

Leaseholder Buildings Insurance Tender Frequently Asked Questions (FAQ's)

Insurance Period from 1 April 2025 – 31 March 2026

The following Frequently Asked Questions (FAQ's) are provided which include questions and responses obtained during the Section 20 tender process. These may be useful in providing answers to some questions Leasehold customers may have.

(Please be aware these questions and responses apply to the time of the 2024 tender process, as such they need to be read in that context. For example, some responses may refer to actions to be conducted in the future (e.g. February 2025), where such actions and dates have now already passed.)

FAQ's

Can leaseholders and shared owners nominate insurers?

The tender was undertaken in accordance with Public Contracts Regulations 2015 which requires a public advert and allows any insurer/broker to register their interest and submit a tender.

I was under the impression that as a leaseholder, I own and am responsible for arranging both insurance for my contents and the building?

Housing associations have a financial interest in the property and therefore are required to maintain buildings insurance. The housing association does not cover your own possessions and contents insurance should be arranged separately.

I have never been asked to contribute towards the cost of insurance and I have always undertaken my own repairs. There is no clause in my agreement to state otherwise?

As the freeholder of the property, the housing association is required to insure to protect both the interests of the Association and that of leaseholders / Shared owners. The lease will determine who will be responsible for arranging insurance and in all but a few cases it will be the housing association. Your service charge covers the cost of the insurance for buildings and property owner's liability.

We have never been given a copy of the insurance policy / Certificate so we do not know what is covered.?

As a requirement of this tender, we requested that a summary of the insurance policy is available to all leaseholders / Shared Owners and will be provided by Salix Homes annually.

Can I arrange my own policy to cover my flat as I might be able to obtain the cover cheaper if I buy it on my own?

As the freeholder of the property, the housing association have a financial interest in the property. We need to be certain that all of the properties are insured and arranging a block policy covering all of our leaseholders / shared owners, we can be confident that the policy we have in place will respond to a loss.

If we had leaseholders / shared owners arranging buildings cover for their individual flats, in the event of a major claim we could potentially be dealing with a separate insurer for each flat and if one of the leaseholders had not arranged insurance or their policy failed to pay out, the remaining leaseholders could be responsible for the costs.

Whilst we appreciate that insurance can sometimes be purchased cheaper elsewhere, having a block policy benefits both the housing association and leaseholders / shared owners. Therefore, there is no need to take out additional buildings cover, but we strongly recommend that cover for your own possessions by way of a contents insurance policy.

Will this review make my service charges cheaper?

By undertaking the insurance tender, it allowed the housing association to look into the cover available for leaseholders / shared owners. A fair proportion (as determined by the winning insurance provider) of the premium for the leaseholders / shared owners will be recharged via the insurance element of the service charges.

If I take out separate buildings policy will I obtain a reduction from my service charge?

As explained above, as the freeholder the housing association arranges insurance to cover the financial interest of the housing association and to provide cover for all leaseholders and shared owners. By arranging your own buildings insurance, you are duplicating cover which is not necessary.

We would expect that the housing association only arrange cover with a reputable Insurer or Broker who provides a prompt and efficient claims service?

The tender has been scored using a methodology that considers both cost and quality scoring.

How much will this cost annually and what does it cover?

The premiums will be calculated and revised service charges will be advised in due course. We anticipate a very similar premium when compared to last year.

My contents Insurers require to know exactly what is covered by the housing association buildings Policy as there has been confusion in the past?

We will ask the bidders to explain this issue as we know it can cause problems. A summary of cover will be provided along with the full premium apportionment down to Buildings level and a remuneration disclosure from Marsh.

I pay my rent and service charge which I understood included insurance. Am I being asked to pay an additional amount?

You are not being asked to pay another fee, we were consulting with you to advise that we were looking to tender the contract, to make sure we were still getting the best deal.

We have a number of parties that have an interest in the Policy, why can these not be included?

All interested parties are automatically included by way of an "Interests clause" which is designed to note the interest of banks, building societies who may have an interest in the building.

Why are we entering into a long term Policy, as better deals are available if you shop around every year?

For individuals, shopping around can lead to savings in premium for some but not all. For an organisation such as a housing association, a considerable amount of time and resources are spent in the process of procuring insurance for the Association's own property and that of leaseholders / shared owners. The advice from our consultants and indeed all of the bidders for the insurance contract would be to enter into longer term contract as seeking alternative quotes every year would not result in the cost of insurance being reduced. However, we do review and compare our premium levels to the sector on a regular basis to make sure the premiums remain competitive.

If my premium goes up will my rent come down?

The rent and premium are separate items and one does not affect the costs of the other.

What is the definition of Long Term and how long does it last for?

A long term agreement is used in commercial and housing association insurance contracts to try and obtain long term premium stability. If the claims record of the Association continues to run at an acceptable level to insurers, the premium rates will remain the same throughout the contract period. Having a long-term agreement doesn't guarantee our premiums will not increase as claims or incidents outside the control of the housing association such as a major storm or flood could result in premiums increasing for everybody not just those directly affected by an incident.

If we are receiving good service from the current provider, why are you seeking alternative quotations?

As we are coming to the end of the long-term agreement, we felt following the advice of our insurance consultants that it was a good time to re tender the contract. The tender has resulted in consistent level of premium and we do not anticipate any reductions in the scope of cover or the quality of service provided.

Why are you asking us to make observations before we have been told what the premium will be?

Whilst premium levels are important, we wanted to take the views of leaseholders and shared owners into consideration before selecting or awarding the contract, the provisions being set out under the section 20 consultation process.

Will the cost of insurance be fixed for the duration of the contract?

