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Residential  
Property  
TRIBUNAL SERVICE

**LONDON RENT ASSESSMENT PANEL  
LEASEHOLD VALUATION TRIBUNAL**

**Case Reference: LON/OOAR/LSC/2010/0419**

**THE LEASEHOLD VALUATION TRIBUNAL ON AN APPLICATION UNDER  
SECTION 27A of the Landlord and Tenant Act 1985**

Applicants : S. J. Ballard and others

Respondent: Regisport Limited, represented by Pier Management

Premises: Hammond Court, Grenfell Avenue, Hornchurch,  
Essex RM12 4FJ

Date of Directions 24 June 2010

Date of Determination 3 September 2010

Leasehold Valuation Tribunal: Mrs B. M. Hindley LL.B  
Mr D. L Edge FRICS

1. This is an application under Section 27A of the Landlord and Tenant Act 1985 to determine the applicant leaseholders' (the tenants') liability to pay service charges in respect of insurance premiums in the years 2009 and 2010.
2. The application relates to the insurance of a building comprising 16 flats, the tenants of twelve of which make the application.
3. It has not been suggested that the leases of all the flats are not in the same form.
4. After Directions were issued indicating that the matter could be dealt with on the basis of written representations, neither party requested an oral hearing.
5. In response to the Directions the landlords provided a statement setting out the basis on which the insurance was placed. They explained that the building was insured on a block policy through Oxygen Insurance Brokers Ltd who chose Brit Insurance as the preferred insurers for the Regis Portfolio of some 18,000 units. They stated that they did not obtain commission from the subject property in isolation but because of their ability to 'bulk buy' they benefitted from commission on their portfolio as a whole. They commented, in their reply dated 30 July 2010, as set out below on the quotations (attached at Annex 1) obtained by the applicants.
6. 'Bluefin – the premium is merely £146 lower than Brit. The landlord must show insurance is reasonably incurred and reasonable in amount. We maintain the landlord does not have to obtain the cheapest insurance available.
7. Intasure – this cover is not 'like for like' and cannot provide any form of comparison.
8. Ellis David – the premium is £292 lower than Brit, this equates to £37 per flat per year. Again, the landlord must show the insurance is reasonably incurred and reasonable in amount. We maintain the landlord does not have to obtain the cheapest premium available.
9. Lansdown – we submit that we believe this to be an introductory rate, to win new business from the applicants.'
10. The Tribunal accepts the comments of the landlords in connection with the first three of the above quotations but the Lansdown quotation they do not accept can be so easily dismissed. The amount of cover is comparable or better in many instances and it is through a reputable company – Allianz. Moreover, the Tribunal notes that on the Schedule attached at Annex 1 it would appear that cover in respect of legal expenses has been omitted since it appears to be included as part of the cover as set out in the summary of cover provided.
11. In coming to its determination the Tribunal is very aware of the decision of the Lands Tribunal in Focelux Ltd v. Sweetman and Another, 2001. The Lands Tribunal made it clear that there was not a license to charge a figure that was out of line with the market norm. The quotation obtained is so considerably less than the current premium and yet so very comparable in cover and provided by a highly reputable company that the Tribunal is persuaded that it would not be reasonable to disregard it.
12. Therefore, the Tribunal determines the cost of the insurance for the years 2009 and 2010 not to be reasonable, or reasonably incurred and, therefore payable.
13. Accordingly, the Tribunal determines a premium for 2009 of £1504. 61 and for 2010 a premium of £1.591.93.

*J. N. H. H. H. H.*

3/9/10

Yearly Buildings Insurance

	BRIT - Current	Bluefin	Intasure	Ellis David	Lansdown
Buildings Sum Insured	2,409,225	2,409,225	2,223,900	2,501,887.50 35% uplift	2,501,888
Building Declared Value	1,853,250	1,853,250	1,853,250	1,853,250	1,853,250
Contents of Communal Areas Sum Insured (where applicable - included free of charge)	10,000	not insured	10,000.00	25,000	25,000
Rent	not insured	not insured	up to 25% of buildings declared value	up to 30% sum insured	833,963 33%
Alternative Accomodation	up to 30% sum insured		up to 25% of buildings declared value	up to 30% sum insured 36 month indmenity	833,963 33%
Employers Liability Limit of Liability	not included	5,000,000	10,000,000	not included	10,000,000
Property Owners Liability Limit of Indemnity	5,000,000	10,000,000	2,000,000	5,000,000	10,000,000
Legal Expenses Insurance Section	Included	Included			
Premium	2,626.20	2140.49	821.27	2015.91	1,394.59
Insurance Premium Tax	131.31	107.03	83.06		inc
inc Terrorism		194.59	128.43	144	197.34
Total	2,757.51	2442.11	1,032.76	2159.91	1591.93
	172.34 per flat	152.63 per flat	64.54 per flat	134.99 per flat	99.49 per flat
Excess					
Fire	NIL	NIL	250.00	NIL	250
Lighting	NIL	NIL		NIL	250
Earthquake	NIL	NIL		NIL	250
Aircraft	NIL	NIL		NIL	250
Explosion	NIL	NIL		NIL	250
Riot and Civil Commotion	NIL	NIL		NIL	250
Malious Damage				250	250
Subsidence	1,000	1,000	5,000.00	1,000	1,000
All other damage	250	100			
Property Owners Liability Excess:					
Third Party Property Damage	250				

Inc Section 3, Terrorism