

# RM Insight<sup>®</sup>

## Property Insurance – A Broker's Guide To Reporting on Construction



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# Understand what to report upon and how to convey quality building construction information to insurers that will influence the underwriting outcome

The first in a four part series to understand COPE (construction, occupancy, protection, exposures).

Historically, property underwriting has focused on COPE as the core principal of risk assessment.

The table at the end of this document is a common approach in the insurance industry and will assist in the design of your own tables that may include all COPE elements.





## Our message to brokers

Understand that underwriters may respond to scant information by a straight decline, or the underwriter may default to the most combustible construction material in the information provided to price the risk.

Thus, the more detailed information that can be provided in the insurance submission, the better the outcome will be. Here are a few tips:

- It's important to reveal your source of information, as per examples in the table at the end of this document (e.g. as viewed, per drawings, as indicated by the insured etc.).
  - Support your conclusion with documentation if available (e.g. an installers statement detailing the type of insulated sandwich panels used in construction of a cool room).
  - Don't worry if you are unable to categorically determine a construction element. Just let us know and through your provision of photos or documentation, we will be able to qualify. If this can't be achieved, and it's important, we will seek an alternative means to qualify.
  - Provide plenty of photos to support your conclusion as these will assist determination by underwriters. Don't forget to obtain the permission of the insured to take photos.
- Include a survey report by others if available and note any changes.
  - If you have identified a risk management shortfall, discuss this with the insured, seeking their implementation of a corrective action and timeline to complete. The inclusion of this initiative in your report is an indication to the underwriter that the insured is willing to embrace risk mitigation and provide solutions.

# Details

Reference numbers may be found in the table at the end of this document.

## 1. Building name:

Could be referred to as a number or have an actual name. The insured may provide you with their preferred name. In turn, the name may be provided on various plans and other documentation. It is important to continue with this building naming convention in all subsequent communications, literature and conversations to avoid confusion.

## 2. Occupancy:

A brief description here is acceptable as you will be providing elaboration in the 'Occupancy' section (per COPE) of your submission. The insured may provide you with their preferred occupation description. In turn, it may be provided on various plans and other documentation.

## 3. External walls:

Report upon all elements that make up the wall. Look at the framing structure that supports the external cladding. This framing structure includes vertical members referred to as columns and are typically steel in a 'H' sectional profile. Across the columns horizontally, are the girts which could also be steel typically in a 'U' or 'C' sectional profile or could be of timber. Then look at the cladding which is fixed to the girts. Could be corrugated metal, fibre cement etc. Alternately, the walls could be concrete tilt-up panels for example. In some instances, the concrete panel may have an internal wall of timber, steel or aluminium frame clad with gyprock for insulation or aesthetic reasons. Or, the internal face of the concrete panel may just remain bare. Make clear the existence, type and location of aluminium composite panels (ACP) and insulated sandwich panels (ISP) if present in walls.

## 4. Roof:

As with the walls, report upon all elements that make up the roof which includes the frame and cladding. In the table example we have reported upon the existence of fibreglass skylights. These items have an unfortunate loss history resultant from hail. Skylights could be fibreglass or plate glass and subject to damage from hail. High winds may lift up a fibreglass skylight if not appropriately fixed. Include commentary on the existence of aluminium composite panels (ACP) and insulated sandwich panels (ISP). Refer to items 12 & 13.



## 5. Floors:

In most circumstances 'what you see is what you get'. The only challenge could be with a timber floor for example. It would be ideal if you could look under the floor through an access door if available. Sometimes the timber flooring may be laid over a concrete floor. This is what you are trying to determine. Construction drawings or the insured may also be sources of information.

## 6. Number of floors above and below ground level:

Typically obvious in most cases however, it's important to look for those basements that may not be so quite obvious. Within may be some valuable items of plant, equipment or stock that could well be exposed to water ingress, which is not part of construction however 'food for thought' when you come up to the Occupancy details.

## 7. Size (in sq. metres):

This can at times be quite difficult to estimate and all efforts to determine such as reviewing plans, google maps, discussing with the insured etc. should be sought. As a last resort, pace (step) it out and note you have done so. The size of the premise is important when considering the value associated to replacement. Some find it easier just to relate to the size of a tennis court or Olympic swimming pool for example and note in the submission as such. At least then, the underwriter has an idea that the premise is small or large.

## 8. Age:

An important item that influences replacement costs and time. Maybe incorporates 'heritage' listing. Discuss with the insured, view documents, plans etc. If unknown, provide your best estimate and indicate that it's your estimation.

## 9. Condition:

Indicate your impression of the building condition and support this with any formal maintenance program adopted by the insured wherever possible. Look for 'tell-tale' signs of cracks in walls, floors and roofing, detached wall and roof cladding, water leaks and subsequent stains, skylights cracked, walls in need of painting etc. (overall aesthetics).

Don't forget roof and ground water drainage systems such as gutters and downpipes, condition and clearance (i.e. free of debris) to allow rainwater to run freely as intended.

