

Brentford Dock - A Leaseholders' Guide to Managing Insurance Claims

General

- Michael Richards & Co. has a responsibility to both Brentford Dock Limited and all of its leaseholders (i.e. those paying the service charge) to ensure that all insurance claims are dealt with in a prompt and efficient manner, whilst protecting the level of premium.
- Your Lease, is a contract between Brentford Dock Limited and you – as leaseholder. It obliges BDL to maintain appropriate insurance for the perils associated with operating a development of this type.
- BDL instructs us, as Managing Agents, to arrange Building Insurance to cover its liabilities as defined by the lease.
- Full details of the insurance cover is provided in the policy wording, which you should read carefully. Copies are available from the Management Office or can be found in the 'Private' area of the Brentford Dock website – www.brentforddock.com
- Insurance claims have a significant impact on the level of premium that is paid.
- All claims processed by insurers remain on record for a period of five years and must be declared to any insurer from whom a quotation is sought.
- A number of small claims have a greater impact on the premium than one large claim - small claims indicate ongoing issues (eg. ageing and leaking pipes) whereas a large claim can signify a sudden catastrophic event (eg. a burst tank).
- The most common cause of insurance claims in blocks of flats is Escape of Water (eg. leaking pipes, washing machines etc.).
- Insurance is there for the bigger things in life (eg. fires and major floods). It is not much different to your own personal car insurance – if someone scratches your car in the supermarket car park you are unlikely to claim as you know your premium will go up; if, however someone writes you car off, you will claim.
- In order to protect the premium paid, Brentford Dock Ltd has set a claims excess of £5,000 in respect of Escape of Water claims. All other claims are subject to an excess of £1,000

What constitutes 'the Building' for Insurance purposes?

As a rule of thumb everything that is fixed within a building is covered by the building insurance policy, any items not fixed are contents. A simple way of looking at this is to imagine turning the building upside down; what doesn't fall is buildings & what does, is contents. Therefore, the following are covered by the building insurance:

- The main structure of the building, including the roofs & foundations
- Fitted kitchens & bathrooms, including white goods where they are integral to the building (e.g. built in appliances)

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- Hard floor coverings (including wooden & laminated floors). However, you should be aware that under the terms of your lease you are obliged to carpet all rooms except the bathroom and kitchen.
- Wall & floor tiles and wall coverings.

Building insurance allows for re-instatement of a property to the standard it was before the damage occurred. It should be noted that insurers (or their Appointed Representatives) will research to ensure that any reinstatement works is to a similar standard and that any “betterment” (e.g. replacement of existing with something better) is avoided.

Heads of Terms & What is Covered

Escape of Water

Escape of Water claims generally originate from one of two sources: a leak from something communal (eg a heating or water pipe) or from something belonging to an individual leaseholder (eg a leaking washing machine). The damage caused by both of these sources of escape of water is covered under the building insurance policy. However, it must be noted that if a flat causing a leak has not been kept in good repair by the leaseholder it may be reasonable to expect them to pay for the damage rather than claim on the insurance.

Consequential Loss – is the damage caused as the result of an escape of water. The cost of repairing the cause of the leak (eg a pipe repair) is not covered by the insurance.

Trace & Access – the cost of finding a leak is only covered where there is consequential loss and a claim is accepted. Please note that the full cost of trace and access may not be recoverable where access panels have been made inaccessible (e.g. by tiling over them).

Roof Leaks – Roof leaks are not covered per se, something must happen to the roof. The insured (BDL) is obliged to keep the roof in good condition. If they have taken reasonable steps to do so and damage occurs (e.g. a chimney pot falls unexpectedly) then a claim for any consequential loss can be made under the Accidental Damage section of the policy for any consequential loss. The insurance does not cover general roof maintenance or the consequential loss resulting from a general maintenance issue.

Storm Damage – in order to qualify as a storm the Met. Office must have recorded winds in excess of 45mph.

Accidental Damage

Accidental Damage covers against items such as, dropping something in a hand basin and breaking it or burning a kitchen work surface with a hot pan or damage caused by accidental damage to the roof. (see above).

Malicious Damage

Malicious damage caused by tenants renting your property is likely to be covered under the building insurance policy. However, it is becoming increasingly difficult to claim for malicious damage and insurers complete rigorous checks to ensure that claims are valid and that you, as the flat owner, has done everything possible to mitigate the loss before settling any claims.

