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Insuring Your Property

For most blocks of flats and residential developments, arranging appropriate buildings insurance is an important part of property factoring. Your property factor will often arrange the buildings insurance on behalf of the development, ensuring that the communal building and relevant shared areas have suitable cover.

However, homeowners should not simply assume that the insurance arranged by their factor represents the best value or the most appropriate policy available.

Understanding your buildings insurance

Buildings insurance for a development can be more complicated than a standard household policy. Depending on the property and the policy, cover may include the structure of the building, communal areas, roofs, external walls, lifts, stairwells and other shared elements.

The cost of this insurance is normally shared between the owners in accordance with the arrangements applying to the development.

It is therefore important that homeowners understand what they are paying for and what protection the policy actually provides.

Be aware of insurance commissions

Property factors may receive remuneration or commission for arranging buildings insurance. This does not necessarily mean that the insurance is unsuitable or poor value, but homeowners should understand **how the insurance has been arranged and whether any commission or other remuneration is being received**.

Insurance costs can represent a significant proportion of a development's factoring expenditure. Even a relatively small difference in the annual premium can have a substantial impact when multiplied across many properties and over several years.

Homeowners should therefore ask appropriate questions about the insurance being arranged for their development.

Questions worth asking include:

- Who is the insurer?
- What does the policy cover?
- What are the principal exclusions?
- What is the annual premium?
- What is the policy excess?
- Is the policy arranged specifically for the development?
- Is the factor receiving commission or other remuneration?
- Has the policy been reviewed against alternative insurance arrangements?
- Has the factor obtained competitive quotations where appropriate?

Finding a good insurance product

The cheapest policy is not necessarily the best policy.

A suitable buildings insurance policy should provide an appropriate level of protection for the development while offering reasonable value for money. The policy should also have suitable levels of cover for the type, age and construction of the building.

When comparing policies, homeowners should look beyond the headline premium. **The** level of cover, exclusions, excesses, claims handling and insurer should all be considered.

A policy that appears cheaper may provide less comprehensive protection or have substantially higher excesses.

Transparency is important

Homeowners are entitled to expect transparency from their property factor.

If insurance is arranged on behalf of the development, owners should be able to understand the cost of the policy and the arrangements surrounding its placement. Where a factor receives commission or other remuneration, homeowners should pay particular attention to the information provided about those arrangements.

Understanding how insurance is purchased can help homeowners make better-informed decisions about the overall cost of managing their development.

Don't wait until there is a claim

The time to examine your buildings insurance is before something goes wrong.

A serious fire, storm, flood, escape of water or other major incident can result in significant costs. Discovering after an incident that the development does not have the cover owners expected can be extremely stressful and potentially expensive.

Homeowners should therefore make sure they understand what insurance is in place and periodically review whether it continues to meet the needs of the development.

Want to understand your development's insurance?

SwapMyFactor can help homeowners understand the questions they should be asking about buildings insurance and what to look for when assessing whether their development has an appropriate insurance arrangement.

Good insurance isn't simply about finding the cheapest premium. It's about getting the right protection, at a fair price, with clear and transparent arrangements.

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