

January, 1980

Permanent House Westgate Bradford BD1 2AU

## IMPORTANT NOTICE

### PROPERTY INSURANCE - PROTECTION AGAINST INFLATION

As you are aware, the sum insured on your property insurance is linked to the Housing Cost Index which is prepared by the Royal Institution of Chartered Surveyors and published in the magazine "Building". The last issue of the index, prior to preparation of your mortgage statement, showed that building costs had increased by 19.9% during the last twelve month period. The sum insured and premium for your household insurance have, therefore, been updated accordingly. If, for any reason, your cover has been increased since the last renewal date of your policy, your sum insured and premium have, on this occasion only, been updated by an appropriate proportion of 19.9%.

Although you benefit from the higher sum insured from 1st January, 1980, the new premium is not due until the renewal date of your policy in 1980. The new sum insured and premium, together with the renewal date, are shown in the top right hand corner of the Mortgage Statement. The premium should be paid within the current year, in order to avoid an accumulating debt on which interest would be charged. Those borrowers who pay their premium by bankers order should give revised instructions to their bankers. \_\_\_\_\_

Where the property is not covered under a household policy (e.g. office or shop properties), the sum insured has not been automatically increased. A communication will be sent to you during the next few weeks regarding an appropriate amendment.

If the Society does not arrange the insurance on your behalf (e.g. some leasehold properties) it is suggested that you contact your Insurers without delay to make certain that the present cover is adequate.

### CHECKING YOUR SUM INSURED

Your house is probably your most valuable asset and it is vital that it is adequately insured. Responsibility for the sum insured rests with the borrower and the Society urges you to check

whether the new figure shown in your Mortgage Statement is realistic. Your property should not just be insured for its market value - the cost of repairing even partial damage can sometimes exceed this figure. If your sum insured is too low and a claim arises, you may find that the Insurance Company will ask you to meet part of the cost yourself.

The ideal way to assess a sum insured is to engage a professional valuer. However, in order to give you a general guide on rebuilding costs, we show overleaf a chart based on figures produced by the Royal Institution of Chartered Surveyors as at September, 1979. This shows the cost of rebuilding a variety of types of property and there is an explanation of how you can set about calculating your own sum insured. Naturally, these figures can and do vary depending on individual circumstances, but they nevertheless give a reasonable guide.

If, after checking your sum insured, you find it needs amending, please write to our Insurance

Services Department at the above address advising the new figure.

**THE EXTRA COVER UP TO**

**THE NEXT RENEWAL DATE OF YOUR POLICY WILL BE ABSOLUTELY FREE.**

£ per square foot.

How much would it cost to re-build your home? September 1979 costings  
in Â£ per square foot.

PRE1920

DETACHED HOUSE

LARGE MEDIUM SMALL

Region 1

Typical  
Area ft<sup>3</sup>

1	33.50	35	50	35	50	3200	33	00	33	00	26.50	28.50	2850
2	30	00	3200	3200	29	00	30	00	30	00	2400	2550	26.00
3	2850	30	50	30	00	27	00	2800	2800	2250	2400	2400	
4	27	00	2900	2850	2600	27	00	27	00	21	50	2300	2300

SEMI-DETACHED  
HOUSE

f

1	33	00	33.00	3200	3500	3300	33	00	24.50	26.00	2800		
2	30	00	30	00	30	00	31	50	30	00	29	50	2200 2350 2500
3	28.00	2800	2800	2950	2800	2800	20	50	2200	2350			
4	27	00	27	00	27	00	2800	27	00	2650	20.00	21	00 2250

Typical

Areaft<sup>2</sup>

1920-1945

LARGE MEDIUM SMALL

1350

1150

900

1945-0ATE

LARGE MEDIUM SMALL

1650

1350

1050

## Regions

1. London 20 miles radius
2. South East England and Scotland

The whole of Scotland together with the following counties: - Oxfordshire, Buckinghamshire, Bedfordshire, Hertfordshire, Essex, Kent, East Sussex, West Sussex, Surrey, Berkshire, Hampshire.

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The whole of Wales and the following areas:- Lancashire, Merseyside, Greater Manchester, Cheshire,

North Yorkshire, West Yorkshire, South Yorkshire, Humberside.

