

BE CLEAR ABOUT YOUR POSITION

DEFRA - DRAINS AND TRANSFER DEADLINES

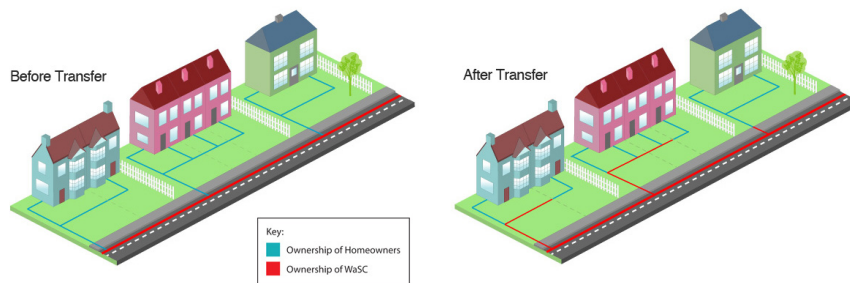
Property Consortium Drainage Ltd has been closely following developments relating to the transfer of private sewers and lateral drains, which are connected to the public sewage system, into the ownership of the statutory Water and Sewage Companies (WaSC's) in England and Wales. The transfer will take place on 1st October 2011.

The guide below gives an insight into some of the key issues:

What Does This Mean?

Currently, the homeowner is liable either solely or jointly with others for the maintenance and repair of the drain or private sewer, wherever it may be located.

From the 1st October 2011, homeowners will only be liable for the drains within the boundary of their own property and those that are not shared.



How Will It Affect Insurers?

Insurers will be providing policy cover to a reduced amount of the drainage system although there will still be insurance claims to manage. Generally, gravity fed drains and sewers get deeper the further they are from the property (depending on ground levels). The deeper the pipework, the more costly it is to excavate. Once outside the boundary the cost to excavate can often increase as licenses are required for public areas or neighbours require extensive provisions for reinstatement etc. After the transfer date these costs will no longer form part of a valid insurance claim.

So Will Insurer's Costs Go Down?

Yes and No. As the risk is reduced, the overall spend should decrease, especially as costly repairs after the transfer date become the responsibility of the WaSC's.

In order for the WaSC's to manage the increase in volume some may outsource work to drainage contractors. Whilst at the property on behalf of the WaSC the contractors may undertake full (not targeted) surveys of the private drains. The result could be an increase in claims and costs.

What Should Insurers Do?

Many insurers separate out drainage from other building supplier instructions. It will be more cost effective for claims handled within Household and Commercial departments to be passed to a supplier who can manage all claims and have within its operating business model a specialist insurer drainage capability.

Claims requiring validations of completed works will increase and will require the expertise of a specialist supplier who can undertake validations and correctly consider policy liability. Audits will be required for compliance.

Can Property Consortium Group Help?

Yes, as a Group we focus entirely on the insurance market and provide a full range of Claims Management and Audit Services. Our expert drainage surveying arm combined with our specialist network of drainage and building contractors provide a complete validation, scoping and repair service.

Our ability to provide an expert service will be key in handling claims after the DEFRA transfer date. Highly skilled claim technicians accurately assess the scale of liability and apportion costs appropriately and correctly. We are able to work with Insurers, Brokers and Intermediaries to ensure they continue to provide the correct information and advice to maintain a high level of one to one service. Our expertise and experience will lead the market and set the benchmark for handling property claims.

Find out more with our free, downloadable, White Paper guide which gives in-depth information on the subject.

