



Insurance Presentation By Adam Thompson



Agenda

Buildings Insurance
Business Interruption
Q&A



Buildings Insurance

General Building Cost Index is expected to average 9.6% in 2022.

Association of British Insurers suggests 20% of household policies are underinsured whereas various professional valuation services suggest that figure rises to 60-70% of commercial risks.

Construction costs have hit a 40 year high



Common Indicators that you may be Underinsured

1. The building has not had a professional valuation within the last three years and/or hasn't had the appropriate index linking applied
2. The building is listed, made of quarried stone or certain non standard construction methods.
3. The building is in a remote location or with restricted or difficult access.
4. The property is finished to a significantly higher standard than normal.
5. The property has modern eco-friendly construction or green energy features.
6. You haven't factored in costs for outbuildings, car parks, driveways, gates, fences, boundary walls, paving or lighting.
7. You haven't factored in costs such as professional fees, site clearance or access costs. This could extend the rebuild period which needs to be factored into the Business Interruption cover.
8. The Business Interruption indemnity period is only 12 months.

Construction costs have hit a 40 year high

1. Material shortages continue to create problems with materials costs averaging over 20% inflation.
2. Some materials have seen huge increases such as imported timber (+70%) and structural steel sections (+60%) due to a global increase in construction and supply issues caused by Covid.
3. Labour costs continue to rise due to a shortage of labour in the UK construction sector.
4. There's a driver shortage in the UK coupled with increased fuel prices meaning it costs a lot more to distribute building materials which is further driving prices up.
5. Rising energy costs have and will continue to push up the costs of producing materials which will be passed on to the customer.
6. There's been substantial increase in demand for building repairs and improvements.
7. Lifestyle changes post pandemic and continued home working is causing people to reassess their housing needs.
8. Large infrastructure projects such as HS2 have also increased demand for both labour and materials.



Business Interruption

Indemnity period

Gross Profit/Increased Cost of Work Figure



Recap

Rebuild valuation if you haven't had one in the last 3 years (around £180)

Discuss your BI cover with your broker (don't wait until renewal)



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Q & A



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Thank you