

ADDITIONAL SERVICES



ADDITIONAL SERVICES

OUR COMMITMENT TO YOU

We fully appreciate that the arranging of insurances for assets under your control is just one of the many different aspects of your role.

Islands Trust & Corporate would like to address a desire expressed by many in the industry to deliver training sessions which are not designed to turn you into insurance experts, but to present you with a working understanding of available products and the common issues we encounter.

We believe the benefit to you is improved efficiency. Your ability to advise your clients on the topic of their insurance needs is enhanced with valuable knowledge, and you are welcome to approach us where you desire further guidance.

Consider your current knowledge on the following sample questions:

- Q) Do you advise insurers whether there is a PEP or High Risk client behind the structure?
- Q) Do you know the implications of insuring in the name of the Beneficiaries?

Topics we are able to cover (not an exhaustive list) include:

- Common Errors we encounter / Claims Examples
- Warranties applicable / implications of not adhering to them
- Types of policies available / relevancy to the risk
- Correct Insured Name / Insurable Interest
- PEP / High Risk client requirements
- Adequacy of sums insured
- General Policy covers

These training sessions are not designed to be “one size fits all” and can be tailored to a particular topic, product or requirement.

As well as contributing towards CPD, it can only benefit your team’s understanding of the insurance products they are dealing with daily. This is a service we provide to our clients at no charge as we look to a future of longstanding, valued partnerships.

“THERE ARE RISKS AND COSTS TO
A PROGRAM OF ACTION. BUT THEY
ARE FAR LESS THAN THE LONG-RANGE
RISKS AND COSTS OF
COMFORTABLE INACTION.”

JOHN FITZGERALD KENNEDY

To book or get more information, please reach out to us

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We fully appreciate that you are Trust experts and arranging insurance is just one aspect of this role. Whether the insurance is arranged by you or the underlying client, we are here to help you understand what cover should be in place for the asset(s) insured.

Our audit offering is designed to provide you with an independent “health check” of the current policy. It is geared to ensure that you, as trustees, have peace of mind that the risk is insured on a policy that is both relevant and competitively priced.

Here follows a summary of available Audit Topics we can assist with:

- Financial Security of Insurer
- Type of Policy (Is this adequate for the risk?)
- Premium comparison
- Insured title / notes of interest (Is this insured in the correct name?)
- Covers applicable (Are these adequate or are there any gaps?)
- Warranties & endorsements applicable
- Associated policies to consider (Engineering inspection if a block of flats)
- Excess Levels (Are these reasonable?)

These can be tailored at your request, both in terms of format and detail provided. The concept here is to ensure the asset is insured as we would expect but also provide you, as trustees, with comfort that the cover is adequate.

These audit services are where we believe we can give you first-line advice on your current structures to ensure your clients’ risks are well covered. Where you believe we could assist in filling gaps, should they exist, rest assured we are here to address your needs. This is a service we provide our clients at no charge as we look to a future of longstanding, valued partnerships.

“THE BEST WE CAN DO IS SIZE UP THE CHANGES, CALCULATE THE RISKS INVOLVED, ESTIMATE OUR ABILITY TO DEAL WITH THEM, AND THEN MAKE OUR PLANS WITH CONFIDENCE.”

HENRY FORD

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A SERVICE WITH THE CLIENT IN MIND

At Islands we appreciate the need for our clients to get their Building Sum Insurance (BSI) professionally assessed and updated. There are various reasons why your building may not be insured for the correct amount. The adjacent data set, Illustration 1, shows clearly the main ways in which BSI is calculated.

Let's look at a definition:

SUM INSURED

THE MAXIMUM THAT CAN BE RECOVERED UNDER A PROPERTY INSURANCE POLICY

In the context we are discussing, it means the cost of rebuilding from scratch, including all professional fees. This is not the same as market value, which could be higher or lower.

So, what are the implications for you, the insured?

