



## Frequently Asked Questions

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**Can I arrange my own policy to cover my flat as I might be able to obtain the cover cheaper if I buy it on my own?**

As the freeholder of the property, Aster Group Ltd has a financial interest in the property. Therefore, Aster Group Ltd need to be sure that all of the properties are insured, and by arranging a block policy that covers all of the leaseholders, Aster Group Ltd can be confident that the policy will respond to a loss.

If the leaseholders arranged buildings cover for their individual flats, in the event of a major claim, we could potentially be dealing with a separate insurer for each flat and if one of the leaseholders had not arranged insurance, or the policy failed to pay out, the remaining leaseholders could be responsible for the costs.

Whilst it is appreciated that insurance can sometimes be purchased elsewhere, having a specialist block policy benefits both Aster Group Ltd and leaseholders. Therefore, there is no need to take out additional buildings cover, but it is strongly recommended that cover for your own possessions is obtained by way of a contents policy.

**Why is there a need to get a new insurance policy?**

The current policy is due to expire on 30<sup>th</sup> July 2026 therefore, a new policy will need to be in place in order to ensure the buildings remain insured.

**How much will the insurance be?**

The new policy has not been tendered for as yet; therefore, we are unable to supply estimated costs. Aster Group Ltd will be tendering for the best cover and rate available from the market to ensure that the Leaseholder's & Shared Owners insurance offers best value throughout the length of the agreement.

Once the tenders have been returned and the estimated contributions have been established, a further notice will be issued to all Leaseholders & Shared Owners with more information.

**Will the cheapest quote be accepted?**

Each bid received will be evaluated based on quality and price. The winning bid will need to meet a minimum level of service requirements and provide the required cover as a standard. We will seek the highest standards of service and the best possible value for money. At this time, we cannot confirm if the cheapest bid in terms of price will be the winning bid, however the results of the evaluation will be made available following the tender.

**Why is the premium increasing as I have never made a claim on the policy**

There are a number of factors which have impacted the cost of insurance for leaseholders.

Generally in the insurance market, premiums are increasing. This is due to insurers seeing an increase in claims, both in frequency and in total cost. This is derived from the increased costs of things such as: building materials, energy, labour (to repair buildings), and indeed the insurers' own operational costs.

To remain active, insurers are now commonly in the position that they must increase the premiums for



all of their customers, so as to ensure they have enough money to pay the claims, they are responsible for paying. If this does not happen, the insurer may need to cease trading, which would then restrict the number of available insurers in the marketplace, which generally leads to higher premiums as there are fewer competitive options.

#### **How is the premium paid by the Leaseholder or Shared Owner calculated?**

Calculating the insurance premium that you pay is undertaken by the insurance company and can be a complicated process, based on a number of factors. We provide them with a host of information about our housing stock, including but not limited to, the type and age of property, construction details, tenure, location, property values and the number of claims received and processed. Utilising this information, they will assess what they see as the risks associated with our housing portfolio and attach what they see as an appropriate "insurance rate" to calculate the premium. Insurance Premium Tax (IPT) is then applied to this figure.

The insurer currently charges us one overall premium for each policy to cover all the homes we are responsible for. We then pass this on to you. Therefore, you only pay your share of the overall premium and nothing more.

#### **Who is responsible for providing building insurance?**

Under the terms of the lease, the building owner or 'freeholder' (in most cases this will be Astar Group Ltd) is responsible for providing building insurance, with Leaseholders & Shared Owners contributing towards the cost of the insurance through the service charge.

#### **Do Astar Group Ltd monitor premiums?**

Yes. During each renewal, Astar Group Ltd aim to negotiate the best premium possible for Leaseholders & Shared Owners and frequently monitor the premium to ensure we are achieving a strong deal.

#### **Where can I get a copy of the buildings insurance policy or summary of cover?**

A copy of the summary of cover is available by contacting: [Observations@aster.co.uk](mailto:Observations@aster.co.uk)

#### **What services will be provided under the agreement?**

As the arranging of insurance is subject to oversight by the Financial Conduct Authority (FCA) there are a number of statutory requirements the insurers have to follow, from making sure that the policy they provide is suitable and if there is need to make a complaint over a policy condition, or the way a claim has been handled, there is a process in place to deal with such matters.

In addition to the requirements set by the FCA, Astar Group Ltd also specify that the insurer meet certain standards when dealing insurance matters for Astar Group Ltd and leaseholders. These are set out in a TOBA (terms of business agreement) and a service level agreement (SLA). Most of these aspects will relate to how the Insurer provides their account management to Astar Group Ltd but some elements will directly affect leaseholders such as:

##### **Claims service**

- Claims need to be handled sensitively and fairly
- 24/7 access for claims reporting



- Claims can be notified by email fax or by phone
- Access to senior claims personnel when required
- Ability to authorise repairs quickly
- Ability to respond to major incident which affects many residents
- The ability to use own contractors where required
- Guarantee on repairs undertaken

#### Account administration

- Production of documents in a timely manner
- To provide evidence of insurance for banks mortgage without delay
- To provide competitive premiums
- To evidence that competitive premiums are available throughout the period of insurance contract
- Technical insurance matters which affect leaseholders for example major repairs take into consideration any implications for leaseholders in respect of insurance
- Policy excess remains at affordable levels
- Property Owners Liability cover extends to cover leaseholders/shared owners.

