

INITIAL INSURANCE REPORT
Retained

DATE OF ISSUE:	5 th September 2024
OUR REFERENCE NO:	72230964
YOUR REFERENCE NO:	BRM100012084
Midas Midas Underwriting Ltd Elizabeth House 116-118 Hollywood Road Belfast BT4 1NU	 8 Haslemere Road London N8 9QX



POLICYHOLDER DETAILS	
Policyholder Home tel.:	Not Advised
Policyholder Work tel.:	Not Advised
Policyholder Mobile tel.:	
VAT status	Not Registered
POLICY INFORMATION, HISTORY & TIMESCALES	
Policy number:	10414MI0000397
Policy wording:	Midas Underwriting
Authority:	Retained
Date of construction:	1800 - 1900
Date of purchase:	1998
Date of policy inception:	21/06/2023
Date damage first noticed:	01/03/2024
Date claim notified to insurers:	22/05/2024
Date of our initial inspection:	14/08/2024
Supposed cause:	Subsidence
RESERVE (Including VAT & the application of the policy excess)	

Description	Initial Reserve	Payments to Date	Payment Recommended	Balance of Reserve
Site Investigations	£2,500.00	£0.00	£0.00	£2,500.00
Monitoring	£1,500.00	£0.00	£0.00	£1,500.00
Drainage	£1,500.00	£0.00	£0.00	£1,500.00
Trees / Vegetation	£1,000.00	£0.00	£0.00	£1,000.00
Superstructure	£5,000.00	£0.00	£0.00	£5,000.00
Substructure	£0.00	£0.00	£0.00	£0.00
Alternative Accommodation or LOR	£0.00	£0.00	£0.00	£0.00
Other Fees	£0.00	£0.00	£0.00	£0.00
Other Costs	£0.00	£0.00	£0.00	£0.00
Davies Fees	£2,000.00	£0.00	£0.00	£2,000.00
Total	£13,500.00	£0.00	£0.00	£13,500.00

ADEQUACY OF SUM INSURED

The BCIS calculation is suitable for small domestic properties of traditional construction.

For buildings with non-traditional construction, being of a listed status or of a commercial entity; we would always recommend that an independent valuation report should be obtained, with the BCIS figure to be used as guidance only, as the BCIS calculation will generally not be suitable for these types of buildings.

This would be the responsibility of the building owner to obtain, or at the discretion of the insurer.

We note the sum insured in respect of 'Buildings' is £1,000,000.

The Value at Risk (VAR) has been calculated in accordance with BCIS guidelines as not less than £753,000 (Please see details in Appendix 3)

The sum insured according to the BCIS calculation would appear adequate for reinstatement purposes.

INTRODUCTION

The technical and insurance aspects of this claim are being overseen by our Regional Technical Manager, Hakan Nuhi, in accordance with our Project Managed Service.

DESCRIPTION OF PROPERTY

The risk address is a 6-bedroom, semi-detached, domestic dwelling comprising mainly brick elevations beneath a pitched slated, tiled roof.

The property is arranged over three storeys and is believed to have been constructed circa 1880.

The property has a timber extension to the rear added 25 years ago. The left side front Bay was underpinned approximately 25 years ago through a previous subsidence claim.

TOPOGRAPHY & GENERAL LOCATION

The property stands on a level plot with garden frontage accessed from the pavement. There are a number large and mature trees noted close to the property most of which are protected by Tree Preservation Orders.

GEOLOGY

The precise geology in the immediate area can only be established by undertaking localised site investigations. However, published geological data suggests that the property is underlain by soils from the London Clay Formation consisting of Clay, silt and sand.

Our own knowledge and experience of the area would suggest that the property sits in a location where incidences of subsidence are relatively low.

VEGETATION

The following describes the major items of vegetation that are within influencing distance of the property and could therefore be implicated in the current damage:

Type of tree	Sycamore	Sycamore	Sycamore	Various Vegetation
Approx. height	8	8	6	2
Approx. distance	20	20	20	6
From where	4 Haslemere Road	4 Haslemere Road	4 Haslemere Road	8 Haslemere Road
Ownership (PH or TP?)	TP	TP	TP	PH
If TP - Name of TP	Unkn	Unkn	Unkn	N/A
If TP – Address of TP	As above	As above	As above	As above
TPO (if known)	Yes	Yes	Yes	No

CIRCUMSTANCES

During the course of our discussions with the policyholder, we were advised of the following circumstances which led to the claim being presented:

The policyholder purchased the property 1995 with a survey which did not highlight and ongoing problems. There is currently no mortgage held against the property. The policyholder occupies the ground and first floor with the third floor let to private tenants. The front left bay was underpinned 25 years ago because of root induced clay shrinkage which was attributed to the privately owned Sycamore trees owned by the Third Party at 4 Halslemere Road.

