



# INSURANCE REINSTATEMENT COST ASSESSMENT

Having the right level of insurance is a vital part of keeping your assets protected. As your managing agent, we keep this under review and our goal is to protect you from risk of under insurance and financial loss.

## What is an RCA?

An RCA is the cost of completely rebuilding your property following a major disaster where a total rebuild is required, for example in the case of a fire. This isn't the same as the actual value of your building, it's the cost incurred when you completely rebuild the building with the added costs of materials and labour. The cost of the reinstatement also considers removal of debris and clearance of the site, professional fees for a surveyor or architect to assist in its rebuilding. Of course, this is a rare occurrence, and should you be unlucky enough to experience this, having the correct insurance in place makes all the difference.

## Why do you need to have this assessment?

An RCA confirms that your building is insured for the correct amount. If it is not updated and your building is undervalued, in the event of re-building, you might not have enough cover for the cost of rebuilding and the 'Landlord / RMC' would be held liable for the difference in costs - which could run into tens of thousands or more.

For example: in this case, your insurance company could apply the Condition of Average Clause. If your building is under-insured by 30%, your claim will be reduced by the same percentage. In numbers, this could mean getting £7,000 for a claim that was for £10,000.

If your building is overvalued, your insurance premiums would be adjusted to reflect the level of cover you actually need and you would see a decrease in your premium.

## How often does this need to be done?

RICS (Royal Institution of Chartered Surveyors) guidelines state that a new assessment must be carried out once every 3 years to ensure your value is correct. In year 2 and 3 the insurance company will index link this figure and guarantee the insured value as adequate. From year 3, this is not the case and you could run into difficulties.

## Who can carry out an assessment?

A qualified Chartered Building Surveyor who has this skill set is the only person qualified to carry out this assessment for it to be valid.