

Why have insurance premiums increased?

A tougher attitude to risk and pricing across the insurance market has developed which now sees the flats insurance sector entering what is known as a 'Hard Market' for property and commercial insurances.

What do we mean by the term 'Hard Market'?

It simply means that demand exceeds supply.



- **More claims and increased claims costs** due to a lack of availability of contractors to perform repairs and the widespread increase in the cost of raw materials.

The housing shortage is also leading to higher costs of alternative accommodation should you not be able to live in your flat or apartment until the repairs have been completed.

- **Some insurance companies** have stopped providing residential property insurance cover due to the losses they have experienced.

Other insurers who continue to provide this cover are increasing their premiums in an attempt to stop this being an unprofitable class of business.

- **The cost of reinsurance has increased.**

Insurance companies purchase reinsurance to protect themselves against major losses affecting their ability to pay claims.

There has been a general increase in reinsurance costs recently due to significant events internationally such as fires, storms as well as the impact of the Covid pandemic.

- **Storm and flood** frequency and severity have increased nationally and internationally, which has resulted in insurance companies paying out more than in previous years.

- **The Global Economy;** the reduction in investment income together with the increase in claims costs has resulted in insurance companies having to increase premiums to remain solvent.

- **The cost of raw materials** has increased. For a long time indexation (the method by which the sum insured is adjusted in line with inflation using data from a number of sources) has been as low as 3%. A combination of short and longer term factors such as Brexit, world commodity prices, the pandemic and general supply and demand have resulted in the need for this figure to increase.

In some cases there has been an increase to 7% or higher. Despite this benefit being included in your policy it is important for you to make sure your declared value is always adequate to cover the cost of completely rebuilding your property when you come to renew your policy.

Each block of flats insurance premium is determined by the potential cost to the insurer in the event of a claim.

Residentsline will re-underwrite your policy at each renewal based on the information that is shown on your statement of fact to make sure you are obtaining a premium that is suitable for your property.



What can you do to help?

- Where you have had a claim, provide us with information to show what measures you have taken to prevent the same incident from happening again – insurers will look more favourably if they can see proactive measures have been taken to prevent claims re-occurring.
- Provide useful information about your block, for example, let us know when you have had a rebuilding cost assessment, if a fire risk assessment or health and safety assessment has been completed.

Let us know if you have an automatic fire alarm, CCTV, sprinklers or a door entry system – all of these are favourable features which can lead to a discount on your premium.

