows a declared value AND buildings sum insured, it is the declared value that you must provide. However, if your policy schedule only shows a sum insured value, this should be given instead.

Should you suffer a total loss, the insurers will pay the maximum of the declared value, plus the amount by which inflation has increased, without you paying more premium.

For more information, please call us on 0800 281 235.

Exclusively flats insurance, it's our policy.

