

Lee Rowley MP,
Minister for Housing, Planning and Building Safety
Department for Levelling Up Housing & Communities
2 Marsham Street
London
SW1P 4DF

Propertymark
Arbon House
6 Tournament Court
Edgehill Drive
Warwick
CV34 6LG

May 2024

Dear Minister,

Re: Sale of properties held up due to stance from insurance companies

I would like to personally thank you for accepting our invitation to speak at our annual conference, Propertymark One, in June. We are incredibly grateful that you have taken the time to speak, and we look forward to your address to delegates.

On a separate note, we are writing to raise awareness of an issue that several of our members have come across, including instances where an MP has raised a complaint on behalf of her constituents. Propertymark member agents are seeing growing numbers of insurance companies who are refusing to insure buildings until they remediate cladding to a higher standard than B1. As I am sure you are aware, this is higher than the standard where building owners and developers can access financial support and where leaseholders qualify for financial protections.

In one instance, the insurance company also refused to reduce premiums once the cladding was remediated to higher standards. This was after increasing insurance premiums from £80,000 a year for five blocks to £600,000. Understandably, the management company was left in a difficult position where they were required to remediate the property without financial assistance while struggling to source funds to cover a 7.5 times increase in insurance costs. This cost was ultimately passed to leaseholders, many of whom could not afford the increase in cost.

We are concerned that if this becomes more common, the cost of owning a home in a high-rise building will increase considerably and remediation works will be delayed as management companies look to find alternative insurance providers or cover the costs of remediation. We fear that more insurance companies will start taking similar approaches as they see this as an opportunity to raise their premiums. Ultimately, this risks undermining your commitments to ensure that leaseholders do not bear the costs of remediation and that buildings can be quickly remediated.

In addition to increasing costs to leaseholders and management companies, rising insurance premiums prevents the sale of new homes. While financial organisations made a commitment back in December last year to mortgage high-risk properties, many insurance companies are refusing to insure homes until the properties meet the higher cladding standard which is not always achievable, nor are building owners in a position to afford remediation without financial support. As a consequence, many homes within high-risk buildings have remained unsold since the Building Safety Act 2022 came into force.

We have liaised with officials at DLUHC to raise this issue. In response, it was acknowledged that insurance companies should not be increasing premiums. However, we fear that any position from DLUHC is being ignored. As you can imagine, if this continues, costs will rise considerably for

leaseholders and managing agents, with homes continuing to be left unsellable. We therefore urge that methods to ensure insurance companies do not significantly increase premiums can be explored.

We hope that you consider our concerns that we have raised. We would certainly welcome any further discussions on this, whether that is with the myself or the Propertymark Policy and Campaigns team or via a roundtable with some of the agents affected by this.

We look forward to hearing back from you and seeing you at our conference on 14 June 2024.

Best wishes,



Nathan Emerson MNAEA MARLA MNAEA(Comm.)
Chief Executive Officer
Propertymark