4. Northern, East Anglia, South West, West Midlands, East Midlands and Northern Ireland. All other counties.

DETACHED

BUNGALOW

Region 1

tffcr

SEMI-DETAC  
BUNGALOW

Typical  
Area ftJ  
SEMI-DETACHED  
BUNGALOW Region 1

Typical  
Area ft2

The chart does not cover  
pre-1920 bungalows, as few  
such properties were built

36 00  
32.50  
30 50  
29 00

33 00  
30 00  
2800

27 00

31 50

28 50

26 50

2550

29 00

2600

24 50

2350

29 00

2650

2500

2350

2950

27.00

2500

2400

1650

1400

1000

2500

1350

1000

34 50

31 00

29 00

2800

33 00

29.50

28.00

2650

3200

29 00

27 00

2600

27 50

2500

2350

2250

28.00

2500

23.50

22 50

30 00

27 00

2550

2400

1350

1200

800

1350

1200

800

TERRACED HOUSE Region,

i1 3550 3500

2 3200 31 50

3 30 00 29 50

4 28 50 2800

Typical

Area ft2

1350

34 50

31 00

29 00

2800

1050

3500

31 50

2950

2850

34 50 33.50

31 00 30 50

29 50 2 8 50

2800 2750

24 50  
22.00  
21 00  
20 00

26.50  
2400

22.50

21.50

29 50  
27.00  
2500  
2400

1350

1050

850

1650

1300

900

Making your own estimate.

The first step is to find out the external floor area of your home - both upstairs and downstairs. The best way of doing this is to go outside and measure the length and breadth of your home and multiply these figures together. If you are unable to measure outside (e.g. if your home is terraced) you will have to measure inside and add the thickness of the walls. If you have an integral garage it should be included in the calculation, but if the garage is separate or built on the side of the house you should add an appropriate amount later.

You now know the ground floor area and will then need to allow for upstairs. You may be able simply to double the ground floor area but be careful as the upper floor can be a different size, in which case you should calculate the upstairs area separately and add them together. For three-storey houses, only three-quarters of the area of the third storey need be included. Write the answer against A.

Refer to the chart above and identify your type of home. Beside the table you will find a definition of

the regions used. Having established your region, work along the line until you reach the right age bracket and then, according to whether your home is small, medium or large (based for three-storey houses on the area of the first two floors), choose the appropriate figure per square foot. Put this figure against B and complete the calculation.

Total Area of your House -  
'Per square foot' \_

sq. ft. A

Â£ B  
Â£ C

If you have a garage and it is not integral, you should consult the typical garage rebuilding costs table below which gives a general indication of likely total rebuilding costs. Using these figures as a basis you should insert an appropriate figure against D.

Estimate the cost of rebuilding any outbuildings, walls and fences and any other items covered and put this figure against E.

Now add C, D and E together = Â£

This figure is the approximate amount you should be insured for so check your cover now.

#### TYPICAL GARAGE REBUILDING COSTS

Single Double

Detached - brick built = Â£3,100 Â£4,400

Attached - brick built = Â£2,400 Â£3,700

Prefabricated = Â£1,100 Â£1,900

#### Notes

1. This chart has been prepared by the Building Cost Information Service of the Royal Institution of Chartered Surveyors and the majority of householders have been catered for by providing rebuilding costs information on five different house types depending on their age, size and location. Of course, it is impossible to cover all circumstances and, for instance, the chart is unsuitable for certain types of property including the following:-

(a) Properties which are not built mainly of brick.



(b) Properties with more than two storeys (for three storey houses, see 'Making your own estimate'), or with basements and cellars.

(c) Flats, because there are wide differences in construction and responsibilities for shared parts.

(d) Houses with special design features or of greater sizes than those described in the chart.

2. The figures in the chart are based on current materials and techniques available and provide for your house to be rebuilt to its existing standard. Older houses which are required to be reinstated in exactly their original style need a professional valuation.

3. All the figures in the chart include an allowance for demolition costs and professional fees and are based on houses of average quality finish. If your house is of higher quality, for example, with luxury kitchen and sanitary fittings, floor and wall finishes and double glazing, your final figure would need to be increased by up to 25%. All the figures in the chart include an allowance for central heating (at an approximate cost of £1,400).

From information prepared on behalf of the British Insurance Association by the Building Cost Information Service of the Royal Institution of Chartered Surveyors.

The values shown are based on estimated rebuilding costs at September, 1979.