



# **SPECIALIST BUILD TO RENT INSURANCE SOLUTIONS**

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LOCKTON GLOBAL REAL ESTATE AND CONSTRUCTION

[locktonglobalreac.co.uk](https://locktonglobalreac.co.uk)

# Lockton stands apart

The only truly independent broker of our size on the market, we're not tied to shareholders or investors.

**Which means we're free to focus on you.**

Family-run and privately owned, our dedicated associates dotted all over the world go above and beyond to understand your business, tailoring strategies to your exact needs.

It's a personal, time-tested, boundary-pushing relationship. Because we're in it for the long haul.

**Lockton. Your partner in People & Risk.**

12,500<sup>+</sup>

Associates

96%

Client  
retention rate

14%

Organic global growth

65,000<sup>+</sup>

Clients in over  
140 countries

135<sup>+</sup>

Offices  
worldwide

\$3.55bn

Global revenue

\$71bn<sup>+</sup>

Premiums placed

90%

Reinvestment due to  
our private ownership

\$23m<sup>+</sup>

Charitable donations to  
more than 250 organisations

## LOCKTON GLOBAL REAL ESTATE AND CONSTRUCTION - SNAPSHOT

Lockton Global Real Estate and Construction (GREAC) is a cohesive and collaborative global team of handpicked real estate and construction specialists.

Harnessing deep expertise, we act as a trusted partner to our clients, securing cost-effective, bespoke insurance and risk solutions. As an independent broker, we are not solely led by profit margins and shareholder demands, allowing us to always put our clients' interests first.



Well **established** and integrated Real Estate and Construction Practice with **specialist Build to Rent (BtR)** experience



**Dedicated** GREAC team in London, Manchester, Malta and Australia



Extensive BtR expertise in all **key global territories** via the Lockton Global Partnership



**230+** dedicated skilled Associates and Partners within the team



**Dedicated Surety, Due Diligence and Contingent & Special Risks** teams incorporated within the GREAC Practice



'Asset' II, our own **extensive and bespoke** real estate Policy Wording



Entrepreneurial spirit and close collaboration driving the highest service levels, as exemplified by our market-leading **97%** client retention



## WHAT OUR BtR CLIENTS SAY



*Lockton has been appointed as the insurance broker for our residential portfolio at Canary Wharf Group since our first building reached Practical Completion at Wood Wharf. Their knowledge of our diverse risks, including Build To Rent (BTR), Long-Leasehold, and Community Buildings, along with the associated commercial and leisure facilities, is exceptional. They are always available to provide advice and guidance whenever needed.*

*They have a comprehensive understanding of the distinct requirements of our customers, considering different types of occupancy such as long-leasehold, community, and BtR tenants. They consistently deliver a stellar and prompt service to us, our tenants, and any lenders we may engage with.*

*Their service is outstanding, and we wholeheartedly recommend their Global Real Estate and Construction Team.”*

- Canary Wharf | Alastair Mullens



## BtR EXPERTISE

Risk timeline prepared for you at the pre development phase

Modern Methods of Construction  
BtR expertise

Access to preferential BtR premium rating

Bespoke and extensively wide policy wording  
in respect of both construction and real estate

Single account management structure for the  
asset lifecycle

Sustainable placement structures to cater for  
complex and large accumulations of risk

BtR proptech solutions to support risk  
management

Bespoke coverage solutions to cater for  
operational exposures

Sectional handover protection



## BtR EXPERTISE

Lockton Global Real Estate and Construction (GREAC) have positioned itself as a leading specialist in Build to Rent (BtR) and Co-Living. With an unwavering commitment to customer-centricity, we have pioneered innovative risk solutions, which ensure Lockton is assisting to optimise your financial model, whilst ensuring a safe and secure tenant community.

As the BtR sector continues to surge, we remain dedicated to delivering seamless, comprehensive insurance solutions that work for our clients. Our approach revolves around tailoring our policies, consultancy, and claims processes, putting those who truly matter at the very centre: our clients. By placing our clients at the core of the insurance process, they gain a clear understanding of every step, its timing, and the rationale behind the placement strategy.

### How can we help?

Managing the distinct risk profile of the BtR industry requires specialised expertise. Our accomplished GREAC team has developed a comprehensive offering that guides our clients towards achieving their risk and insurance objectives throughout the entire asset lifecycle.

Leveraging our profound knowledge and experience in this asset class, as well as the construction and real estate markets, we play a pivotal role in ensuring successful placements from the very beginning. Our team's proficiency in handling complex BtR risks has forged robust relationships with multiple insurance markets, allowing us to secure competitive and comprehensive terms for residential assets. Even for buildings that may fall outside the traditional scope of insurers' appetite, GREAC's invaluable support and guidance have proven indispensable for our clients.



