
Guidance Note

Valuations

Introduction

We have received feedback that there is some confusion over the premium implications of making changes to property sums insured that have previously been declared to us. This guidance note aims to provide more clarity in that regard and to explain the importance of these values being as accurate as possible.

Premium Implications

Additional or return premiums are calculated in the event that a new property is added or an existing property is removed from the schedule. However, where an existing property is revalued there is no immediate premium impact regardless of how large the increase in value. We waive this potential opportunity to charge further premium in order to encourage Members to ensure that we always have the most up to date values. There may be some indirect premium implications at the ensuing renewal where the overall fixed scheme property premium is reallocated between dioceses and parishes in proportion to their respective total insured values.

Average

Most commercial property policies contain a "Condition of Average" clause which can lead to claims settlements being proportionately reduced in the event that it becomes clear that the value of the property declared to the insurer was inadequate. We waive this condition in order to give greater comfort to our Members but it is still important that the values declared to us remain as accurate as possible. We share the schedule of all of the properties that we insure with their associated values with our reinsurance partner, Zurich Insurance. Zurich's reinsurance broadly attaches when a property claim exceeds £1 million and on that basis it is important that the property data that we provide to them is representative of the risks. If a large claim reveals that the property value that had been declared to us fell well below the correct value it could lead to difficulties with Zurich over settlement. As such, we need to have the Members' support to ensure that the values declared to us are as accurate as possible.

Sedgwick

All property claims greater than £5,000 are investigated on our behalf by Sedgwick (who recently acquired Vericlim UK Limited). Most of the loss adjusters that will handle these claims are also qualified valuers and they will provide us with views on the adequacy of the sums insured that have been declared to us for the properties in question. If it is felt that the value declared for a particular property is significantly lower than it should be we will contact Members to inform them of this and to seek their approval to update our records to the higher value with no direct premium impact as outlined above.

The Members may wish to revisit their values generally in light of this guidance note and in the meantime follow the recommendations of Sedgwick at no cost if a particular value is felt to be on the low side.

Enquiries

We hope that you have found this guidance note to be helpful but if you have any queries please do not hesitate to contact us at claims@cnm.gg or by calling us on 01481 732789.