

## INTELLIGENCE

## INSURANCE TRENDS AND HOT TOPICS AFFECTING PROPERTY COMPANIES IN 2018

Simon Bond, Divisional Director of Real Estate at commercial insurance broker and risk management firm, Gallagher, discusses insurance trends and hot topics for 2018 that property companies should be aware of:

The property industry in the UK has enjoyed a successful 2017. You just need to look at the skyline in any of our major cities to see the amount of development underway. Whilst the industry is growing, property companies need to be aware of the risks facing their business, including insurance trends that may impact their business positively or negatively. Here we outline the top trends and topics:

#### Natural Catastrophes

2017 looks as if it might be one of the most expensive years on record for insurers mainly due to hurricanes Harvey, Irma and Maria and the earthquakes in Mexico. Many UK companies think that

these global natural disasters won't have an impact on their business or renewals. However many UK insurers also trade globally, so these catastrophes could hit their balance sheet due to the size and number of claims made. The same is true for reinsurance companies, who may miss their profit targets, and so increase their reinsurance costs when negotiating with insurers. If the cost goes up for insurers, there is a good chance that this cost could eventually be passed on to the customer.

#### Insurance Premium Trends

Underwriting in the UK has allowed for a soft market for a long period now, as insurers have looked to retain business and

undercut competitors to win new business.

We expect to see less fluctuation of premiums in 2018, which may see some property companies experience some correction of premium rating when renewing. However, this isn't necessarily a bad thing and having a steady premium

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year-to-year, rather than major reductions and rises, allows for more consistent budgeting. This will benefit landlords who will have less disgruntled tenants when they pass on their insurance costs.

#### General Data Protection Regulation

There are just four months until what could be the biggest ever change to data protection laws. In May, the EU General Data Protection Regulation (GDPR) is replacing the previous Data Protection Act 1998, which regulates the handling of personal data. The changes both widen the scope of regulation and bring harsher penalties for non-compliance, so it's never been more important to make sure the data

your business holds is properly protected and looked after.

Property companies should take particular note, as they hold a large amount of client/tenant data. Failure to adhere to the changes could result in a fine of 4% of an organisation's global annual turnover or €20 million, whichever is the largest sum. Preparation is the key and companies must act now, if they haven't already, to ensure they are ready for the changes.

Understanding the external risks facing your property business and the insurance implications can be difficult, so if you need help to negotiate your way on the path, please get in touch.



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Our team in Birmingham provides a valuable service to our diverse Real Estate clients, which range in size and business, from property owners and investors to managing agents and developers. Depending on the scale and activity of your business, your insurance needs could be simple or complex. We get to know our clients, we ask the right questions, make regular visits and build that trusted advisor relationship. Our aim is always the same – to protect the value of your business and help reduce the total cost of risk.

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