Over Insurance - It is estimated that about 1 in 5 homes are over insured. Whilst it is better to be over insured rather than under insured, the excess costs will add up over a period of time. See illustration 2

Under Insurance - The effect of under insurance is far more drastic. All insurers apply something called the 'Average Condition'. This simply means that if your subject matter of insurance, in this case your property, is not insured for its full value, you are responsible for covering the shortfall for the underinsured value.

Example: If you insure your property for £600,000, but it will cost £1,000,000 to rebuild, you are effectively under insured by 40%, or £400,000. Your premium will be calculated against your sum insured (£600,000). See illustration 3.

Now think about a claim that isn't a total loss. If a water leak causes subsequent damage estimated at £10,000 your claim will only cover £6,000 of the total damage because you are effectively under-insured by 40%.

How often does your Sum Insured need review?

This should ideally be reassessed every 3 years

Let's look at a definition:

MARKET VALUE

WHAT A PROPERTY CAN SELL FOR BASED ON WHAT SIMILAR PROPERTIES, IN A SIMILAR CONDITION, HAVE SOLD FOR IN THE SAME AREA RECENTLY

This is more focused on market factors that fluctuate constantly, and has at its core what a person is willing to pay for the property.

ILLUSTRATION 1

HOW THE BUILDINGS SUM INSURED WAS SET

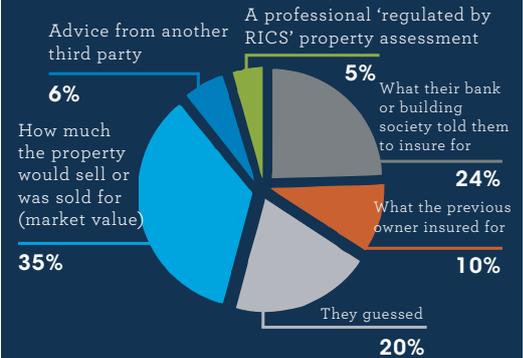


ILLUSTRATION 2 - Example of Over-Insurance

Rebuild: £800k Sum Insured: £1.0m

In this example, let's assume the premium is £1000 p.a for £1.0m sum insured versus £800 p.a if the sum insured was £800k



Over 3 years this client overpaid by £600 because the sum insured was far higher than the rebuild cost of the property.

ILLUSTRATION 3 - Example of Under-Insurance

Rebuild: £1.0m Sum Insured: £600k

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A SOLUTION WE BELIEVE IN

We have partnered with RebuildCostAssessment.com to provide our clients with the ability to get a desktop, or on-site property assessment, at no extra charge. This assessment will provide peace of mind that the sum insured is updated with up-to-date and accurate rebuild costs and fees, and your premium will be in line with replacement or rebuilding should there be circumstance that requires that.

Who can make use of this service, and where is it applicable?

This service is applicable to Home Owners, as well as Commercial Property Owners and Managing Agents of properties.

We are able to offer this service anywhere in the Channel Islands, and across the United Kingdom.

Are there specific terms that this offer is subject to?

- This service is at the discretion of Islands.
- This service is available to clients who insure and renew insurance for a total of 3 years placed with Islands as broker, and not placed via any third parties who make use of Islands products.
- Full site evaluations apply for properties currently insured for £2,500,000 and over, at the discretion of Islands.

What are some of the immediate benefits of this service?

- You will enjoy the comfort that adequate rebuild values are reflected within your insurance policy.
- Against accurate rebuild values you should never be in a position where your claim isn't covered in full, provided there aren't major material changes.
- Your insurer may consider removing the 'average clause' if this is service is undertaken every 3 years.

Can I trust Riskstop who are providing this service?

Yes. There is a lot of information about land and property that is now publicly available. Think Land Registry, Google Street View and Ordnance Survey, to name just a few, and you begin to get the picture.

When you combine this with the experience and expertise that exists within our Chartered Surveyor (RICS) led team of professional assessors, we can produce a reliable and perhaps more importantly an insurance industry trusted assessment of your building's rebuild cost.