#### **Why are we in a long-term policy as better deals are available if you shop around every year?**

For individuals, shopping around can lead to savings in premium for some but not all. For an organisation such as Aster Group Ltd, a considerable amount of time and resources are spent in the process of procuring insurance for the groups own property and that of leaseholders. The advice from our consultants, and indeed all of the insurers in the social housing sector, would be to maintain the existing arrangements, and to tender at regular intervals, as seeking alternative quotes every year would not result in the cost of insurance being reduced. However, the premium levels will be reviewed and compared on a regular basis to make sure the premiums remain competitive.

#### **How does this communication affect a current claim that I have?**

This will have no effect.

#### **If my premium goes up will my rent come down?**

The rent and premium are separate items and one does not affect the costs of the other.

#### **Do Aster Group Ltd take any commissions?**

No, Aster Group Ltd do not take any commissions from the insurance programme.

#### **My contents Insurers require to know exactly what is covered by the Housing Association buildings policy as there has been confusion in the past?**

A summary of cover can be provided on request from Aster Group Ltd

#### **What is the definition of Long Term and how long does it last for?**

A long term agreement is used in commercial and housing association insurance contracts to try and obtain long term premium stability. If the claims record of the association continues to run at an acceptable level to insurers the rates will remain the same throughout the contract period. Having a



long-term agreement doesn't guarantee our premiums won't increase as claims or incidents outside the control of the Housing Association such as a major storm or flood could result in premiums increasing for everybody not just those directly affected by an incident.

#### **I am waiting for a repair, why is my service charge increasing if I have not yet received this service?**

This communication is solely regarding for the building insurance contract. Your service charge will only change in relation to the overall cost of this new insurance contract. All other services included within the service charge will not be affected by this contract and will continue to be reviewed annually. Any outstanding repairs, or any other matters, should be reported to the customer contact centre for further action.

#### **Has there been a change to Leasehold regulations?**

The Financial Conduct Authority (FCA) has implemented new regulations designed to protect the interests of leaseholders and ensure they receive fair and transparent treatment from insurance providers and brokers. The new rules are focussed on the treatment of leaseholders in multi-occupancy buildings. For housing associations, the term "leaseholder" will include shared owners.

Under the new rules, leaseholders will now be considered customers. This shift emphasises the need for brokers and insurers to act in the best interests of leaseholders.

The FCA is the regulatory body for insurance providers, and the rules apply to them. One of the key elements of the new requirements is that insurers and brokers provide information about the policy to the landlord, and asks the landlord to pass it to all leaseholders so that they have clear details about what is insured and what it costs.

#### **When did the regulation come into force?**

The regulation came into force for insurers on 31st December 2023.

#### **What should I expect to receive with the new regulation in mind?**

In most cases, you should expect to receive a summary of cover document issued by your buildings insurer via Astar Group Ltd, which will detail the insurance cover provided and will state your address, the sum insured for either your individual home or, in the case of blocks of flats, the building in which you reside, and the premium applicable to you or your block. In previous years, you may have only received the summary of cover which detailed your cover and the overall sum insured of the Leaseholder/Shared Owner portfolio. There will also be information about the remuneration given to the broker and insurer

#### **What effect will the new regulation have on me as a Leaseholder/Shared Owner?**

As a Leaseholder, you will not need to do anything. The regulation has been implemented to ensure that Leaseholders benefit from transparency and fair value from their building insurers. Insurers and brokers must now provide more information about the insurance policy provided and details of the premium applicable to each owner.

#### **Do I have any additional responsibilities following this change of regulation?**

No, the insurance policies will be dealt with in the same way as previously carried out by Astar Group Ltd.

#### **Will I now be paying more in premium with the new regulation in mind?**



The change in regulation does not affect the premium rates in the insurance market. In the past, insurers will have been charged one premium for the whole Leasehold and Shared Owner portfolio and this premium will have been charged back to owners via their service charge in the best and fairest way available to Aster Group Ltd. Going forward, this premium allocation will be provided in accordance with the regulations by the insurers to the association, and the insurers will have used their rating methods to calculate the apportionment.

### **Does this new regulation change mean that a new lease is required?**

No, the current lease will not change. The regulation impacts the insurers and insurance brokers and will therefore not affect any other contract or service you have with Aster Group Ltd.