

Reasons for the Increase in Insurance Premiums (as set out in the Tender Evaluation)

The premium for the 2025/26 insurance year showed an increase compared to the expiring 2024/25 premium. As explained during the tender evaluation (page 6 of the original report), the increase reflected the following key factors:

- Higher Buildings Sums Insured following updated RICS valuations of rebuilding costs, commissioned and funded by Salix Homes. These valuations reflected significant construction cost inflation.
- A deteriorating property damage claims picture across the housing stock, with higher repair costs driven by inflation in materials and labour.
- A very 'hard' insurance market at the time of the tender, where UK insurers had increased pricing due to sustained claims activity, reduced capacity, and exposure to major weather events such as storm and flood.
- A general upward pricing trend across the UK insurance market affecting all housing associations and large property owners then.

These pressures were market-wide and not unique to Salix Homes. In fact, Salix Homes had experienced a large increase in the cost of the buildings insurance premiums (which included the Leaseholder buildings cover element). To illustrate this, the table below shows the increase in premium for Salix over the last 4 years, which demonstrates this has been significant prior to 2026 / 2027.

	Pure Building Insurance premium - not including broker fee but including tax	% increase on previous year
2023 / 2024	£618,404.95	
2024 / 2025	£980,206.28	58.5%
2025 / 2026	£1,436,434.32	46.5%
2026 / 2027	£1,485,020.94	3.4%