Buildings insurance: your questions answered

Why have I been sent a letter about insurance?

We're writing to give you clear information about the buildings insurance for your home. The Financial Conduct Authority (FCA) says we must tell leasehold and shared ownership customers what the policy covers, how much it costs, and whether anyone involved in arranging it receives commission.

These rules are called the Multi-occupancy Leasehold Insurance rules. They apply when someone other than the leaseholder arranges the buildings insurance and then charges the cost back. For your home, that's us.

Each year when the policy is renewed, we'll write to you with the details you need, including the cost for your home and any commission paid to those arranging the cover. This cost will still be included in your service charges like it is now.

Do you receive any commission from this insurance?

No. We don't receive any commission from this insurance. We use an insurance broker to arrange the policy, and any commission they receive is included in the information we've sent you.

I thought I arranged my own insurance?

Because we own the freehold, we arrange the buildings insurance for your home. This covers the building itself, not the things you keep inside it, so we recommend arranging contents insurance for your belongings.

What's terrorism insurance, and why do I pay separately for it?

We want to make sure the building is protected against a wide range of risks, including terrorism as well as events like fire, flood and storm. Terrorism cover is provided through a separate policy alongside the main buildings insurance, so there is a small additional charge for it.

I have not paid towards insurance before and I've always done my own repairs. What does my lease say?

Your lease sets out who's responsible for arranging the insurance. In most cases, that's us. Your service charge includes the cost of buildings insurance and property owner's liability insurance, and terrorism insurance.

How can I check what the insurance covers?

You can find the policy information on our website at https://www.vividhomes.co.uk/my-home/manage/insurance. We'll also send you the extra information we're required to provide under the new regulations.

Can I arrange my own buildings or terrorism insurance?

No. Because we own the freehold, your lease says we must arrange the buildings and terrorism insurance. We also make sure the insurer meets the standards and financial checks we expect. Having one policy for all leaseholders and shared owners helps make sure the buildings are insured properly and that claims can be handled more smoothly.

If each flat had its own buildings insurance, a major claim could involve several insurers. If one home was not insured correctly or a policy did not pay out, other leaseholders and shared owners could end up affected.

Having one buildings insurance policy protects both you and us. You don't need to take out separate buildings insurance, but we do recommend contents insurance for your belongings.

How do you choose the insurer?

We review the insurance every 3 to 5 years to make sure we are getting good value and the right level of service. We look at both cost and quality, set standards for the support we expect our customers to receive, and consult customers as part of the process. Our current insurer meets those requirements.

How much will this cost each year?

Your share of the premium is shown in the documents we sent you. It is based on the rebuild value of your home.

This amount covers the insurance period from 1 July 2026 to 30 June 2027. Because service charges run from April to March, the amount shown in your service charges may look slightly different.

Here is an example of how this works:

> If the premium for 1 July 2025 to 30 June 2026 is £100, and the premium for 1 July 2026 to 30 June 2027 is £110:

Your buildings insurance charge in your service charges for 1 April 2026 to 31 March 2027 would be worked out like this:

> 3 months at the old premium (April, May and June 2026): £100 ÷ 12 × 3 = £25
> 9 months at the new premium (July 2026 to March 2027): £110 ÷ 12 × 9 = £82.50
>
> Total buildings insurance charge: £107.50.

My premium allocation has gone up this year. Did you shop around for the best deal?

We can usually get better value by agreeing longer-term insurance arrangements instead of asking for new quotes every year.

We have agreed to stay with the same insurer for at least 3 years, and up to 5 years, as long as their rates do not increase. They agreed to keep rates the same provided overall claims stay below an agreed level.

Claims have stayed below that level this year, so rates have remained the same and we haven't needed to get alternative quotes.

If your individual premium has changed, it is likely to be because the rebuild value of your home has changed, which affects your share of the premium.

Why did you review the rebuild value of my home, and why has it gone up?

The insurance cost is based on how much it could cost to rebuild your home if it was seriously damaged, for example by fire or flood. Insurers require this figure to be accurate, because if it is too low a claim may not be paid in full. Building costs have also risen in recent years, and VAT is usually included because it would normally form part of the rebuild cost.

How do you know the rebuild value of my home is correct?

In 2025, we asked JLL, a RICS-qualified surveying firm, to review these values. They carried out site surveys for our largest blocks and desktop assessments for the remaining homes, taking into account the size and location of each property.

This work meets insurers' requirements and policy conditions, so we're confident the homes are fully covered if a claim is made. We increased the values for inflation this year, and we'll carry out a full review every 3 years to keep them up to date.

What is insurance premium tax?

Insurance Premium Tax is a government tax charged on general insurance premiums. It's currently 12%.

My contents insurer wants to know what the buildings insurance covers. What should I send them?

You can send them the summary of cover on our website at https://www.vividhomes.co.uk/my-home/manage/insurance.

Do I need to pay anything extra?

No. This is not an extra charge. We're writing to let you know the policy has been renewed and how much the insurer is charging to cover your home. The cost will still be included in your service charges in the usual way.

My mortgage provider needs to be noted on the policy. Can this be done?

Mortgage lenders and other parties with a financial interest in the property are automatically noted on the policy under an "interests clause". This means they would be informed if there was a major loss.

I am going to be away from home for more than 3 months. Is there anything I need to do about the insurance?

From 1 July 2026, there's no cover for damage by theft or attempted theft, escape of water, malicious damage or freezing damage if your home is empty for more than 90 days. To help protect your home while you're away, we recommend that you:

- lock your home securely, including any windows that have locks
- turn off the gas and electricity at the mains
- drain the water systems
- ask someone to check your home from time to time and remove any post
- seal your letterbox until you return, if needed.