

Insurance notes

Prudential's SIPP Property Insurance Notes

Welcome

This document provides details of Curtis Banks' property insurance policy that has been arranged by their insurance broker.

Insurance programme

A single block policy with AXA insurance has been arranged for all assets which are the responsibility of Curtis Banks to insure.

Assets are insured until 30th April each year (pro-rata for acquisitions during the period).

What is the core coverage?

'All Risks' of Physical Loss or Damage including Theft, Subsidence, Glass and Accidental Damage and Consequential Loss resulting therefrom.

The policy will also respond in the event of Damage following a Terrorism incident; or where Damage to property leads to an interruption in the rent. £25M public liability cover is in place to protect Curtis Banks.

If you are aware of any Composite Panels in existence at the property, please advise Curtis Banks.

Does "all risks" cover everything?

No. The principal behind an "All Risks" policy is that everything is insured, unless excluded. However, you should be aware of the following key exclusions – these are standard in the insurance industry.

- Faulty and defective design, materials and workmanship – these may be covered by a Latent Defect policy.
- Gradual deterioration, wear and tear, rust and corrosion, wet or dry rot, dampness, dryness, shrinkage, evaporation, marring, scratching, vermin or insects.
- Change in temperature colour texture or finish.
- Collapse of buildings and other structures – this exclusion does not apply if the collapse is due to an insured cause eg a fire or subsidence.
- War Risks.

Public liability cover is NOT provided for tenants or any activity they are engaged in.

Remember insurance provided by this policy is for the benefit of Curtis Banks and the underlying SIPP and does not provide cover for any activity the tenant is engaged in.

What excess applies?

The policy excess is £1,500 following Subsidence, Landslip or Heave and £400 in respect of Riot, Civil Commotion, Storm, Flood, Impact, Theft and Accidental Damage.

Specific flood excesses may apply, these are:

- Locations where there is a historic flood claim: £25,000 (unless specific action has been taken and can be demonstrated – to be agreed with AXA).
- Locations where a claim has occurred to be reviewed before automatic application of this excess to ensure appropriate use.
- Zone 3: 20% co-insurance per loss up to max. £10,000.
- Zone 2: 20% co-insurance per loss up to max. £5,000.

This applies for all existing and acquired assets unless exceptional circumstances prevail.

Values Insured and Underinsurance

Where stated on the insurance certificate, all properties are insured with a day one reinstatement value unless specifically advised by Curtis Banks- i.e. where properties are due for demolition and there is no obligation to reinstate.

• Properties in excess of £1 million

Insurers require that building values are assessed by a RICS qualified surveyor and a Reinstatement Cost Assessment (RCA) is undertaken at least every 3 years. The portfolio will be uplifted by the annual cost of inflation in intervening years.

- **Properties under £1 million**

Insurers encourage building values to be assessed by a RICS qualified surveyor and a new insurance valuation is undertaken every 3 to 5 years. The portfolio will be uplifted by the annual cost of inflation in intervening years.

In both situations it is the responsibility of Curtis Banks client and should an appropriate reinstatement valuation not be provided, and a claim is made, there is a risk of underinsurance per asset and any claim maybe scaled back by insurers. In this situation any shortfall will be the responsibility of the underlying SIPP to fund and not Curtis Banks.

Loss of Rent is insured based on the income received on 1 May, multiplied by the indemnity period (3 years). This includes the estimated annual rent at Void/Vacant units where information has been declared (an adjustment will be made for the period Curtis Banks would not have received income).

Turnover Rent – where applicable – base rent plus turnover rent percentage to be declared at each renewal. No end of year declaration to be completed. 200% rental uplift covers variation in actual turnover rent at time of loss.

Policy changes and/or amendment

Please contact Curtis Banks should you require any changes to be made to your policy. Please note any material change to use and or occupation could invalidate the policy should the change not be declared.

