

# Newsletter

## PROPERTY OWNERS

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**Bloomhill**  
INSURANCE SOLUTIONS

### Inflation

The cost of raw materials in the UK is expected to more than treble in 2022.

The figure had already increased fivefold during the Covid-19 pandemic, going from -0.9% in 2020 to 4.8% in 2021 – a 40-year high. The BCIS Material Cost Index is now forecasted to reach 17.5% by the end of 2022.

Cost inflation, the war in Ukraine and interest rates increases are also affecting another crucial factor that contributes to the health of the construction industry, in the UK and elsewhere: that of investor sentiment.

Rising inflation and the resulting move towards increased quantitative tightening are trends that look likely to continue until the end of 2022 at the very least. Many of these macro trends will continue to pose headwinds for the construction sector for the foreseeable future, both in the UK and globally.

### Under Insurance

U.K. insurance brokers are warning that underinsurance in the property market could worsen as rising prices and inflating asset values coincide with a squeeze on policyholders' ability to afford premiums.

The insurance industry underinsurance responds to commercial property with a commensurate cut in claims payouts under a principle known as average. If a policyholder insures a property for 15% less than it is worth, for example, insurers will reduce claims payments by the same proportion.

Businesses were so focused on staying afloat during the COVID-19 pandemic that they may not have made sure that the sums insured in their policies were keeping track with the inflation in the value of the assets being insured,

It is being predicted that prices will rise by between 5% and 10% over the rest of 2022.

Most Ukrainian citizens entering the UK under the governments "Homes for Ukraine" scheme don't intend on permanently migrating to the UK but plan on staying with us temporarily until the conflict in their country ends.

They have not been classed as asylum seekers as their residency in the UK is being approved by the special permissions granted under the scheme.

Insurers require full disclosure on a properties occupants but most have already reached out to confirm that for tenants occupying or sharing properties under the "Homes for Ukraine" scheme can do so without any changes required to the insurance contract.

Please do let us know if you intend on supporting Ukrainian nationals in your home or property and we can review your insurers coverage stance.



### Supporting Ukraine

Several of our clients have contacted us to advise us that they intend on supporting people fleeing the ongoing war in the Ukraine under the governments "Homes for Ukraine" scheme either by housing them in their homes or by making use of currently empty investment properties.





AirBnb has become so popular in recent years, especially with the post covid boom of "staycations".

There are currently 25,000 AirBnb homes online currently.

All tenancies need to be correctly disclosed to insurers, even in the instance where property is covered under Air Bnb's "host insurance scheme". Let us know if your property is let out via AirBnb and we can ensure you have the correct level of cover.

## Are you planning any building works in the next year?



Any works need to be disclosed to an insurer.

As standard, the clients buildings insurance will not cover damage to property caused by contractors or as a result of works.

We can assist where required in ensuring contractors have sufficient cover.



Policies exclude cover for defective design or poor workmanship.

We therefore recommend you do your due diligence and try and ensure you choose a reputable trader who is regulated within the industry. Check their references for peace of mind and that they have insurance.



Renovation insurance also known as contract works insurance is a type of insurance policy that is specifically designed to cover all the additional risks associated with home renovations. It will provide protection against damage to structures being built, and provide cover against injury for those carrying out the renovations.

There is also the additional risk of building materials and equipment being stolen, the contents within a home could be more vulnerable to thieves during renovations, for example if doors, windows and other features that would normally restrict access to a property are removed.

Depending on the scope of work being carried out, a home may also be unoccupied for extended periods during a renovation, increasing its vulnerability to theft and vandalism.

# Call us on 01256 463090