

Lycetts

Insurance Brokers and Financial Services

Protecting your historic house for generations to come



Photo courtesy of Somerleyton Hall

A guide to why your insurance premium may be on the rise

Passionate about protecting your historic house

“We are delighted to welcome Lycetts as the Historic Houses insurance sponsor, to give considered advice, welcomed guidance and service to our many members looking after the nation's heritage buildings, gardens and parks.”

Martha Lytton Cobbold,
Historic Houses President

Owning a historic house can be a rare and rewarding experience. But it also comes with unprecedented risks not experienced by other homeowners.

That's why special houses like yours deserve specialist care and attention from a broker who truly understands the complex considerations of insuring a historic house.

The more high-value antiques, exquisite art or rare collections you own, the more you need an insurance broker who truly understands your world, so you are not exposed to the risk of being underinsured which could be financially and emotionally disastrous.

As custodians of such heirlooms, these precious assets need to be protected for generations to come.



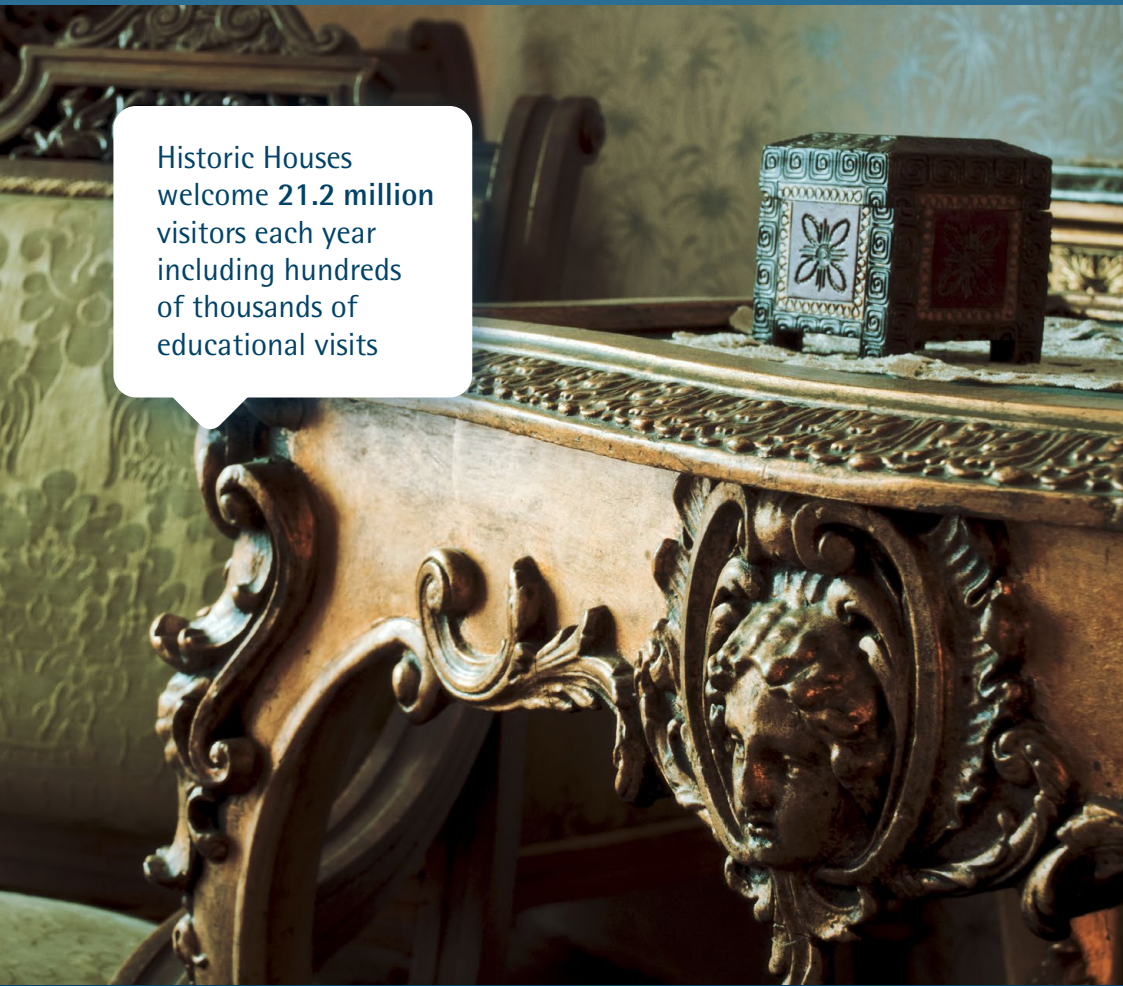
Photo courtesy of Layer Marney Tower

Please contact us at your convenience to discuss your requirements

Special houses deserve specialist insurance

Lycetts is committed to ensuring that your treasured property and possessions which may be used as investments, inheritance funds or heirlooms to pass through the generations are properly protected.

This guide is provided to help you understand the reasons behind premium increases and to highlight the points you need to cover.



Historic Houses
welcome **21.2 million**
visitors each year
including hundreds
of thousands of
educational visits

Why are insurance premiums rising?

1,450 independent historic houses and gardens are vital to the UK's tourism industry generating £1.3 billion for the economy and supporting around 32,000 jobs

Price rises are currently impacting many areas of life, from food and fuel to household energy bills and travel. The cost-of-living crisis has been compounded by high inflation, rising interest rates and the war in Ukraine and other external factors that have all negatively impacted the insurance sector's ability to take on certain risks.

Regrettably, insurance premiums have been significantly impacted as a result.

Insurance companies have been steadily increasing their renewal premiums in line with price hikes across many sectors and noticeably on property insurance policies. Historic homeowners, with or without commercial interests may be directly affected by these increased premiums and stricter underwriting conditions - for both renewals and new policies.