Please note any changes made midterm will be submitted to our insurance broker and revised certificates and premiums notified to Curtis Banks on a monthly basis.

Empty and/or vacant property

It is important that Curtis Banks are advised when a property becomes either fully vacant or empty, but is still subject to a lease. No additional premiums will be charged by AXA when a property becomes vacant.

Reasonable precautions and best endeavors to prevent losses are required, as a minimum, at all times. Full cover will continue when a property becomes vacant as long as the following are complied with:

- The premises is to be watertight and in a good state of repair.
- Any issues identified to be rectified immediately.
- Security to be reviewed, provision of the following as a minimum:
 - Perimeter fencing, where present, to be in a good state of repair and engaged as a deterrent. Any gates or access areas to fencing to be padlocked and secured at all times.
 - Any and all accessible windows or means of access to the premises to be securely locked and security measures to be put into full and effective operation.
 - For risks with a Buildings Declared Value over GBP3 million, alarm protection with remote signaling to a central station to be provided. If not already present then this condition is to be met within 1 month of the property becoming vacant. AXA will consider other forms of protection, specific details to be provided and agreed by AXA.
- Building services. Electricity can be maintained where this is to power any form of security or fire detection; all other services to be switched off at the mains and the water supply drained down.
- Internal and External Site Inspections. Site Inspections to be internal and external. Orbis Protection site visits to be maintained at all times. Where Orbis identify non-compliance of any of these insurance terms, details to be raised with CBG/the investor and necessary actions to correct the position to be undertaken.
- Orbis inspections to be at least once every 30 days for buildings and every quarter for land.
- Where site visits are carried out by either CBG or investor any issues are to be logged and action taken to correct the position.
- Any and all combustible materials inside or in the vicinity externally to be removed from the premises and the premises to be kept clear of combustible materials at all times.
- AXA reserve the right to apply an increased excess, restrict perils cover or apply other terms, if required. Fire detection may be considered or the use of CCTV if premises are in very rural areas.

What happens if there are building works at a property?

The policy provides cover for contract works up to a limit of £250,000 per contract where Curtis Banks is the Employer (only).

Please ensure Curtis Banks are advised of all works which involve;

- Structural changes
- Use of heat/Hot Works
- Works on roofs and specifically work involved with head on roofs
- Modification to sprinkler systems
- Any Asbestos removal
- Any change to the building reinstatement valuation
- An impact to the rental flow (i.e. will result in an increased rent)
- Will exceed £50,000 contract value

Claims procedure

In the event of damage to Property, please contact loss adjusters Sedgwick who act on behalf of AXA:

Tel: **0345 604 8981**

Email: curtisbanksclaims@uk.sedgwick.com

In the event of injury to members of the public, or damage to Third Party Property please notify AXA directly:

Tel: **01204 815801**

Email: liabilityclaims.INS@axa-insurance.co.uk

Important notes on making a claim

Report all claims or incidents promptly, failure to do so could invalidate your claim.

- Malicious damage or theft claims must be reported to the Police and a crime reference number provided.
- Mitigate your loss by undertaking emergency works, eg boarding up/making safe and watertight.
- Refrain from undertaking reinstatement works until approval is granted by Sedgwick and allow their contractor network to carry out repairs where possible which will reduce administration your side.
- Retain damaged items for inspection by Sedgwick and take photos of damage where possible. Include witness statements and details of any party responsible for causing the damage, for example impact damage by a vehicle.
- Retain CCTV footage of any accident/incident which could assist AXA in defence of a third party claim.
- Do not respond to any letters of claim from third parties, they must be emailed directly, immediately and unanswered upon receipt to AXA. Failure to do so may prejudice the investigation. Do not take any action which could be construed as an admission of liability (sending an apology for example or repairing an accident location before prior discussion with AXA).

Curtis Banks' client/tenant is responsible for payment of any policy excess.

All other terms, conditions and exclusions are detailed in the policy wording.