

Management of Unoccupied Properties

Given the current economic climate and the potential for a greater number of properties being left empty together with a rising crime rate, insurers are looking more closely at the underwriting terms they apply in respect of vacant and void properties.

As a result, voids and other empty properties require additional risk management and the real estate team at JLT have prepared this guidance for our clients, their managers and tenants.

Generally, insurers will not cover individual vacant properties and even as part of a portfolio they are now looking for higher premium rates and the application of additional special terms, including :

- increased excesses
- indemnity rather than reinstatement basis of cover
- restricting the range of perils

There are also additional risk management controls which insurers will require the tenant or, if the demised unit is an un-let void, the landlord to take all reasonable precautions to prevent or minimise damage. Where an occupier has gone into receivership this may of course fall to their administrators who will still be required to comply with these reasonable requirements in order for the landlord's insurance cover to be maintained.

The following actions are typical of those which insurers expect for an unoccupied unit, but given the location and other specifics of each property some variations might apply on a case by case basis:-

- Regular inspections of the unit, including internally, should take place, preferably at least once a week, to ensure the property is fully secure and that there are no signs of entry, damage etc.
- In the case of properties with 24 hour onsite security, this internal inspection may be required less frequently, but this will require the owner to ensure that the security staff are informed of the unit being vacant and them being asked to undertake regular external checks. It is not essential for the internal inspection to be undertaken by the tenant or their administrators and it may be simplest if the on site security team also undertake this, if that can be arranged.
- Water systems should be drained down or the heating set to maintain an ambient temperature of 5 degrees or above to prevent the pipes from freezing or bursting. Other services should be disconnected unless required to maintain temperature/detection systems etc.
- Valves should be chained and padlocked closed, unless serving sprinkler or other critical systems, in which case they should be in the open position.
- All existing physical security measures must be put into effect and ideally external doors to a property should be secured with five lever mortise deadlocks. However depending on the type of doors this may not be possible and if we can give further guidance in this regard we are happy to assist.





- In some instances insurers may require external boarding of windows, but if the building has 24 hour onsite security then this might be waived, providing the external checks outlined above are being undertaken.
 - Any intruder and fire alarm detection systems must be set, maintained and any monitoring contracts (such as Redcare) continued in force.
 - Letter boxes should be securely blocked, ideally by screwing shut with non-return headed screws so as to prevent any accelerants or lighted materials being passed through.
 - The empty property should be cleared of combustible waste both internally and externally. The regular checks should also look for signs of fly tipping, which can provide a would be arsonist with fuel for a fire and if present these should be removed as soon as possible.
 - Similarly, any damage or graffiti or overgrown vegetation which can indicate the vacant condition of a unit should be repaired or removed as soon as possible.
 - Tanks containing heating fuel and other flammable products should be drained and precautions taken to prevent the explosion of residual vapours.
 - Where the site is open and susceptible to potential travellers, the use of concrete blocks or ditches should be considered.
 - The maintenance of the property in a safe condition is also important. This is necessary to safeguard the health and safety of those performing the regular checks but also because the owner's/leaseholder's duty of care applies equally to trespassers, who might include children since empty space can attract them as a play area. This will almost certainly require a review of the formal health and safety risk assessments for the property.
 - It may also be necessary to notify the local authorities, police or fire service of the vacant nature of the property and any relevant changes which have been made.
 - Where voids are being maintained in condition for immediate letting and plant such as lifts and pressure systems are kept operational, owners need to ensure that they are inspected as required under the appropriate safety regulations. This needs particular awareness when such units are taken back from tenants who will previously have been responsible for such inspections and the property and its plant will need to be added to the owner's emergency inspection programme.
- Ultimately all owners, tenants, managing agents and local property managers will have to use a degree of subjectivity as to what is most appropriate according to individual circumstances and in some cases legal advice might be necessary, but the JLT real estate team would be happy to provide advice if required.



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