



Ensuring your reinstatement strategy is sound

Dan Henn, partner

dhenn@tftconsultants.com



In addition to the usual perils it is evident that climate change has the potential to increase insurance risks for commercial properties, it is therefore of growing importance that real estate owners and managers make sure that they have a robust insurance strategy in place and a good reinstatement strategy.

A good strategy should consist of two key elements; a calculated reinstatement cost assessment and a plan for responding quickly when reinstatement is needed. With the right forethought and planning in place reinstatement procedures can provide the speed, expertise and flexibility you need to help deal successfully with an emergency situation.

Whilst it is impossible to predict when a disaster might occur it is important to be prudent and prepared. The two biggest risks to real estate comes from fire and water and unfortunately for property owners the largest incidents tend to happen at night. It is then that small accidents go undetected and turn in to major problems.

It is important that when disaster strikes it is responded to quickly by someone who understands the insurance process, building pathology and business planning. Speed is of the essence. Estate managers need to know that they can contact a reinstatement expert and have them on site as soon as possible safe in the knowledge that their appointed expert understands the following issues.

Repair and remedial work – often it will be possible to repair the building as it is, however it is important to make sure that work done does not just paper over the cracks.

Building construction – property damage will usually go deeper than the eye can see and any work needs to ensure that potential risks to the building's structure and fabric are assessed and dealt with accordingly.

Temporary works – it is not only long term solutions that need to be considered, but importantly what immediate actions can be taken to stop problems escalating. This could be the need to secure the site, provide temporary accommodation for occupiers or make the site structurally safe to prevent further damage.

Building regulations – building regulations have changed in recent years and these will need to be considered when carrying out reinstatement works. For example, Part L2, which refers to the conservation of fuel and power, lists a number of sustainable requirements that must be complied with.

Leasehold obligations – depending on the terms of the lease, landlords and tenants will have different obligations. It is financially prudent to make sure this is taken in to account from the outset of disaster recovery so that neither party is taking on elements outside their obligations.

Business continuity – property disasters lead to business disruption and needs to be considered when looking at the reinstatement process in order to get occupiers fully operational and trading quickly. There is also the chance to look at how the building has been used; whether it still meets the needs of the occupiers or whether reconfiguring the premises will make the building more user friendly.

Conflict resolution – disaster often leads to dispute and it can help to bear this in mind from the outset. Bringing in a reinstatement consultant who is independent and experienced in dealing with litigation and conflict resolution can help smooth the process.