



Insurers' perspective on vacant property

14.40 - 15.30 in the IFSEC Installer Theatre

Gideon Reichental

Commercial Sales Manager at Clearway Services
and

Chairman of the BSIA's Vacant Property Protection Section.

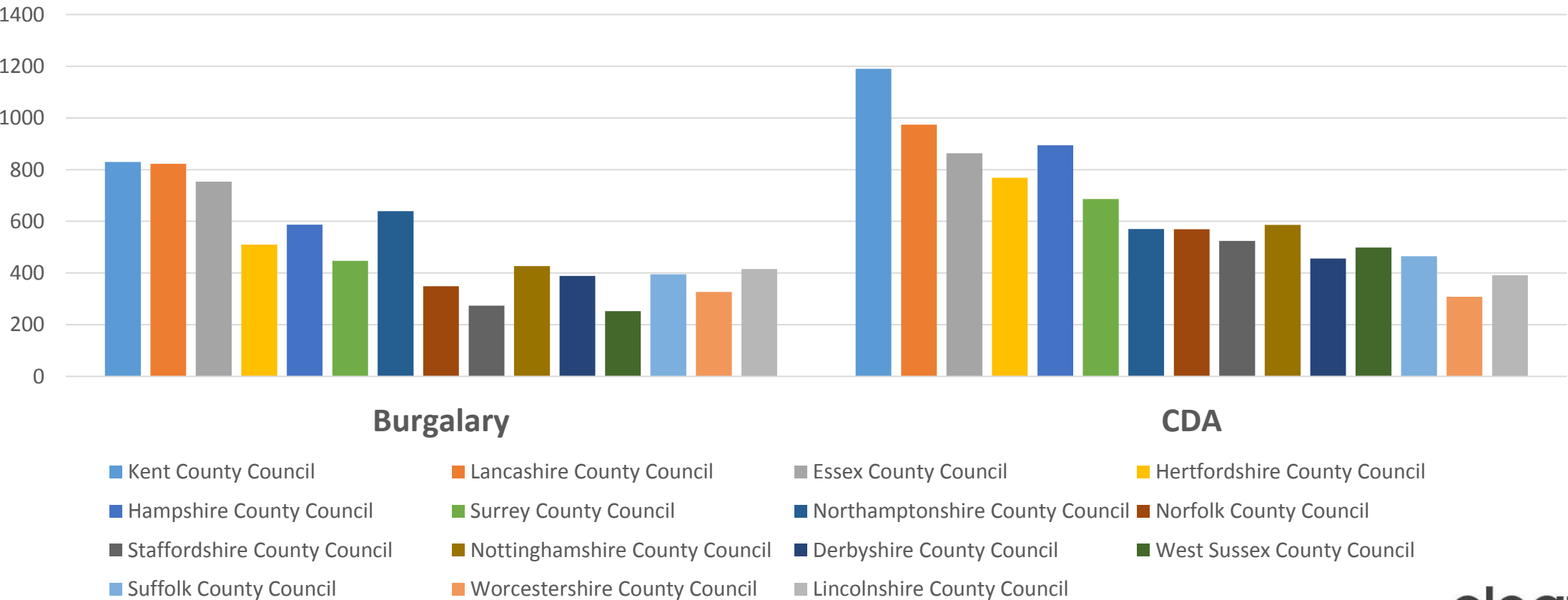
gideonr@clearwayservices.co.uk
07765 678724

clearwayservices.co.uk

Crime Stats Jan 2016

Burglary and Criminal Destruction and Arson

Top 15



What is Unoccupied?

- Unoccupied is defined differently by insurers, predominantly insurers define it as a property left without an occupant for more than 30 days. Most insurers regard long-term un-occupancy as a material fact, which must be disclosed to ensure that the policy remains valid.
- Typically it is any building or portion of a building that is;
 - *untenanted and/or*
 - *empty, void, vacant or disused and/or*
 - *awaiting refurbishment, redevelopment, renovation or demolition for a period in excess of 45 consecutive days*

Unoccupied – General View

- Unoccupied properties are much more susceptible to break-ins, petty crime, squatting, arson, burglary and vandalism
 - *Since the recession, many more properties have been left vacant.*
 - *This being so insurers generally exclude unoccupied properties from their policies as standard.*
 - *If the property is temporarily unoccupied during a changeover of tenants or a renovation a certain amount of time (usually around 30 days) is allowed before you should convert your landlord's insurance to an unoccupied property policy.*

Firm refuses claim for water damage after pipes burst

- Firm refuses claim for water damage after pipes burst - property left vacant for over a year
- Person was unexpectedly admitted to hospital and ended up spending more than a year away from home. During that period no arrangements for anyone to visit or check the property.
- Subsequently discovered that her home had been damaged when some water pipes had frozen and burst. Put in a claim, but the firm rejected it because Person had "left her house unlive in for more than 30 days".

