

# **BARRETT CORP HARRINGTON**

**insurance reinstatement cost assessments • risk surveys**

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If you have concerns about the insurance valuation of a listed building please call

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## The valuation of listed and historic buildings for insurance purposes.

### REINSTATEMENT COSTS

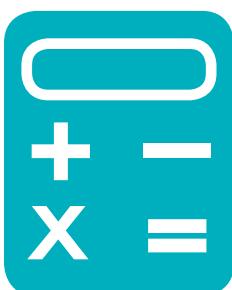
PERIOD  
LISTED  
BUILDING

MODERN  
BRICK  
HOUSE



A modern brick house might cost of the order of £1,500/m<sup>2</sup> to rebuild. We frequently visit listed properties which cost at least three times this amount and if the property is complex in construction with fine internal features, then the cost might be in excess of £10,000/m<sup>2</sup> to reinstate.

As valuers of residential property all over the United Kingdom, our experience is that listed buildings cost significantly more to rebuild following an insured loss than unlisted buildings.



Naturally the question on everyone's lips is... "We know they cost more to rebuild; but how much more?

What percentage should I add to the sum insured? "We would love to give you a simple answer; but unfortunately it all depends..."

The first factor to understand is, where does the starting figure come from? If you have taken building rates from the internet that are intended for a small modern home of a brick-block construction and our subject house is a stone cottage, in a Conservation Area, approached via a narrow bridge across a stream, the price per square metre could be at least twice as high i.e. £1.500/m<sup>2</sup> for the modern home and £3.000/m<sup>2</sup> for the stone cottage.

So, let us consider the key factors which may increase the rebuilding cost of a listed building.



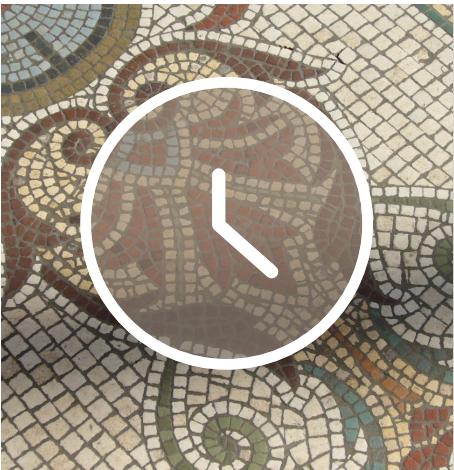
## 1. Professional fees

For a listed building one may need or want to employ a team of professionals (architects, surveyors, mechanical and electrical engineers, planning consultants etc.) who have specific experience, qualifications and/or a proven track record of working on such buildings.

Although fees are not fixed, you are likely to find that professionals with such specialisms charge more for their services than the average because of their expertise and

because more time is involved to get the job done. You may also find that the correct person is not locally based and that additional travel and accommodation expenses will be charged. Very sought after teams may be busy at the time of a loss and having to wait for them may also increase costs.

Professional fees on a standard building might come in at around 13.5% (including VAT) of the rebuild cost. For a listed building, lets say an extra 5-8% should be added. In very unique situations, 30% could be expected and some insurers set aside 25% as standard.



## 2. Time delays - of various types

Work on a listed building tends to take longer than on a conventional building. For example, partition walls in a modern building are often formed with plasterboard sheets nailed to timber studwork, whereas in a listed building timber laths and lime plaster might be used. This takes longer to construct and will involve more expensive specialist trades.

This leads us onto the next point...

It is not uncommon for a listed building to sit for at least a year following a major loss before reinstatement work can commence. Time delays cost money and there are still various professionals working in the background and prices tend to increase with inflation.

Time delays can also be caused by the site becoming of archaeological interest whereby authorities insist on carrying out research etc. The cost of this is borne by the insurer.

For expected delays and increased working time on site, one could reasonably expect the overall value to increase by 5-12% depending on the specific property and grading.



### 3. Conservation approval

All work to a seriously damaged listed building will need approval from the local authority which may also call in English Heritage. The home owner is therefore, at the mercy of these bodies, who are keen to see that no traditional forms of construction are lost when the damaged building is rebuilt. Although, some modern materials may be accepted, if it is insisted that the original form of construction be retained, the cost of rebuilding

may increase greatly. Also, there is no way of knowing in advance what the authorities will specify. It is not unknown, for example, for a stone quarry to have to be re-opened to provide similar stone to that which was originally quarried.

At BCH we will take into account the specific materials used on site. If constructed from ashlar stone, this could increase the cost of the building by over 50% compared to rebuilding in good quality brickwork.

An acceptable contingency on a modern home would be 5%. On a listed building we would add perhaps 5-10%. If stone is from a specific quarry as detailed above, an additional contingency would need to be added.



### 4. Complexity

Many stately homes as well as small cottages have high sums added for garden walls and driveways, both of which should be included in the valuation upon which the premium will be calculated.

It is often said by clients that they will never lose the entire perimeter walls surrounding their property. In such circumstances, some insurers will pay for damage up to a certain limit (known as 'First Loss'.)

The sum insured may be considerably increased where there are other outbuildings e.g. a coach house which falls within the curtilage of the main house and therefore, form part of the listing, even though they may not be separately described.

In London, there are difficult issues to contend with if the building fronts onto the pavement as materials delivered to site will need to be moved immediately inside the building. Further problems arise related to working space and restricted access which produce additional costs



#### To sum up

It is not simply the listed status which increases the sum insured. It is the type of materials and labour required to reinstate an historic building, the additional fees that will be incurred, specific location factors and timing; all of which increase the valuation for insurance purposes.