Fire

Although not common, this is one of the major reasons for carrying insurance. A fire is likely to be a one-off catastrophic event. See notes above regarding large claims.

Subsidence

Subsidence claims can often take a long time to resolve and therefore any potential claim notified to insurers can sit on file for a significant amount of time before it is accepted and considered for settlement. Before any claim for subsidence can be considered a Structural Engineers report is required. This will confirm whether there is subsidence and will give a recommended course of action. There is likely to be a period of monitoring before any remedial work is completed: this may avoid having to make claim at all, especially if any recommended work can be completed within the policy excess. Again, subsidence is likely to be a one-off catastrophic event. Subsidence attracts a claims excess of £1,000. Any concerns regarding subsidence should be reported to the Management Office who will assess the need for any further investigations.

Property Owners Insurance

This is similar to Public Liability and is there to cover Brentford Dock Ltd should an incident occur within the bounds of the property for which it is liable.

Terrorism

The insurance clause in most leases either allows (or encourages) the landlord to do so. Most mortgage lenders now require terrorism cover to be in place. This will cover the Estate for any event that the government decrees is an Act of Terrorism. Please be aware that this could be anything, including, for example, a bomb making factory inside an individual flat or a contaminated water supply, or an incident requiring evacuation of the building.

Protecting the Premium Payable

The best way of protecting the premium is to avoid making small claims under the policy and this has been done by setting the excess at a level which prohibits this. However, it is essential that freeholders act *reasonably* and therefore a compromise must be made between keeping the premium low for everybody, whilst not prejudicing the individual who needs to make a claim under the policy. It should be noted that the vast majority of claims relate to water damage and a high proportion of these result in a small area of a single room requiring redecoration.

Who should pay the Excess?

Liability for the policy excess depends on the cause of the damage.

1. Where the consequential damage is caused by a “communal” issue (eg. a leaking mains, heating or hot water pipe or a roof leak) the excess will be paid by the service charge account (borne collectively by leaseholders.)
NB – it will still be necessary to pay for repair of the defective item to prevent recurrence of the damage.
2. If the leak is caused by an “in-flat” problem (eg. a leaking washing machine or shower) then the flat owner causing the damage will be liable for the excess, as this is within their control and within their liability.

A further issue – particularly relevant to water damage claims - is that the “trace and access” costs can be considerable particularly where leaseholders have tiled over access to risers & stopcocks, leaving no suitable access panels. Individual leaseholders may be responsible for any additional costs caused by this. Maintaining access to pipe work etc is your obligation under the terms of the lease

NB. An excess of £5,000 does not mean the person causing the damage is automatically going to have to pay £5,000. They will have to pay the costs for any damage up to a £5,000. In the majority of cases the cost of repairing any damage caused will be considerably less than this.

If the Freeholder is liable for Leaseholders’ kitchens and bathrooms etc. how do we know how much to insure them for?

Without carrying out a full survey and valuation of each individual flat it is not possible to know the standard to which each flat has been finished and therefore to set an exact sum insured. Brentford Dock Estate as a whole has been valued by an independent valuer, which included a broadly representative sample of the interiors of flats. This informed the overall ‘Building Cost Index’ used for insurance purposes. This covers both very high and very low standards of internal fixtures by virtue of being an average.

Claims are paid on the basis of “existing” installations and “betterment” (eg replacement of existing with something better) will not be covered by insurers.

Whilst index-linking is applied to the building insurance policy - which should go some way in maintaining the level of sums insured - a comprehensive revaluation of the property was completed in 2016. This will be followed by 3-5 yearly desktop reviews to ensure that the sums insured remain adequate.

The role of the Managing Agent / Management Office

Our role is to assess all claims and consider whether the damage is to be paid for from the service Charge / referred to insurers and assist leaseholders in making claims against the building insurance.

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We work closely with the insurance broker to ensure that all claims are dealt with reasonably and that your premium is protected as much as possible. We receive a fee from insurers in respect of administration and claims handling. This fee is disclosed to and agreed by the freeholder on renewal.

If you would like to discuss any of the contents of this document, please contact the Management Office – managementoffice@brentford-dock.co.uk Tel: 020 8568 5096.

Brentford Dock - Dealing with a leak into your flat

General

The Management Office staff will assist you in resolving any leak into your flat and making any possible claim for the damage caused.