Complaint rejected

- The property had effectively been abandoned for a very long period and this had led directly to the damage. It would have been relatively easy for Person to have ensured the property was looked after while away. The firm had acted reasonably in rejecting her claim.

Circumstances Leading to Vacancy

- Critical Illness or Probate
- Renovation
- Redevelopment
- Insolvency
- Sale or Letting

....always communicate with your insurer!!

Principle Risks



Theft – Metal & Plant



Public Liability



Arson / Criminal Damage



Illegal Occupation - Squatting / Traveller Incursion



Fly Tipping

Code of Practice on Unoccupied Buildings

usually apply within 30 – 60 days of the buildings becoming unoccupied

1. All water supplies turned off at the mains and the system entirely drained down
 - *Any sprinkler system should be kept in operation*
2. All gas supplies isolated unless used to heat the premises.
 - *for the period 1 November to 31 March heating may be kept in operation*
3. All electricity supplies should be turned off at the mains
 - *unless required to maintain fire and/or theft protection/detection equipment.*
4. All fire and theft protection/detection equipment maintained in efficient working order.
5. All letter boxes sealed to prevent any insertions.
6. Clearance of all combustible rubbish/waste.
7. All basement, ground floor and other accessible windows and glazing to doors securely boarded up.
8. Inspected internally/externally at least once every 7 to 14 days or monthly

Planning for Risk

85%-90% of the time, the landlord has advance notice of the property becoming unoccupied. An opportunity needs to be taken then to assess the risk

Empty Property Checklist

Empty Property Checklist

The following checklist has been provided to help you better protect your vacant property from potential losses.

Administration	YES	NO	Action	Action required	By whom	By when	Date completed
				YES NO			
Is there a plan controlling the shut down?			If no – put a plan in place to cover the following				
Have the building's insurers been notified?			If no – ensure that the insurers are aware of the building's status				
Are routine inspections planned?			If no – prepare a regular inspection plan For details of our inspection and patrol services call 01322 332211				
Has a redirection of mail been set up?			If no – put arrangements in place				
Have keyholders been nominated?			If no – nominate a keyholder				
Have the local police been given keyholder details?			If no – ensure police are notified. To find your local police station www.police.uk/				
Has the local fire service been informed?			If no – contact the Fire Service HQ. To find your local fire station www.fireservice.co.uk/information/ukfrs				

Housekeeping and Health and Safety	YES	NO	Action	Action required	By whom	By when	Date completed
				YES NO			
For details of all our environmental services visit www.clearwayservices.co.uk/property-services/							
Has the health and safety of visitors been addressed?			If no – make an assessment and implement recommendations				
Has the health and safety of security staff been addressed?			If no – make an assessment and implement recommendations				
Has the health and safety of possible trespassers, including children been assessed?			If no – make an assessment and implement recommendations				
Has all refuse been removed from the interior?			If no – ensure all refuse is removed				
Has all refuse been removed from the external site areas?			If no – ensure all refuse is removed				
Has the site been checked for dangerous or potentially dangerous objects?			If no – check the site				
Are there any unnecessary furnishings and furniture present?			If yes – remove all unnecessary items				
Are there any skips or portable buildings present?			If yes – remove				
Have final meter readings been taken?			If no – make sure they are recorded, dated and photos taken of meters				

Empty Property Checklist

- **Administration**

- *Is there a plan controlling the shut down?*
- *Have the building's insurers been notified?*
- *Are routine inspections planned?*
- *Has a risk assessment been done?*
- *Has the site been considered in the light of possible fly tipping or encampment by travellers?*
- *Has a plan been prepared to indicate how the site is to be managed whilst it is vacant and who is to be responsible?*

- **Housekeeping and Health and Safety**

- *Has the health and safety of visitors been addressed?*
- *Has the health and safety of possible trespassers, including children been assessed?*
- *Has the site been checked for dangerous or potentially dangerous objects?*
- *Are there any flammable goods and/or hazardous substances present?*

- **Fire Safety**

- *Is there an automatic sprinkler installation?*
- *Is there a means of escape from or through adjacent property?*
- *Has the need for safety/warning signs been considered?*

- **Security**

- *Are all perimeter barriers in good repair?*
- *Are letter flaps sealed?*
- *Are accessible windows adequately protected?*
- *Is there an intruder alarm installed?*
- *Is there perimeter lighting?*
- *Is there a method of recording authorised visitors?*