Because Insurance premiums are affected by future claims, it is not possible to fix the price with 100% certainty beyond the first 12 months. On the advice of our Consultant, we have considered and scored each Bidder's arguments and mechanisms to support pricing certainty beyond the first year. Whilst Bidders will look to maintain the rates within the long-term agreement and according to certain loss ratio thresholds (claims vs premium costs), the cost of insurance could increase if the claims picture for the housing association deteriorates or the sector suffers an unexpected period of losses.

If the premiums increase in future years, are we told in advance and can we then arrange our own insurance?

We have asked that the new provider gives the housing association at least three months' notice if the premiums are to increase beyond that relevant to the index linking of reinstatement costs. This will allow sufficient time to consider the options we have available to help mitigate any increases in future.

How can Insurers maintain the insurance costs for the period of the agreement? Is the premium based on the fact that our properties are well maintained and have regular inspections carried out?

Protectors will be able to maintain the new rates if our claims experience continues to run at the levels we have had on average for the last five years. The insurance premium on these levels will mean they make a profit and therefore they will wish to continue to cover our risks. If they start to make a loss, they may look to increase rates. When setting rates, insurers use a variety of tools to help them assess premium. These include location, previous claims data, flood and subsidence mapping tools and the type of construction materials used.

Does this insurance Policy mean that a new lease is required?

No the current lease will not change. The notice relates to a tender of an insurance contract and will therefore not affect any other contract or service we have with you.

FAQ's during the S20 process at the time of the tender:

Please can you provide a draft timeline of when you will advertise the tender for this procurement?

The Contract Notice was released on 6th September as planned. The tender specification will be issued to shortlisted bidders Mid-October 2024

As I know PCR2015 will no longer continue from February as the new Procurement act will come in to force, is this going to affect your timeline, if so can you advise how please?

This change will not affect the tender plan timescales

When can we expect to know the outcome of the evaluation of the tender?

We intend to issue a further s20 letter to all leaseholders and shared owners sometime during mid-February 2025 *(please note this has already happened as the date has now passed.)*

Also please can you advise who is the evaluation panel going to be formed of and if any leaseholders are going to be consulted regarding the decision on the quality price split and included in the evaluation panel and decision making process?

As stated previously, the S20 consultation process does include leaseholders and shared owners, and the rationale for any final decision following closure of the consultation period will be communicated. The evaluation panel will comprise of a mix of Salix Management and members of our independent external insurance consultancy. The entire tender and approval process will be overseen by Salix Homes Audit and Risk Committee. It is important to point out that the insurance tender process is much wider than insurance for leaseholders and therefore a high proportion of the tender is not relevant to leaseholders, and therefore it would not be appropriate for leaseholders to be involved in the evaluation process. Leaseholders will have the opportunity to see a relevant summary report of the tender findings, and as such will get a chance to raise any issues when they receive a second Section 20 letter anticipated around mid-February 2025 *(please note this has already happened as the date has now passed)*

Please can I have the link to the Find a Tender service Contract Notice.

Link provided:

[Provision of Insurance and related services to Salix Homes Limited - Find a Tender](#)

Is this the market engagement PIN notice or the opportunity notice?

This is a Contract Notice.

In my experience once a notice is out the specification should be out also since the market should know what the opportunity is.

You will note that the Contract Notice is quite detailed and gives potential Bidders a good idea of the requirement to enable them to decide whether to bid or not.

When using Regulation 29 which is a two-stage process, the Regulations permit the withholding of information until the ITT stage where there is a confidentiality requirement. There are aspects of the corporate insurance arrangements (including Claims Experience, Property addresses etc) which are sensitive and are not suitable for release on a publicly available website without the potential provider first being vetted for their basic credentials. For this reason, the ITT and full specification will not be released until the ITT stage.

How are the providers going to be shortlisted and from where, is it a framework or the wider market (Open)? If so ,please can you advise what framework agreement specifically?

This is a two-stage process involving a Selection Stage. The SQ stage enables anyone to submit an 'expression of interest' by completing the Selection Questionnaire which is based largely on the Crown Commercial Service standard document. Salix will then select between 3 and 7 Bidders, based on the scoring criteria advertised in the SQ document, to proceed to the ITT stage of the Tender.

What is the value for money criteria used for this tender/procurement? Is it weighted, pass/fail, what is the balance between price and quality please?

The SQ stage is largely pass/fail, although there are scored elements which enable Salix to select the most suitable Bidders to proceed to the fully costed stage. The Scoring criteria for the SQ stage are stated clearly in the SQ document.

At ITT stage, Bids will need to be fully costed, and Scores will be awarded based on the Criteria stated and explained in the ITT to be issued to selected Bidders.

To oblige, we can advise that the ITT will use a high-level split of 50% Cost and 50% Quality.

The Tender requirement includes a very large proportion which relates to the Corporate Insurances of Salix. These do not apply or concern Leaseholders as no charge will be passed onto leaseholders. The Costs for the Leaseholder Buildings aspect will not be known until the Tender concludes, but we expect the total cost will be in the region of £100,000.00 plus Insurance Premium Tax over the initial 3 years of the contract.

Please can they advise an estimated full contractual value for this affecting/applicable to leaseholders?

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I believe there is a duty to involve leaseholders, can they please clarify how it is not relevant for leaseholders?

As above response - The Tender requirement includes a very large proportion which relates to the Corporate Insurances of Salix. These do not apply or concern Leaseholders as no charge will be passed onto leaseholders. The Costs for the Leaseholder Buildings aspect will not be known until the Tender concludes, but we expect the total cost will be in the region of £100,000.00 plus Insurance Premium Tax over the initial 3 years of the contract.