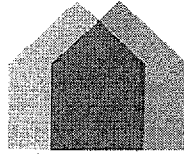


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Residential  
Property  
TRIBUNAL SERVICE

**RESIDENTIAL PROPERTY TRIBUNAL SERVICE  
LEASEHOLD VALUATION TRIBUNAL for the  
LONDON RENT ASSESSMENT PANEL**

LANDLORD AND TENANT ACT 1985 Sections 27A & 20C (as amended by  
C&LRA 2002)

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Ref :LON/00AX/LIS/2007/0072

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Premises: Consero Court, 51 Britannia road, Surbiton KT5 8TT  
Applicant: Consero Court (Surbiton) Management Co.  
Respondent: Regisport Ltd.  
Represented by: Pier Managment

Hearing Date (Paper): 20th February 2008

Tribunal: Ms. L M Tagliavini, LL.M, DipLaw, BA Hons.  
Mrs. A Flynn, MA MRICS

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1. This is an application made by Consero Court (Surbiton) Management Company pursuant to section 27A Landlord and Tenant Act 1985 seeking the Tribunal's determination of the reasonableness of insurance premiums for the service charge years 2006/07 and 2007/08. The Respondent is the Freehold owner of the subject premises, which comprise a purpose built block of flats circa 2006. By a lease dated 30 May 2006 the Respondent granted the Applicant a term of 125 years commencing 1 January 2006. By agreement of the parties this application was determined on the papers

without an oral hearing. The Tribunal was assisted by representations and a bundle of documents received from the Applicant. No Statement in Reply or documentation was received from the Respondent.

2. The Applicant stated the premiums charged of £3,259.12 and £1,981.76 for the two years in question respectively are too high and therefore unreasonable. In support of this application the Applicant produced a bundle of documents containing five alternative insurance quotes for the period 2007/08. These included quotes from Zurich, Endsleigh, Layton Blackman and AXA ranging from around £1,200 to £1,500 including terrorism cover. All of these alternative quotes used the same figure given by the Respondent of a reinstatement value of £1,144,800.
3. The Applicant also drew the Tribunal's attention to the insurance policy for the year 01/07/06 to 30/06/07 taken out by the previous freeholder, Consero Surbiton Limited for a premium of £1,451.52 (although this does not appear to have included Terrorism or loss of rental income). It was also said that purchasers of the flats in around 2006 were provided with a schedule of anticipated service charges by the developers, which included insurance costs in the region of £1,530.27.
3. On purchase of the freehold by the Respondent in about 2006, the original insurance policy taken out by Consero Homes was cancelled and a block insurance policy, including other properties was put in its place. Notification of the change of Freeholder and insurance policy was said not to have been notified until April 2007. During an exchange of letters querying the high levels of insurance it was said that the lower premium for 2007/08 of £1,981.76 was due to the insurers being notified the floors were concrete rather than wood, as had been first thought and as a gesture of "goodwill" the premium for 2006/07 would be reduced by 50%. It is said by the Respondent that the current insurance policy included cover for terrorism and loss of rent although a copy of the cover note reflecting this arrangement was not available.
4. The Applicant also sought to query with the Freeholder's managing agent Pier Management, whether any commission was received by either party. A letter dated 25 October 2007 from Pier Management stated:

*"I would like to confirm that Pier management do not receive any commission for collecting the insurance on behalf of the Freeholder, Regisport Ltd. I had asked for their comments relating to the commission they receive. They have confirmed that there is no legal obligation for them to disclose what, if any commission they receive.*

*"The insurance is placed via an agency nominated by the Freeholder, which in this instance is Pier and the nominated insurance company is Allianz Cornhill*

*As such, the Freeholder holds the right to make the final decision concerning the insurance for the property and that the Freeholder is only obliged to provide fully comprehensive cover, therefore it may not be comparable to the cheaper quotes on the market. This said the Freeholder has obtained their insurance from a broker, who will test the insurance market on their behalf."*

Decision:

5. In the absence of any argument to the contrary, the Tribunal is persuaded by the Applicant's argument that the insurance premiums for the subject years for this property are unreasonably high. In view of the alternative quotations produced from well known and reliable insurers and drawing on the Tribunal's knowledge and experience the Tribunal is of the opinion that the Respondent could have obtained insurance premiums at a more reasonable level.
6. The Tribunal accepts that the Freeholder is not required to simply accept the lowest quote obtained without more, but does have to demonstrate that the policy chosen falls within a reasonable range of policies that could be obtained. In this instance although reference was made by the Respondent to use of a broker, no evidence of alternative quotes was produced. Further, the Tribunal finds the Respondent's refusal to answer the query raised as to whether commission is received by them to be unhelpful and less than transparent in their dealings with the Applicant. In the absence of any evidence to contradict, the Tribunal infers from this reticence and in light of the greatly increased premiums charged by the Respondent that this is referable not only to wooden floors being insured for wrongly, but also some element of commission as the Tribunal cannot see any other obvious reason that would account for the disparity in premiums for markedly similar (although not identical) policies covering the same period.
7. Therefore, adopting a broad brush approach the Tribunal determines that an insurance premium of £1,400 for the service charges years 2006/07 and 2007/08 is reasonable and payable by the Applicant as forming part of the service charges.
8. The Tribunal has also been asked to consider the issue of the costs of this application and to determine whether these should (or can) be added to the service charges. The Tribunal determines that there is no provision for the recovery of costs. In any event, having regard to section 20C Landlord and Tenant Act 1985 the Tribunal determines that in all the circumstances of this application it would not be reasonable for such costs to be added to the service charges. Further, the Tribunal has been asked to exercise its discretion and direct the Respondent to reimburse the Applicant's fees amounting to £100. In accordance with the Leasehold Valuation Tribunals (Procedure) (England) Regulations 2003, para. 9, the Tribunal determines

that it would a proper exercise of its discretion, having regard to the Respondent's unwillingness and failure to comply with directions to order that these costs (£100) should be reimbursed to the Applicant..

Chairman:.....*L. P. Taylor*.....

Dated:.....*20/2/08*.....