

# Enabling flat sales in high-rise buildings

News story

The Government Actuary's Department (GAD) has supported the government by helping to develop an insurance scheme for high-rise building assessments.



## **Scheme development**

Following the Grenfell fire in 2017, mortgage lenders became reluctant to lend to buyers of flats in high-rise buildings, and sales dropped rapidly.

To provide assurance a building industry group, led by the Royal Institution of Chartered Surveyors, introduced the External Wall System (EWS1) assessment process in December 2019.

An EWS1 assessment is undertaken by a qualified professional to indicate whether remediation work, such as removal of cladding, is needed on a high-rise building. However, many qualified professionals found they could not obtain professional indemnity insurance to cover their assessments.

The Department for Levelling Up, Housing and Communities (DLUHC) subsequently announced proposals for a government-backed professional indemnity insurance scheme for EWS1 assessments.

## **GAD's expertise**

GAD has provided extensive support to DLUHC since 2020 in the design and pricing of the scheme. The project lead in GAD is actuary Jacqui Draper. She said: "This was a complex and significant piece of work from GAD. We have estimated that claim costs will be £100 million, although there is no theoretical cap on the total size of claims that could be made.

"We also advised DLUHC on the level of premiums needed to recoup the expected claims and operating costs."

## **Scheme Launch**

The scheme is set to launch in September 2022. The government has entered into commercial arrangements with a selected insurer who will be administering insurance policies to qualified professionals.

The launch of this scheme will enable the sale of flats in thousands of high-rise buildings.

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