

Appendix 1: Summary of Stage 1 Observations

Observation	Camden 's Response	Number of Similar
<p>1</p> <p>I would like to know how much this is going to cost me and is it included in my service charges.</p>	<p>Camden have not yet tendered for this contract so we do not yet know what the contract sum will be. The council will be operating a competitive tendering process alongside a consortium of 9 other London Boroughs to appoint an insurer in line with European public sector procurement rules.</p> <p>Insurers who wish to bid will have to satisfy a number of criteria including financial stability and solvency, experience in underwriting similar types of contracts, and minimum levels of service. The aim is to procure a contract that is sustainable and stable at a reasonable cost.</p> <p>The potential benefits of the joint tender with the consortium are as follows:</p> <ul style="list-style-type: none"> a) greater buying power leading to better rates b) improved insurance cover c) improved service levels particularly for claims <p>Once the contract has been tendered across the European Union and all tenders have been received these will be evaluated. We will write to you again after this to advise you of the outcome of the tendering process and invite your observations on the proposed contractor. We will also be able to calculate your individual premium cost under the proposed new contract at that stage.</p> <p>I can confirm that your insurance premium will still be charged to you through your service charges in the normal way.</p>	<p>10</p>
<p>2</p> <p>For a number of years now we have been forced (i.e. not given the choice) about the level of excess or if excess should be paid at all. I live in a flat that has already been subject to water damage from the flat above. When this incident occurred I had either to claim (pay the excess), sue the tenant above or carry out the repair work myself. To my mind this is unsatisfactory insurance. Please explain why I should be paying for insurance that doesn't 'fully' cover me for damage to my flat in cases when that damage emanates from other properties? Why is the liability (excess) the responsibility of the effected person rather than the leaseholder/tenants/landlord from where the problem arises?</p>	<p>All insurance policies of this nature have an excess and the £250 excess has been chosen in an attempt to give the best balance between price and affordable cover. It should be noted that the payment of the premium is something that will have to be paid by leaseholders annually no matter what, but the excess charge is only paid in the event of a loss resulting from an insured peril.</p> <p>If there was no excess then the annual premium would be significantly higher and in fact Camden is not aware of any buildings insurer that offers a building insurance policy with nil excess.</p> <p>In respect of the unfortunate occurrence that you have detailed the excess will always be payable by the leaseholder in the first instance as it is the leaseholder who has the financial and insurable interest in the property and is also the person making the claim under the policy. In many incidences of this nature it is nobody's fault that water has come from one flat into another and as such no liability may exist despite the fact that damage has been suffered.</p>	<p>7</p>
<p>3</p> <p>The proposal to re-tender the contract for 2013 onwards under the auspices of the London Insurance Consortium sounds a very sensible idea - provided it is monitored cleverly for the maximum benefit of all the councils involved and their associated leaseholders</p>	<p>As I am sure you are aware the idea of the consortium is that we are able to acquire the best quotes available for the cover necessary for leaseholders. The draft contract that will be tendered will include indicators and clauses designed to protect us from unnecessary increases and costs.</p>	<p>6</p>