Cracking to Reception room 1 appeared over a period of 3 months and has consequently got worse. Diagonal cracking above door frame was also noted extending to ceiling junction.

Cracking to reception room 2 was highlighted by the policyholder but this appeared to be historic damage to which she was agreeable to.

Three mature Sycamores belonging to 4 Haslemere Road were noted as the cause of subsidence 25 years ago. These trees were not removed due to TPO's being place and therefore it is likely that these trees are the probable cause of the recent movement.

DESCRIPTION OF DAMAGE

Reception Room 1

Diagonal crack noted above door frame extending to ceiling junction approximately ranging from 1-4mm.

Hallway/ Lobby

Fine crack which is mirrored from Reception room 1 above door frame stretching to ceiling junction, max of 1.5mm.

The mechanism of movement appears to be downward indicating the possibility of root induced Clay shrinkage.

External Damage

Historic damage visible is to the Bay of the reception room 2 (location of previous subsidence). No other cracking was noted external to the front, side or rear of property.

CATEGORY OF CRACKING

In accordance with Table 1 of BRE Digest No.251, (as reproduced below), the cracking in the property would be described as category 2.

Category 0	Negligible	Less than 0.1mm
Category 1	Very slight	0.1-1.0mm
Category 2	Slight	1mm to 5mm
Category 3	Moderate	5mm to 15mm
Category 4	Severe	15mm to < 25mm
Category 5	Very severe	> 25mm

CAUSE OF DAMAGE

From our initial visual inspection, we would confirm the following:

The mechanism of movement is predominantly downward and focused on the front right of the property. The precise cause of subsidence movement cannot be determined at this stage without further investigation, but the most likely cause is root-induced clay shrinkage as a result of the Sycamore trees 20 metres from the property.

CLAY SHRINKAGE

It is our considered opinion that the damage is attributable to clay shrinkage subsidence, which has been exacerbated by the moisture extraction influence of the surrounding vegetation. The primary vegetative influence is considered to be the neighbours vegetation.

DISCUSSION

Based on the knowledge that the front bay was previously underpinned as a result of the adjacent Sycamores; we believe that the policyholder's vegetation and the Sycamore trees are the cause of the recent movement to the property. The movement is limited to the ground floor Reception room (1) to the right (when looking at the front elevation).

It is assumed the vegetation to the front of the property and the sycamores may have led to root induced clay shrinkage which in turn has led to movement to the ground floor.

PRE-INCEPTION DAMAGE

We note that the inception date of your policy was 21/06/2023.

It is clear that the damage currently exhibited has arisen during the currency of your policy and we are proceeding accordingly.

NON-DISCLOSURE/MISREPRESENTATION

We do not consider that there are any non-disclosure or misrepresentation issues on this occasion.

The policyholder has confirmed that the property was subject to a previous subsidence claim 25 years ago (1999). It is confirmed that the neighbouring Sycamore trees were the cause at that time leading to the underpinning of the front left-hand bay.

WARRANTIES

We are not aware of any warranties which would be pertinent to this particular claim.

CONTRIBUTION

We are not aware of any other insurance policy in force which could be called into contribution.

Contribution arising under the ABI Domestic Subsidence Agreement

ABI OPTION 3

We note that inception of your policy was 21/06/2023. Your policy had therefore been in existence for more than 8 weeks and less than 12 months at the time of notification of this claim on 22/05/2024. We believe that as a result, Option 3 of the ABI Domestic Subsidence Agreement will apply. In these circumstances we believe that, assuming the claim is accepted as subsidence under the policy, you will be required to deal with the claim but anticipate that you will be able to recover 50% of your expenditure from the previous Insurers. We will make contact with the previous Insurers and unless we hear from you to the contrary we will continue to handle all correspondence in connection with the ABI Domestic Subsidence Agreement.

RECOVERY

In describing the circumstances above, we have noted the involvement of a third party; 4 Haslemere Road, and with the insurer's agreement we can ask our internal recoveries team, to undertake an initial review of the potential recovery; and to provide initial advice on the likely outcome.

Davies Subsidence is a division of the Davies Group Ltd, Registered Company Number 06479822. Registered in England and Wales. Registered Address 8 Lloyds Avenue, London EC3N 3EL

MORTGAGEES

We are advised that there is currently no mortgage held on the property.

POLICY LIABILITY

We are satisfied that the policyholder has an insurable interest in the subject matter of the claim and that damage has arisen during the currency of the policy.

Damage appears to have been caused by subsidence of the site and in the circumstances, there are no exclusions applicable.

We are therefore satisfied that liability will engage with this occasion.