# COMPLETE PROTECTION THROUGH THE RISK LIFECYCLE

## 01



### Acquisition

- Legal Indemnities including Defective Titles, Restrictive Covenants, Chancel Repair, Rights of Light and Planning Risks
- Warranty and Indemnity
- Debt Financing
- Insurance Due Diligence of single assets and portfolios, including multi-jurisdiction acquisitions
- Environmental Impairment Liability
- Contingent Material Damage
- Deferred Consideration Bonds
- Bonds



## 02



### Site preparation

- 'Project' insurance (Construction All Risks) for new developments and life cycle maintenance works, including bespoke enhancements
- Rights of Light and Judicial Review Cover
- Assistance with Lender Facility Agreements and insurance provisions



## 03



### Development & sale

- 'Project' insurance (Construction All Risks) for new developments and life cycle maintenance works, including bespoke enhancements
- Protection of anticipated revenue
- Retained structure cover
- Latent Defect/Building Warranty solutions
- Professional Indemnity
- Financial Risks including Reps & Warranties and Tax
- Existing structure
- Partial occupation
- Sectional completions
- Terrorism Indemnity



# COMPLETE PROTECTION THROUGH THE RISK LIFECYCLE

## 04



### Built & operational assets

- Material damage to BtR assets and associated property
- Loss of Revenue, alternative accommodation costs and revenue protection
- Employers, Public and Property Owners Liability
- Excess Liability
- Engineering Insurance & Inspections
- Contents on site and for which the insured is responsible
- Loss of rental income protection for retail elements of the scheme
- Damage and theft cover for chip and pin and payment collection devices on site or in management offices
- Money cover for cash held on premises
- Loss of third party data held within operating systems
- Cyber liability cover for protection of third party data
- Computer damage and theft protection, including reinstatement of data cover
- Professional Indemnity, Directors & Officers Liability
- Affinity products available to create new revenue streams
- Property / buildings
- Terrorism



# PRE- DEVELOPMENT RISK

The management of complex risks associated with the ownership of land and property, and then redeveloping the sites you require, brings with it specific risks and challenges.

Our specialist Construction and Contingent & Special Risks team provide a fully comprehensive service, offering support to new and existing clients and preferred partners (lenders, legal advisors, and consultants), who are experts in these highly specialist risk areas.



Inherent & latent defects (Building Warranty)



Rights of light



Legal indemnity & title



Transactional risk



Environmental liability



## CONTINGENT MATERIAL DAMAGE - CASE STUDY

Our client was in the process of purchasing a newly built property. The solicitor's due diligence brought to light the fact that part of the property had been built outside of the title to the property. This meant the developer had built on land they did not own, and which remained unregistered. This land, across the front of the property, included the building entrance.

The developer had also warranted that they had completed all local authority S106 requirements, but was unable to find the discharge notice for a payment of £1.5m as evidence that they had erected a local medical centre to the council's satisfaction.

These issues presented too great a risk for our client to accept as part of the purchase. They could potentially have necessitated demolishing part of the entrance if the owner of the land were to come forward and request this. Alternatively, it could have meant making an expensive ransom payment in return for retaining the building as built. An additional consideration was that, if the local authority alleged in future that the developer had not paid the £1.5m, it would have fallen to our client, as the new owner, to pay. The same would have applied to the cost of completing the medical centre to the council's satisfaction, if this turned out to not have been completed properly.

Working closely with our client's solicitor, we were able to insure against the risks associated with property having been partly built outside of the insured's title boundary (loss of market value and/or ransom payment to cover purchase of the land and both S106 with missing discharges). This enabled our client to acquire the property without the risk of a potentially significant hit to its balance sheet in the future.

As is commonly the case with such policies, our client was able to obtain the seller's agreement to pay the premium for the insurance cover.





## DEVELOPMENT RISKS

During the construction phase, BtR development projects include many of the same risks as traditional projects. However, BtR spaces tend to be large-scale developments, events such as fire and escape of water can be far more damaging and expensive to resolve. Subsequently, these perils are of particular interest to insurers, in response, Lockton have the knowledge and expertise to gather the correct information from you to present your risk in the best light to the insurance market.

Should any of the following events occur, the Lockton bespoke policy provides the best opportunity to pursue a successful claim.



### Fire & water damage

Large losses from fire or water damage can significantly delay the Practical Completion date of a project, which can be costly for developers to resolve.



### Delay

Without the right insurance in place, postponed completions can trigger significant loss of revenue. In many cases, developers will need to pay the cost of alternative accommodation for tenants who have already signed lease agreements. This will have a major impact on cash flow.



### Proximity to third parties

Often, BtR projects are developed in densely populated areas, heightening risks to people, neighbouring properties, businesses and railway lines. Developers must therefore consider third-party limits of liability.



### Proximity to rail infrastructure

When a project is close to a railway or underground line, there is a risk that materials or debris could fall on the tracks. Given the delays this is likely to cause for rail operators, developers may be liable for the high costs of travel disruption or damage to infrastructure.



## POST-COMPLETION OPERATIONAL RISKS

Once the project is completed and operational, new risks come into play. Building owners face exposures relating to damage to property, liability, and loss of income.