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Premium increases explained

An estimated £156.2 million is spent on regular repairs and maintenance across all Historic Houses every year — an average of £99,000 per property

There are many factors which have contributed to these premium increases including Brexit, the pandemic, war, weather, societal trends and an upturn in the volume and value of claims.

Here we outline the prevailing reasons why your premium may be on the rise.



Photo courtesy of Cheeseburn House

A declining number of insurers and increasing policy restrictions

The long-held belief that insurers will be eager to do business with you may no longer be realistic. Insurers are being increasingly cautious and selective about where, who and what they insure. Some are even opting to withdraw from areas of perceived high-risk and are re-examining their terms and conditions or focusing their attention on renewing low or no-claim clients.

The impact of claims inflation

Claims inflation refers to the **increase in the average cost of claims caused by rising costs and shortage of labour, materials, services and products** to reconstruct or repair a property following an insured event.

The following factors are having a significant impact on claims inflation causing insurance premiums to increase as a result.



Societal trends

- UK unemployment is low, with the resultant high number of vacancies driving increased salaries
- Interest rates are at a 15-year high
- The challenges presented by Net Zero targets and delivering biodiversity net gains have put added pressure on developing sustainable construction solutions and using eco materials
- Scarcity of raw materials and specialist skilled workers such as stone masons or plaster conservation services.

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Brexit

- New rules for cross-border trade have added cost, complexity and delays to the supply chain
- Many Europeans returned to their home countries, which is contributing to labour shortages
- Added bureaucracy and the decline in value of the pound have made working in the UK less attractive for EU nationals, further adding to workforce issues

Climate change

- More volatile and extreme weather patterns have resulted in severe storms, wildfires, flooding and heatwaves resulting in a rise in subsidence and escape of water claims
- Insufficient historical investment in flood defences and drainage

Claims inflation has therefore been on an upwards trajectory in recent years which has resulted in higher index linking figures than we have experienced in previous years.