4	<p>I agree it is good business practice to obtain more than one quotation. On the other hand we have been well served by Zurich Municipal in the past when all quotation have been received. If there is a difference higher than Zurich, perhaps they would, in order to keep the contract, meet that quote. I would hope the Council would take that into consideration.</p>	<p>The council will be operating a competitive tendering process to appoint an insurer in line with European public sector procurement rules. Insurers who wish to bid will have to satisfy a number of criteria including financial stability and solvency, experience in underwriting similar types of contracts, and minimum levels of service. The aim is to procure a contract that is sustainable and stable at a reasonable cost. I appreciate your opinion to continue with Zurich. Camden will not be in a position to renegotiate costs with Zurich after Insurers have tendered should they not be the winning tenderer. To do so Camden would be in breach of competition law. However Camden will seek to choose a policy which offers best value for money. While this may mean that the cheapest tender is chosen, Camden must also consider other factors such as quality and policy cover.</p> <p>Your Building Insurance will cover accidental breakage and damage to fixed sanitary ware, this includes fixed items such as toilets, toilet cistern, wash hand basins and sinks, however it will not insure against depreciation and deterioration from normal use and wear and tear.</p> <p>Your Building Insurance will cover the damage that falling aerials or satellite dishes may do to your buildings. It will not cover damage caused to your aerials or satellite dish itself</p> <p>Television aerials and satellite dishes would only be covered by the installers if they are still under the installers warranty period (this period of cover is normally for one year from date of installation) and will cover for bad workmanship, malfunction etc. They will not cover for defects and damage outside their control for example caused by weather.</p>	6
5	<p>Re the list of 'Follies' the policy will cover, i.e. escape of water from my fixed tank, does this also cover accidental damage to toilet, toilet cistern, hand basin (bathroom) and kitchen sink should these suffer a crack or breakage? Contents insurance does not cover these as they are fixtures. I asked this question when we were last notified of new insurers and was told in writing that such items were covered. RE television Aerials and Satellite Dishes, are these not covered by the installers?</p>	<p>The short answer is no. Insurers when tendering will be required to quote a price for each borough individually based on its own claims experience and, as appropriate, insurance policy requirements.</p> <p>So, for example, all insurers will be required to quote on a sum insured basis based on the claims experience of the London Borough of Camden's leaseholders and no one else's claims experience or policy requirements.</p> <p>This is the reason for the winning bids for this tender being assessed on an individual borough basis.</p>	4
6	<p>When insurance is provided through a consortium will there be a knock on increase on our insurance from the effect(s) of a major claim from which another council is responsible? Will there be proportional increases to our insurance in relation to the number of claims from each council or will increases due to claim be spread equally among the nine boroughs.</p>	<p>Your comments are noted</p>	3
7	<p>It all sounds good to me – I'm sure you know what you are doing.</p>	<p>The rate per thousand in respect of buildings is based on many factors including the size of the building however it will not be based on number of leaseholders</p>	3
8	<p>That the contributions are fair, based on, as far as is reasonable, size of property etc. and not on, or solely on number of leaseholders.</p>	<p>I can confirm that that if a new insurer is chosen that this will not prejudice any existing valid claim. Our Insurance Section also informs me that the Insurer whom you have notified of your claim has accepted the premium for providing cover in the period in which you have notified the claims, and as such should deal with your claim.</p>	2
9	<p>As there is an outstanding claim relating to this address which may take some months to conclude and it involves monitoring of subsidence cracks, will you please assure me in writing that any changes of insurers will not prejudice the claim.</p>	<p>Under the terms of your Lease, the London Borough of Camden is required to insure the building, so you will not be able to insure the building yourself.</p>	2
10	<p>Is this compulsory or can I get my own insurance instead?</p>		2