### Property damage, loss of rent and Property Owners' Liability (POL)

If the building is damaged, landlords and building owners will face loss of rental income and will need to pay for alternative accommodation for tenants, in addition to the costs to repair the property. Cover for the building/property, landlord contents/stock, and loss of rental income should be considered. Our broad policy wording covers not only the essential insurance needs of a BtR freeholder, but also includes valuable extensions that non-specialist brokers tend to overlook.

### Cyber-attack

A BtR building owner/operator will hold sensitive data about the building and its tenants, and will likely be relying on interconnected systems to run the building. This presents major operational risks should systems be compromised. Our cyber, crime and professional indemnity cover acts to protect landlords and their tenants in the event of a cyber-breach.

### Concierge services/ cleaning and valet parking

If concierge services are provided, building owners will need to consider covering against potential losses should the tenant's property be lost or damaged. We provide tailored liability, property and motor insurance to protect landlords against these exposures.

### Machinery breakdown and inspection

Lifting machinery and pressure plant will require regular statutory inspections. We can provide full engineering and inspection cover to safeguard against insurable risks.



# CLAIMS

Our focus is to deliver a seamless claims process. We tailor our claims management process to every client and ensure that it is centralised around our Lockton Claims Code. This puts our clients at the heart of the process, so they know exactly what will happen, when and why.

## Key benefits

- ✓ **Fast-track, low value claims** – meaning faster recovery, less fuss and swifter settlement
- ✓ **Secure single database** – allows us to effectively track and proactively drive down loss ratio
- ✓ **In-depth reporting** – we can identify emerging trends, hotspot locations and common themes across property and liability. This allows our clients to manage their future risk more effectively, leading in turn to a reduction in their premiums.



## Technology based solutions

Working with our technology partners, we provide tailored advocacy on claims mitigation-based technology. This could be based on earthquake sensors, snow alerts or water and leak detection. Your service team will run sessions on this topic.



## Dealing with large and complex losses

Lockton's experienced advocates will act on your behalf and provide support on complex, sensitive and large losses. A dedicated Loss Adjuster will help you get the business back up and running as quickly as possible. We deliver best-in-class service with generous cover afforded by our bespoke Asset II wording.

## WATER CLAIMS MITIGATION

With Escape of Water incidents and claims being a costly risk in regards to high rise residential assets, Water Mitigation measures and Quality Assurance in regards to general pipework, bathroom and kitchen installations is key to negotiating the most competitive insurance arrangement when considering large BtR Assets. Our experience across a large range of these types placements has given us valuable insights into the techniques used by market leading developers and owners to ensure quality assurance is a focus throughout the construction phase, such as the ways in which testing is undertaken and validated throughout the build process. This directly feeds through to how the asset is then viewed by the real estate insurance market once operational. Moreover, the rapidly developing platforms of leak detection and building management systems has meant that mitigation of water damage and other claim scenarios can be monitored and also mitigated more effectively than ever.

## UNPARALLELED KNOWLEDGE

We take the time to truly understand our clients. With a wealth of knowledge in the BtR sector, we can advise on how to handle the complex risks associated with their assets.



### Methods of construction

We provide thought leadership around sustainable construction materials, such as cement-free concrete, Cross Laminated Timber (CLT)/ wood frame and hybrid structures. We deploy risk engineers across the process who will provide support and guidance throughout the operational phase of the asset.



### Complex and large placement

We will build your insurance programme by exploring innovative placement structures, ensuring conventional placement methods are challenged, while complying with financier and local territory requirements.



### Pre-development solutions

We offer a comprehensive service and offering to ensure you are supported by working with your preferred partners and aligning our relevant expertise.



### Operational exposure

We provide innovative and cost-effective solutions and advice to ensure the policy includes valuable extensions that aren't ordinarily included in standard Real Estate policies.



# PROTECTING THE WORLD WE LIVE IN



## Environmental

Lockton continues to hold the UKAS externally accredited ISO14001:2015 Environment Management System (EMS) Certification. We have held this internationally recognised environment accreditation since 2013, and were the first London Market Broker to obtain it.



## Climate modelling to understand long-term exposures

Working with our Moody's backed partner to provide science-led solutions for new acquisitions and disposals at an asset or portfolio level.



## Creative placements and risk analysis

Our non-traditional placement structures are designed to satisfy lenders. We conduct risk vulnerability reviews and reviews of supply chain impact, while our liability assessments help to provide guidance around limit setting. We also deploy our service team to site with our insurer partners and risk engineers.



## GREAC ESG Working Group

Our practice is providing ESG integrated solutions into our insurance placements and looking across the supply chain when managing and running our clients' placements. This work is complimented by our Global Real Estate and Construction ESG working group which was launched in May 2022.



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## **LOCKTON BtR TEAM**

**CONSTRUCTION**

**REAL ESTATE**

**SURETY**

**DUE DILIGENCE**

**CLAIMS**

**CONTINGENT &  
SPECIAL RISKS**



Stay connected



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