Metal Theft = Public Liability



In the News

- Police warn farm owners of illegal raves over the summer
 - Hereford Times 16/06/16
- 'It's putting lives in danger' - Firefighter blasts arsonists who have hit same (vacant) pub FOUR times in two weeks
 - *Darlaston councillor Paul Bott said, "They would resolve the situation if they got some proper fencing on the site".*
 - Express and star 14/06/16
- Vandals cause £60000 worth of damage at Edinburgh station (construction site)
 - STV News 11/06/16
- Derelict care home fire in Wellsborough was an arson attack
 - Hinckley Times 06/06/16
- Why Arson Is So Common in Middlesbrough (vacant between lettings)
 - *The warehouse fire has left him £70,000 out of pocket, he says. Insurance won't cover it, since the storage of garments by the charity fell outside the uses of the warehouse he'd designated in his insurance policy.*
 - Vice 31/05/166

Inspections



Cost of Not Doing Anything

Theft

- Repair and Replace
- Damage to Building Fabric
- Increased Insurance Premiums

Public Liability

- Legal and Criminal Ramifications
- Significant Claims Value

Arson / Criminal Damage

- Loss of Building and /or Assets
- Repair and Replacement

Illegal Occupation

- Legal Fees
- Delays in Project Timescales
- Clearance and Remediation

Fly Tipping

- Clearance Costs
- Environmental Orders & Fines

Health & Safety - Owners Responsibility

- Employees
- Visitors
- Contractors
- Sub-contractors
- Members of the public

Risk Assessment

LOOK FOR THE HAZARDS

WHO MIGHT BE HARMED, AND HOW?

EVALUATE THE RISKS

RECORD FINDINGS

REVIEW AND REVISE AS NECESSARY

Reverse Burden of Proof

NO POLICY

NO PROCEDURES

NO ASSESSMENT

GUILTY

NO PROTECTIVE EQUIPMENT

NO MONITORING

NO REGISTERS

NO RECORDS

Sentencing

- For health & safety, food safety offences and corporate Manslaughter cases **heard** after 1st February 2016 **irrespective of the date of offence**
 - Includes individuals as well as **organisations**
 - Fine levels to be based on **turnover (not profit)**
 - Fines set relevant to **offence** and **culpability**
 - Under these proposals fines **for health & safety** offences will **increase significantly**
 - Guidelines designed to remedy perceived 'low fines' for large companies
 - But proportionately SMEs will suffer more

New Sentencing

Small

Turnover or equivalent: between £2 million and £10 million

	Starting point	Category range
Very high culpability		
Harm category 1	£450,000	£300,000 – £1,600,000
Harm category 2	£200,000	£100,000 – £800,000
Harm category 3	£100,000	£50,000 – £400,000
Harm category 4	£50,000	£20,000 – £190,000
High culpability		
Harm category 1	£250,000	£170,000 – £1,000,000
Harm category 2	£100,000	£50,000 – £450,000
Harm category 3	£54,000	£25,000 – £210,000
Harm category 4	£24,000	£12,000 – £100,000
Medium culpability		
Harm category 1	£160,000	£100,000 – £600,000
Harm category 2	£54,000	£25,000 – £230,000
Harm category 3	£24,000	£12,000 – £100,000
Harm category 4	£12,000	£4,000 – £50,000
Low culpability		
Harm category 1	£45,000	£25,000 – £130,000
Harm category 2	£9,000	£3,000 – £40,000
Harm category 3	£3,000	£700 – £14,000
Harm category 4	£700	£100 – £5,000

Squatting - Residential

- Squatting in residential buildings (like a house or flat) is illegal. It can lead to 6 months in prison, a £5,000 fine or both.
 - *Anyone who originally enters a property with the permission of the landlord is not a squatter, eg if you're renting a property and fall behind with rent payments you're not squatting if you continue to live there.*
 - *Although [squatting in non-residential building or land](#) isn't in itself a crime, it's a crime to damage the property.*
 - *It's usually a crime not to leave land or property when you're instructed to do so by:*
 - *the owner*
 - *the police*
 - *the council*
 - *a repossession order*

Squatting - Warehouse

HOMELESSNESS IS Rife IN England
They claim there is a shortage of accommodation and offer little if not no help to those in need
to house us. Yet hundreds of thousands of properties
sit empty and are left to fall into disrepair each year.
Those of us who choose to help ourselves when times are desperate
are treated like criminals because we choose to make use of your empty
properties, ~~because you have left vacant for years.~~
Thank You for ~~letting~~ having us, ~~as putting~~ in
AND a big thank You for removing The Roof and Security
We had built for ourselves, once again pushing us to the street.
yours Sincerely
ECKOTEK
crew
P.S. See you at NEXT Warehouse