11	<p>As a leaseholder I have no choice but to hope that the insurance premium will not increase but might even be reduced. Whilst many insurance companies are offering lower rates in the private sector where they have a choice, when it comes to council properties there seems to be no limit to how much they can be increased. In 5 years the premium for leaseholders has nearly trebled.</p> <p>It is not obvious why the risks of malicious damage, theft or attempted theft, and escape of water from any fixed tank should have a time limit. A leak is likely to relate to temperature or water pressure, and be discovered quite quickly, and damage or theft are crimes of opportunity which can be avoided by maintaining the premises secure and avoiding any appearance of neglect. Deletion of the 30 day occupancy limit would be a worthwhile improvement in the cover.</p>	<p>With regards to your premium, I can say that we are looking at competitively tendering for this contract, and the London Borough of Camden will look at getting the level of insurance that it requires for the best price. However, we cannot say how this will affect your premium at this time.</p>	2
12	<p>The insurance agreement is for buildings. It does not include contents. A building plus contents usually cost less than two separate insurances. Is it not possible to offer the possibility for individuals to negotiate with the insurer a way of insuring contents with the same company to be paid by said individual (not the Council's expense)?</p>	<p>To remove this restriction would increase the premium and Camden does not at this stage deem this desirable or expedient.</p>	
13	<p>As a new home owner I am unfamiliar with the house-hold insurance field. However I have heard unfavourable remarks and comments from neighbours, who are also leaseholders, about Zurich and the deal they represent. I also query why the contract should e for a five year period?</p>	<p>The Council's proposed template for this contract will only cover building insurance. This is due to the Council only having a responsibility to the building and the new element of joining a consortium that have a central goal in common which is for building insurance.</p>	
14	<p>Any refunds on no-claims is to be detailed and refunds given to specific leasehold property and leaseholders within that property given that Camden tenants have a separate insurance agreement.</p>	<p>To tender the Contract annually would not be practical due to the amount of time and resources this would incorporate. The long term agreement will be for a five year term with a break clause after 3 years. However the agreement will be kept under regular review to ensure that it delivers the intended financial and quality benefits.</p>	
15	<p>That Accidental Damage should delete the restriction to owner occupied properties, since the insurance proposed is to meet the Council's obligations to leaseholders, and there is nothing in the lease to justify discrimination by residence. If you have doubts on this point. Signing the lease is the sole basis for the obligations within it, not residence which the lease does not mention.</p>	<p>Because the buildings insurance policy serves all leasehold properties within the borough (that is, it is not specific to your property), it is not possible to offer refunds to leaseholders who do not make claims against the policy.</p>	
16	<p>I passed your suggestion to the insurance section, but removing this restriction would result in an increase in the premium, which resident leaseholders would be extremely resistant to, therefore we do not deem it desirable or expedient. As a landlord, we would advise you to arrange adequate landlord's insurance for your flat. Most accepted claims that arise from events outside of your demise would be covered by the earlier clauses in the policy (water damage, malicious damage, fire, subsidence etc.) In the very rare cases where there is accidental damage, which is not covered by one of the previous clauses and is not covered by landlords' insurance, but is accepted as an insured risk by the insurer, I would expect you to dispute your liability to contribute towards the cost of the repair, on the grounds of reasonableness, perhaps with reference to your lease. Camden would then have to demonstrate that it was fair and reasonable to charge you for these costs. Our position with regard to the payment terms for resident or non-resident</p>	<p>I passed your suggestion to the insurance section, but removing this restriction would result in an increase in the premium, which resident leaseholders would be extremely resistant to, therefore we do not deem it desirable or expedient. As a landlord, we would advise you to arrange adequate landlord's insurance for your flat. Most accepted claims that arise from events outside of your demise would be covered by the earlier clauses in the policy (water damage, malicious damage, fire, subsidence etc.) In the very rare cases where there is accidental damage, which is not covered by one of the previous clauses and is not covered by landlords' insurance, but is accepted as an insured risk by the insurer, I would expect you to dispute your liability to contribute towards the cost of the repair, on the grounds of reasonableness, perhaps with reference to your lease. Camden would then have to demonstrate that it was fair and reasonable to charge you for these costs. Our position with regard to the payment terms for resident or non-resident</p>	

		leaseholders is a separate matter and though you may wish to draw parallels we rely on a separate clause in your lease, namely Landlords Covenants	
17	There have been terrorist incidents in central London; therefore it is important that coverage is obtained for acts of terrorism.	Our Insurance section informs me that the Leasehold policy does cover acts of terrorism, but excludes:- We will not pay for any claim in respect of loss, damage or Liability (or any related cost or expense) which is directly or indirectly caused by, contributed to by, resulting from, or arising out of and in the course of or in connection with, any act of terrorism. In this case an act of terrorism means the preparation, threatened use or actual use of a device or other means capable of producing biological, chemical or nuclear pollution or contamination. As it actually says devices that are capable of producing chemical or nuclear pollution or contamination our Insurance section deduces that terrorism not including these devices would be covered. This is a standard term in all household policies and we will not be able to procure cover above or beyond that which we already hold.	
18	I notice in your policy summary that the current insurance covers 'Trace and Access – costs incurred in relation to the leaseholders demise in locating and subsequent making good following damage by escape of water..... etc' does this cover me?	The cost of tracing and then access with regard to leaks, means that if a pipe has burst within a leasehold or neighbouring property, and cost is incurred in finding and then getting to the source of the leak, then these costs will be covered by insurance (but only if the leak is an insured risk). In the examples you have given, if you can prove negligence by Camden in maintaining the block has resulted in avoidable damage to your property, you can submit a public liability claim and/ or pursue compensation via an official complaint. Details of how to make an official complaint are on Camden's website www.Camden.gov.uk . If Camden has rectified damage within a reasonable timescale no compensation will be due. it all depends on what evidence you can provide and the timescales in which Camden acted.	
19	Personally I have no objection to who ever supplies the insurance or combining with other councils to get a better deal - my issue is the service and cover received	I have enclosed a copy of the current summary of cover for Camden's Leasehold Buildings Insurance. On page 16 of the booklet is the Zurich Complaints procedure; if you are unhappy with the way any of your previous claims has been treated or you want more information on a decision by Zurich, you should contact the relevant numbers on this page.	