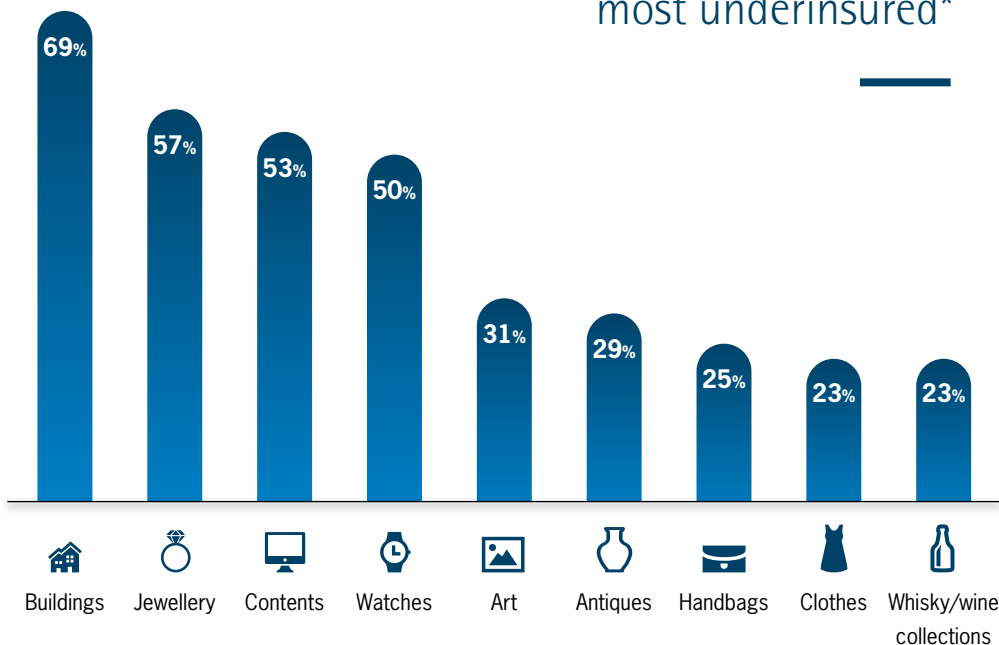


Protecting your cherished possessions

Index linking is an essential tool used to protect the financial interests of clients against the effects of inflation.

It is a method which protects the best interests of policyholders. Index linking seeks to ensure that you are not left in the position of being under-insured against the true costs of replacing, repairing or rebuilding your home or cherished assets.

The areas where clients are most underinsured*



*Source: <https://www.ecclesiastical.com/media-centre/underinsurance-high-net-worth/>

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The importance of regular valuations

Your house

77% of brokers believe underinsurance is an issue within the high-net-worth market.

If you are in any doubt about the adequacy of sums insured on your policy, we recommend that you commission a survey - there are several specialist firms we can recommend.

A number of high-net-worth insurers will provide free rebuild valuations as part of their service. You should always enquire about any policy extras to maximise your premium spend.

Your possessions and assets

It is estimated that 1 in 6 high net worth individuals have insurance policies based on valuations from 20 years ago or more.

Many items including Rolex and Patek Philippe watches, couture handbags, diamonds, gold and rare wines and spirits have considerably increased in value in the last two decades leaving owners exposed to underinsurance in the event of theft or damage.

You should review your sums insured annually and have your contents valued regularly.

For example, fast-appreciating items including jewellery and watches should be revalued every three years and those with more stable values, including fine art, porcelain and antiques, every five years.

Whenever you add to your personal collections or investments in art or wine, you should always add them to your policy immediately – do not wait until it's time to review or renew your insurance.



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Photo courtesy of Dunvegan Castle

Ensuring you avoid underinsurance

We hope this guide helps you avoid the financial and emotional burden of underinsurance and understand why premium increases are a necessary evil to adequately protect your property and possessions.

Your trusted Lycetts adviser will be able to offer further guidance to navigate the pitfalls of underinsurance and provide insurance tailored to your unique historic house and contents.



For a complimentary review of your insurance needs, highlighting any gaps or unnecessary cover, please contact us.

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