Squatting – Non-Residential

- A non-residential property is any building or land that isn't designed to be lived in.
- Simply being on another person's non-residential property without their permission isn't usually a crime. The police can take action if squatters commit other crimes when entering or staying in a property.
- Crimes include:
 - *causing damage when entering the property*
 - *causing damage while in the property*
 - *not leaving when they're told to by a court*
 - *stealing from the property*
 - *using utilities like electricity or gas without permission*
 - *fly-tipping*
 - *not obeying a noise abatement notice*

Squatting -Warehouse



Squatting - Costs

- Ensure that vacant property insurance includes legal costs.
- Residential and Non-Residential are still at risk.
- Typical costs associated with Re-Possession:
 - *Legal*
 - *Baliffs*
 - *Clearance*
 - *Security*

...prevention is better than cure!

Case Study



Case Study

- Traveller Incursion – 6 days!
- 12 Caravans + Associated Vehicles
- Vacant Plot of Land
- Breached Gates
- Fly Tipping

Case Study

- Costs

- *High Court Enforcement & Bailiffs* £25,000
- *Interim Security* £20,000
- *Clearance* £35,000
- *Repairs and remediation* £3,000
- *Ongoing Security* £5,000

Construction Site Security

Zurich Insurance Recommendations 2016

Risk



Potential Liabilities and consequences

- Scaffolding
- Fire Safety



Occupiers Liability Act 1984

- Trespassers



Theft

- Plant
- Metal
- Cable
- Site Office / Stores



Arson and malicious damage

Solutions



Security patrols



Perimeter protection



Locks



CCTV



Remote Alarms



Immobilisation and tracking



Select DNA



Access control



External Lighting

Soft Services Around Vacant Property

Soft Services				
Emergency	Cleaning & Waste Management	Energy & Environment	Security	Planned Maintenance
<ul style="list-style-type: none">• Boarding• Repairs• Roofing• Glazing• Locksmith	<ul style="list-style-type: none">• Hazardous• Flammable• Fumigation• Strip Out	<ul style="list-style-type: none">• Meter Reads• Bill Management• Flood Management• Gas Safety• Electrical Safety	<ul style="list-style-type: none">• Guarding• Guardians• Screens & Doors• Alarms• Fencing• CCTV• Locks	<ul style="list-style-type: none">• Street Lights• Gardening / Landscaping• Gutter / Drain Clearance• Inspections• Redecoration• Pest Control

Security Service Provision

1. Secure the property – harden security
 - a. *Locks*
 - b. *Screens*
 - c. *CCTV/alarms*
 - d. *Fencing/*
2. Remove Valuable Items
3. Remove means to commit crime
 - a. *Store bins*
 - b. *Secure ladders*
4. Make property less attractive
 - a. *DNA spray on copper*
 - b. *Anti-climb paint*
5. Control Access
 - a. *Perimeter fencing, Building locks and Alarms*
6. Increase Site Visibility
 - a. *Lighting*
 - b. *Remove Vegetation*
 - c. *Use CCTV and notify police*
7. Site Security Layout
 - a. *Use the layout to deter from site*
8. Install warning signs
9. Slow intruders down – increase their chances of being caught
 - a. *Steel screens on windows*
 - b. *High fences*
10. Monitor and maintain



Not All Services Are Created Equal



BSIA and BS 8584:2015

Vacant property protection services. Code of practice

- Owners often turn to security companies to guard these properties – but until now there has been no standard for this security provision.
- BS 8584 gives recommendations for the security of vacant properties, covering:
 - *Security management*
 - *Manned services (static guarding, mobile patrols, remote monitoring)*
 - *Physical devices (barriers and screens)*
 - *Electronic systems (alarms and CCTV)*
 - *Protection by Occupation (Guardians)*
- The new standard serves both property owners and security companies. Owners can use it to assess the services offered and use it in tender documents; while security organisations can be benchmarked against it.
- The recommendations in BS 8584 apply whether the property is vacant prior to first occupancy, following damage, while undergoing refurbishment or awaiting demolition. They cover a very wide range of properties, including homes, shops and offices, factories, warehouses, construction sites and open land.
- BS 8584 will bring clarity to the market and aid crime prevention - to benefit security providers, property developers, insurers, builders, and local authorities among many others.

If Your Property is Vacant

- Tell your insurer
- Do the simple things
- Install the right security
- Be selective about the firms you use
 - *BS 8584:2015*
 - *BSIA*
- If you have a problem sort it out quickly



Insurers' perspective on vacant property

14.40 - 15.30 in the IFSEC Installer Theatre

Gideon Reichental

Commercial Sales Manager at Clearway Services
and

Chairman of the BSIA's Vacant Property Protection Section.

gideonr@clearwayservices.co.uk
07765 678724

clearwayservices.co.uk