Whilst the property would not be rendered uninhabitable for the repairs to be carried out

We are therefore satisfied that liability will engage with this occasion.

RECOMMENDATIONS

We now recommend that site investigations are undertaken to confirm our initial opinion as to the cause of the damage; with the investigations consisting of:

- A Bore Hole/Trial pit to the front of the property to confirm the depths of the foundations and condition of the bearing soils beneath the foundations.
- A CCTV survey of the drainage runs within close proximity of the area of concern.
- Level monitoring for an initial period of 6-9 months.
- Obtain an arboriculturalist report to obtain advice on the vegetation management works required, and also confirm if there are any restrictions in place, regarding the removal of the implicated vegetation.

The above will assist in confirming the exact cause of the movements and the mitigation works required to remove the external influence which is currently affecting the ground conditions.

ACTION PLAN

Please note the following action plan lists estimated dates based on experience of such claims and is subject to change. It is mostly reliant on the cooperation of any 3rd parties and instructions from insurers which could lead to delays in obtaining information:

KEY STAGE	TARGET DATE
Site investigations	September 2024
Identification of Cause	October 2024
Removal of Cause	March 2026
Monitoring Complete (12 Months)	September 2025
Building Work Commenced	May 2026
Anticipated Completion of Claim	August 2026



OUTSTANDING RESERVE (including VAT where applicable)

We would recommend that insurers hold an outstanding reserve of £ £13,500.00.

ACTION REQUIRED BY INSURERS

We refer to our comments in the report above; we now require instruction and authorisation for the following:

- Insurer's agreement to the acceptance of the claim.
- Please provide authorisation to proceed with the recommendations described above.
- We refer to the recovery section above and seek instruction to appoint the Davies recovery team, to provide an initial review.

ATTACHMENTS & APPENDICES

Copy of Technical Report
Copy of letter to policyholder
Appendix 1: Photographs
Appendix 2: Site Plan
Appendix 3: Value at Risk Calculation

APPENDIX 1: PHOTOGRAPHS



Photograph 1 – Entrance hallway, location of crack



Photograph 2 – Diagonal cracking to hallway wall



Photograph 3 - Diagonal cracking to hallway wall



Photograph 4 – Entrance hallway cracking to ceiling



Photograph 5 – Reception room 1



Photograph 6 – Cracking to Reception room 1

APPENDIX 2: SITE PLAN



							
Foul Drain	SW Drain	Foul IC	SW IC	Foul DP Gulley	SW DP Gulley	SVP	Area of Damage
							
Broad leaf tree	Shrubs	Hedge	Conifer	Trial Hole	Borehole	Trial/BH	Level monitoring point

APPENDIX 3: VALUE AT RISK CALCULATION

BCIS[®]

Reinstatement calculation

PROPERTY LOCATION

Address: 8 Haslemere Road, London

Post code: N8 9QX

PROPERTY DETAILS

Type: Semi-detached 3-storey with 6 bedrooms

Age: 1840-1919

Quality: Basic

Floor area: 330m² (Gross external floor area)

Cellar floor area: 22m²

Conservatory floor area: 6m²

Conservatory details: made of uPVC in a contemporary style

PRICE LEVEL

Model: January 2023 (452.2)

Assessment date: 14-Aug-2024

Adjusted to: July 2024 (468.8)

Location: Outer London Boroughs (118; sample 541)

COST

BCIS®

Basic cost	Variable	Rate	Cost
Model cost	330m ²	x £2,185/m ²	£721,144
Model size adjustment	330m ²	x £-86/m ²	£-28,289
Cellar cost	22m ²	x £1,827/m ²	£40,195
Cellar size adjustment	22m ²	x £-220/m ²	£-4,837
Conservatory cost	6m ²	x £2,002/m ²	£12,011
Conservatory size adjustment	6m ²	x £211/m ²	£1,268
Base Model Formula: ((330 - 304) / (219 - 304)) * (2466 - 2185)			
Cellar Formula: ((22 - 13) / (45 - 13)) * (1045 - 1827)			
Conservatory Formula: ((6 - 10) / (20 - 10)) * (1474 - 2002)			
Sub total			£741,492

Features and adjustments	Variable	Rate	Adjustment cost
Access to drains	2Nr	£2,620/ea	£5,200
Chimneys	2.00 by default - subtract 1.00	£18,969 each	£-19,000
Cloakroom	1.00 by default - add 1.00	£7,844 each	£7,800
Drains	10m of drains	£211/m	£2,100
Fencing	18m of fencing	£119/m	£2,142
Paving	1m ² of paved area	£216/m ²	£216
Security alarm	Security alarm installed	£600	£600
Utility room	0.00 by default - add 1.00	£12,105 each	£12,100
Sub total			£11,158

Total	£753,000
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