

# PROFESSIONAL

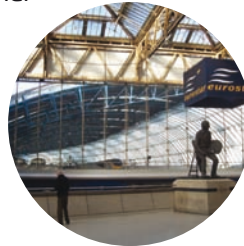
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## PROFESSIONAL OPINION Bill Gloyn

### Insurers need to satisfy disgruntled occupiers

I recently attended the launch of the Occupier Satisfaction Survey 2010, published by the Property Industry Alliance and CoreNet Global UK Chapter (Landlords must try harder, say tenants, 17.09.10).

Overall, the survey showed that the satisfaction of occupiers with their landlords had fallen a little over the past 12 months.

The element of the survey that concerned me the most was that fewer than 4% of occupiers reported they were more satisfied with their landlord's insurance. By contrast, 16% felt this was "worse" or "much worse". That is a big change, in the space of a year.

Having spent many years trying to serve property owners, and recognising the importance of having happy tenants, that headline conclusion was rather painful. I was able to get a more detailed summary of the results, although it didn't help a great deal.

For instance, a respondent who registered highly for satisfaction also said things were worse.

On the other hand, many respondents who suggested that things were about the same also registered a very low basic feeling of satisfaction.

#### Refining the code

This is a good place to pause and reflect that insurance is almost always a grudge purchase. For an occupier reimbursing its landlord's costs – whatever they may be – it is an understandable area for dissatisfaction. That is reflected by more than 24% of occupiers that reported they were more dissatisfied with the rent review process than 12 months ago. Just the thought of having to pay more rent is obviously not a welcome prospect.

With commendable leadership from the British Property Federation, the property

world has done a lot to make the insurance situation far more acceptable than it was a decade ago. The various incarnations of the Code of Practice on Commercial Leases have gradually refined the insurance process and compliant landlords will now supply full information about the cover for which they are recovering premiums with a degree of transparency about costs that would have been unthinkable 10 years ago.

The responsibility for damage by uninsured and uninsurable risks is now far clearer, the burden generally rests with the property owner, rather than arguably with the tenant, as it did in the past.

In general, insurance premiums have recently remained stable – the exceptions are properties in high flood risk zones and vacant buildings. It is unlikely that the latter would be tenanted, and so would fall outside the scope of the survey.

There is little doubt that insurers are becoming more demanding about claim settlements. Insurance policies are contracts with conditions and

requirements that need to be satisfied before insurers are obliged to pay out. Not for the first time in these pages, I can only warn that time invested in getting insurance right will be well spent – especially in the face of a large claim.

In the context of landlord and occupier relationships, that time might be a very wise investment. Some of the other areas that seem to have caused concern to occupiers might not be easy or even possible to fix. However, it seems that even more communication and care over occupier insurance concerns could pay dividends in restoring the overall balance of satisfaction. An overhaul of current arrangements might not be a high priority, but could prove well worth the effort.

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