



Buildings Insurance Premium for 1 April 2021 - 31 March 2022

Avid Insurance Services Ltd (policy number 2020CP000109) has increased their insurance premium for the year 2021/22 by a total of 21%. This will be reflected in the 2021/22 estimated service charges and will be a direct increase of the amount paid last year. The increase is a result of several factors common across London, leading to many large increases. We have put together some frequently asked questions below to help explain these changes.

Why is the insurance premium increasing?

When renewing insurance, premiums can increase or decrease depending on various factors such as claims performance. If the number of claims increase, then insurers are likely to increase the premium in the next insurance period to adequately reflect the increased risk. The increase is a result of the high number of claims since the contract started along with the impact of Covid-19, which has meant residents have spent more time in their homes leading to a rise in accidental damage and claims. The cost of building insurance has increased by large amounts for many local authorities this year.

How does inflation impact the premium?

Every year, the amount of money your property is insured for will rise in line with inflation. This increase has always been part of the premium renewal process and takes into account the potential impact on the cost of reinstating your property. If you are concerned that your property is over or under insured, please visit westminster.gov.uk/housing/leaseholders/about-your-property/insurance

Is the contract length still a 5-year period, expiring 31 March 2024?

Yes, we entered into a Long-Term Agreement on 1 April 2019 with a period of insurance each lasting 1 year up until 31 March 2024. This holds prices in a bracket generally still cheaper than most of London; the percentage increase is big but in £ terms less than many others.

Why doesn't Westminster City Council re-tender for more quotes?

We undertook a competitive tender process in 2018 and the second-place bidder was 25% more expensive for the same insurance cover. In view of this, we have decided not to re-tender at this point. If our claim performance improves, we propose to have re-tender for 2024 to get the best outcome for our leaseholders.

Could you negotiate further with Avid Insurances Services Ltd?

We have been in discussion with Avid Insurances Services Ltd for several months and have extensively updated them with the continued improvements in the management of our



housing stock. The 21% increase is a significant improvement on the level at which negotiations started.

What process have you undertaken to ensure the premium is kept as low as possible?

We have consulted with Avid Insurance Services Ltd throughout the lifecycle of this contract to look at areas which we could improve on to reduce our claims, which would help in reducing premiums. Examples include looking at leaks within properties, carrying out additional maintenance at the highest claiming properties to prevent high frequency claims. This will result in a reduction in costs, frequency of claims and ultimately will be favourable to any insurer. We are taking all possible measures to reduce the number of claims and to provide our leaseholders with the best possible premium.

How will we monitor the success of reducing claims and their costs?

We will monitor and review the progress of properties with leaks as these appear to be one of the most frequently occurring claims. By working with our repairs service and other relevant departments we will review procedures to make improvements where needed.

Could the policy premium be subject to a further premium increase at future renewals?

Insurance contracts are renewed annually for a period of 12 months, so in theory Avid Insurance Services Ltd could apply a further increase in 2022 if the number of claims does not improve. If this is the case, we will still retain the option to go out to tender prior to next renewal and will of course update our leaseholders as we progress through the 2021/22 year.

Where can I find more details about the insurance policy and how to make a claim?

Please visit westminster.gov.uk/housing/leaseholders/about-your-property/insurance for more information.

What if I have financial difficulty in meeting the increased costs?

If you are concerned about paying your service charges please contact Leasehold Operations on 0800 358 3783 to speak to a dedicated leasehold advisor who will be able to discuss ways we can assist you with your invoice.