## 10. Footings:

As discussed in our article titled ['A Broker's Guide to Understanding Construction'](#), footings are rarely impacted by fire with the exception of wharves and piers for example. Should these be a part of the premise, you will need to convey what they are made of. For example timber, concrete, steel. For timber, provide dimensions as the bigger the better from a fire performance perspective. Larger timbers such as 600 mm X 600 mm for example, when exposed to fire will char on the surface and this will insulate the inner core.

## 11. Heritage listing:

View any available property documentation as heritage details may be recorded within. These are typically referred to as 'Heritage registers' administered by the state local governments. Discuss with the insured. Remember, a heritage listing may be for an entire building, or part thereof such as a façade, staircase, ceiling etc. It's important that the specifics be clearly identified as this will impact upon replacement and recovery times.

## 12. Insulated sandwich panels:

Need to note location, size and if the panels can be categorically identified. Seek the brand name, manufacturer etc. in documentation and in discussions with insured. The panels could be combustible or non-combustible. Include details/literature in the submission if available. Take plenty of photos (always ask for permission before taking) and indicate the extent of the panels on a floor plan.

### 13. Aluminium composite panels:

Report upon the existence, location on photos or plans. The type of panelling or the manufacturer may not be clear and documentation to that effect may not be available. Photographs will help.

### 14. Asbestos:

The existence of construction products containing asbestos is difficult to identify at times unless it has been categorically stated in some form of documentation such as an 'asbestos register'. Consider the age of the building and if constructed between the 1940s to 1990 it is likely to include asbestos products.

### 15. Design considerations per perils:

Underwriters have minimum building construction requirements for premises located in catastrophe exposed zones. See if you can find out if the premise is in a 'Cat' zone and the premise considers the exposure. Buildings may include protection for high winds (e.g. cyclones), flood, earthquake, lightning etc. Seek documentation to support and discuss with insured. For example, walls may have cross-bracing, roofing may be fixed in a differing manner to the norm (e.g. additional screws), high-bay racking systems may be cross-braced more than normal, the premises and equipment within may be elevated on concrete plinths etc.

#### Resources

LMI RiskCoach:

Internet based risk management and insurance resource.

Factory Mutual Global Property Loss Prevention Data Sheets.



## 'Construction' table and example input

<b>Business name</b> <sup>1</sup>	Joe Blow Memorial Offices.	Building 1.
<b>Occupancy</b> <sup>2</sup>	Office/administration.	Warehouse/distribution centre.
<b>External walls</b> <sup>3</sup>	As viewed, brick up to 3m and glass above to the underside of the eaves. Aluminium composite panels are provided to the western façade (refer below. Item 13).	Per drawings, all steel frame. 75% of the walls are clad with corrugated metal sheeting. The remainder is a concrete tilt-up panel.
<b>Roof</b> <sup>4</sup>	As viewed, all timber frame with concrete or clay tiles over. Five fibreglass skylights are provided.	Per drawings, steel frame includes timber purlins. Clad with corrugated fibre cement sheeting (assumed not asbestos as this is a modern building). No skylights.
<b>Floor(s)</b> <sup>5</sup>	As viewed, timber on timber frame.	As viewed, concrete.
<b>Number of floors above and below ground level</b> <sup>6</sup>	As viewed, a single level above ground with a small (i.e. 20m <sup>2</sup> ) basement below ground to the northern end of the building.	As viewed, a single level above ground.
<b>Size (in sq. metres)</b> <sup>7</sup>	As viewed on drawings, 200m <sup>2</sup> .	As indicated by the insured, 2,025m <sup>2</sup> .
<b>Age</b> <sup>8</sup>	The insured indicates 110 years.	Per drawings, built in 2001.
<b>Condition</b> <sup>9</sup>	Viewed as being in good condition and insured indicated a formal maintenance plan has been provided for the past 20 years (copy attached).	Viewed as being in good condition. No formal maintenance plan. Employees look after the premise on an ad-hoc basis/when needed.
<b>Footings</b> <sup>10</sup>	Unable to determine.	Assume concrete strip footings in conjunction with the slab.
<b>Heritage listing</b> <sup>11</sup>	Viewed documents indicate the façade of the building is heritage listed (copy attached).	Modern construction in recent years, so no heritage listing considered.
<b>Insulated sandwich panels</b> <sup>12</sup>	None known to exist in this building.	As viewed, a cool room (approx. 25 m <sup>2</sup> ) exists in the south west corner of this building. Unable to determine type of insulated panel used. Photos included.
<b>Aluminium composite panels</b> <sup>13</sup>	As above, panels exist upon the western façade. Unable to determine type. Photos included.	None exist.
<b>Asbestos</b> <sup>14</sup>	No asbestos viewed however considering the age of the building and renovations in the 1960's, there may be asbestos in the eaves and some ceilings.	Modern construction in recent years, so assume there is no asbestos within.
<b>Design considerations per perils</b> <sup>15</sup>	Nothing indicated.	Insured indicates that the building was constructed considering exposure to high winds. Documentation attached.

(For more buildings on site, duplicate the table and complete input).

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