Leaks generally fall into two categories: those caused by a leak in the communal services (eg mains water pipe or roof) and those caused by a leak from a neighbouring Property /or from your own Property and into the property below (eg leaking pipe, shower, washing machine etc)

This document aims to set out the process you should follow to ensure that the cause of the leak is stopped as quickly as possible and that any consequential damage to your Property (but not contents) can be put right.

Ascertaining the cause of the leak

1. If you are on the top floor of a block and water is either coming in through the ceiling or staining is visible on the ceiling the most likely cause is a leak from the roof or from your own water tank.
2. If water / staining is apparent in an area where there is an internal riser within your Property (eg communal pipes which run through the flat) there may be a problem affecting the communal pipe work.
3. If there is a property above you and water is either coming in through the ceiling or staining is visible on the ceiling the likely cause is a leak from the property above.
4. If there is water on your floors or the Property above has complained that water is coming into their Property the likely cause is within the flat itself (eg leaking shower / washing machine / internal pipe)

Action to be taken

Suspected roof leaks or leaks from communal pipe work

1. If you suspect the water is coming from the roof or an internal pipe you should contact the Management Office as soon as possible.
2. The Maintenance Manager will inspect the damage and arrange for any necessary repairs to be completed. We would ask for your co-operation in providing access to your flat as without this we are unlikely to be able to establish the exact cause of the leak.
3. Failure to provide access to your flat within a reasonable period of time to enable us to mitigate any loss, may result in your being liable for any additional further consequential costs incurred.
4. Please be aware that we will take photographs of the damage to your Property for our files and to be provided to insurers (in the event of a claim).

Suspected leaks from a neighbouring flat

1. If you suspect that the water is coming from a neighbouring Property, you should in the first instance contact your neighbour to advise them of the problem & request that they check the area within their Property for any leaks and arrange for any repairs. Out of hours, security can assist you with this.
2. You should notify the Management Office of the leak and of the action you have taken as soon as possible. You should include photographs of any damage caused to your flat.
3. As far as possible (and if safe to do so) you should move any fixtures / fittings / furniture away from the area to avoid any damage being caused to them.

4. The Management Office will write to the leaseholder of the property from where the damage occurred asking them to confirm the cause and that it has now been repaired.
5. Should the leak continue or should your neighbour be uncooperative you should notify the Management Office immediately and we will intervene to assist you in resolving the issue.
6. Should your neighbour be liable for the cost of any damage (eg insurance policy excess) we will write to notify them accordingly (please see below).
7. Once the leak has been stopped, you can begin the process of getting the damage repaired (please see below).

Suspected leak from within your flat

1. If there is a leak coming from your property you have a responsibility to stop the leak as soon as possible. If necessary you should call in a suitably qualified plumber to assess and fix any problem. If out of hours, Security can assist with this.
2. You should notify the Management Office of the leak and of the action you have taken as soon as possible. You should include photographs of any damage caused to your flat.
3. As far as possible you should move any fixtures / fittings / furniture away from the area to avoid any damage being caused to them.
4. Once the leak has been stopped, you can begin the process of getting the damage repaired (please see below).

Once the leak has stopped

1. Depending on the amount of damage caused to your property you may be able to make a claim against the building insurance.
2. We will send you a claim form and details of how the claim will be processed.
3. Please note that a period of time will need to be allowed for your Property to dry out before any reinstatement works can take place.
4. Please be aware that the Building Insurance policy carries an excess and you will be advised of how much this is when we send you a claim form. We will also advise you as to who is liable to pay this excess:
 - Where the damage has been caused by a communal leak, the cost of repairing any damage to your property will be met either by the insurers or through the service charge account for your property.
 - Where the damage has been caused by a leak within your own property, you will be liable for the excess and may be liable for any uninsured losses caused to any neighbouring properties.
 - Where the damage has been caused by a leak from a neighbouring property, the owner of that property will be liable for the excess and you will need to recover this from them. Should you have difficulty in recovering the excess we will do all we can to assist you. However, please be aware that this is a matter between you and your neighbour and ultimately any recovery action will need to be taken by you.

Please note that this is a general policy and each incident will be assessed on its own merits and in some cases actions other than those stated above may be necessary. In such cases the Management Office will keep you fully advised of any other actions being taken.

We understand that water ingress into your Property can be upsetting and stressful and that you will be anxious to resolve it as soon as possible. It is, therefore, in everyone's best interest to follow the above process as closely as possible to help us help you.