

17 March 2020

Rt Hon Robert Jenrick MP
Secretary of State for Housing, Communities and Local Government
2 Marsham Street
London SW1P 4DF



cc Rt. Hon. John Glen, Economic Secretary to the Treasury

Dear Secretary of State

Re: Problems and Possible Solutions for the supply of Professional Indemnity Insurance for the Construction and Real Estate Industries

I am writing to you in my capacity as CEO of The British Insurance Brokers' Association (BIBA) to offer some solutions to the current contraction in the supply of professional indemnity insurance which is preventing fire engineers and other surveyors from inspecting and certifying buildings from a fire safety perspective. In turn, this is slowing down important remediation work to remove and replace unsafe cladding on buildings.

BIBA is the UK's leading general insurance intermediary organisation representing the interests of some 1,850 insurance brokers and their customers. Our members contribute 1% of GDP to the UK economy through arranging almost 70% of all general insurance with a premium totalling £66.5 billion.

In developing these solutions, we have engaged with your colleagues from MHCLG and from HMT Treasury. We have also engaged with various trade and professional bodies whose members are directly affected by the current problems, including the Association of Residential Managing Agents, the Institute of Residential Property Management, RICS, the Federation of Master Builders, UK Finance, the Leasehold Knowledge Partnership and the British Constructional Steel Association and others.

We have divided our solutions into two parts: the first set address legacy buildings and the second address new buildings going forward once Dame Judith's recommendations have been turned into legislation and the Building Safety regulator has been established.

In respect of legacy buildings – which are clearly the most pressing concern – we have two key alternative solutions which we think Government should consider:

1. Government to legislate that Fire Engineers (and other Competent bodies) who inspect and sign-off on the 'safety case' of legacy buildings under the new Building Safety Regulation regime (Hackitt recommendation) are held harmless by the Government. This would be for time limited period until all remediation work has been completed and safety

cases have been signed off. This would have the immediate effect of encouraging more Fire Engineers back into business.

2. Develop insurer/government shared solutions for the supply of PI insurance in relation to Fire Engineers signing off the 'safety case' and EWS forms and contractors involved in replacing defective cladding in respect of legacy building stock. This could take the form of an assigned risk pool to which insurers would cede part or whole of the risk. Or, insurers could provide a primary limit of insurance and then Government would provide excess of loss cover. These solutions would continue until such time as all remediation building has been completed.

We note with some relief the Chancellor's announcement on the 11th March of additional funding to help remediate buildings with unsafe cladding that is not ACM type. This is a welcome development, but we would observe that while the £1bn promised is a substantial sum, the estimated cost of remediation is believed to be very much larger.

More detail can be found in the attached paper. We would welcome the opportunity to meet with you to discuss our ideas and how we can best move forward to solve the pressing problems that face residents living in unsafe buildings.

Yours sincerely,



Steve White

Steve White, CEO
The British Insurance Brokers' Association



N.W. Glen

Nigel Glen, CEO
The Association of Residential Managing Agents



Martin Boyd

Martin Boyd,
The Leasehold Knowledge Partnership



Andrew Bulmer, CEO
IRPM



Melanie Leech
Melanie Leech, CEO
British Property Federation