Find out more about the product by visiting:

<https://www.rebuildcostassessment.com/>

RebuildCostASSESSMENT.com

THE SOURCE OF BUILDING SUMS INSURED IN THE UK



Nine out of every ten buildings are insured for the wrong amount

Underinsurance affects around 80% of policyholders



In numbers...

79%

UNDERINSURED
79% of UK properties are underinsured. This can severely reduce the amount paid out following a property damage claim.

14%

OVERINSURED
14% of UK properties are overinsured. If this is you, you're paying more than you need to for your insurance.



NOT ENOUGH
We find that on average, underinsured buildings are covered for just 69% of the amount they should be.



TOO MUCH
While overinsured buildings are on average covered for 121% of the correct amount.



580,000*
The estimated number of high-value homes in Britain that are currently underinsured.



£325 billion**
The estimated underinsurance total for all UK commercial properties

RebuildCostASSESSMENT.com

Every year we share data with the insurance industry around the accuracy of building sums insured in the UK. These are our latest findings covering both residential and commercial properties.

Affordable professional building insurance valuations

Data delivered from 11,071 Rebuild Cost Assessments completed between Oct'19 and Sep '20.

*Estimate based on Zoopla data on UK homes with a market value exceeding £1m

**Estimate based on British Property Federation (BPF) data on UK commercial real estate

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DISCREET & TAILORED SERVICE

At Islands we appreciate that many of our clients own or collect luxury items including jewellery, gemstones, art & collections either within their personal capacity and enjoyment, or as a part of a larger investment portfolio. It is vital that these items are professionally valued and insured through a tailored and discreet service which we are able to connect you with.

Let's explore some vital information you need to understand and consider when thinking about this service.

Understanding

PERSONAL BELONGINGS

Think about items that hold larger value as individual items which are usually specified, such as jewellery and watches.

These items will be specified for a particular replacement value, and the onus is on the client to ensure the values are up to date and communicated to the insurer. These items are often index-linked year on year.

Should the value increase ahead of index linking, the onus is on the insured to communicate this to the insurer and adjust the cover accordingly.

Understanding

VALUABLES

This includes items such as coin and stamp collections, artefacts, antiques and works of art. It will follow the same specified process as personal belongings.

Most policies provide a "standard" provision for valuables as a percentage against the total contents sum insured, but don't just rely on this being adequate for you.

The nature of certain valuables and art collections means the values can quickly fluctuate. The level of cover required needs to be bespoke to you.



MARQUIS

Marquis is a gemstone and fine art advisory service, specialising in sourcing gemstones to protect wealth. "Acting as a central focal point for luxury services in Guernsey, I aim to provide a discreet, tailored service which gifts you the greatest luxury; time."

MEET SOPHIE MARQUIS

Sophie began her career with roles for art fairs, dealers, artists, the Art & Antiques Unit at the Met and in the Finance sector. It was working as a specialist at an auction house that she discovered her passion for gemstones, seeing them as the perfect combination between art and science, and went into luxury jewellery and watch retail. She holds the gemmological diploma and is a Fellow of the Gemmological Association of Great Britain.



Areas of Valuation & Appraisal:

- Coloured Gemstones
- Diamonds
- Jewellery & Antique Jewellery Watches
- Paintings
- Modern Art
- Design & Decorative Arts
- Antiques - porcelain, furniture, silverware, objet d'art, sculpture
- Arms & Armour
- Gold, Bullion

Other:

- Whiskey & Fine Wine
- Yachts
- Aircraft
- Ancient & Tribal Art
- Works on paper

Document Requirements:

- Most recent insurance policy documents and schedule relating to items to be valued:
 - * Original purchase receipts
 - * Previous valuations
 - * Receipts for any past repairs
 - * Grading Reports for Diamond & coloured gems
- Where documentation is not available, there may be a need for follow up appointments, which may be chargeable.

As a valued Islands client, and as a part of our service to you we have negotiated an Islands Client rate with Marquis for their services to you. We believe that Marquis has the expertise to ensure your precious items are valued using the most recent technology and methods, and that you, as our client, will enjoy a very professional service at the hands of Marquis.

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