


Ecclesiastical Heritage Index



The Ecclesiastical Heritage Index tracks the materials and labour costs associated specifically with buildings of a traditional construction. Powered by the Building Cost Information Service (BCIS), this unique index helps to ensure that building sums insured are maintained at an adequate level to support the repair and restoration of a traditional property when damaged and to avoid underinsurance in the event of a claim.

Credit: Paul Grundy for The Landmark Trust

What is the purpose of an index?

An insurance valuation should be undertaken on most properties every 3-5 years, or at the start of a new contract. A valuation identifies the cost to rebuild a property and is based on the materials and labour required and the cost of them at that time. As time goes by, the cost of those materials and labour fluctuate and a 'Buildings Cost Index' tracks those fluctuations. At the time of an insurance renewal, the sum insured is adjusted in line with the index and the premium will be revised accordingly. As the sum insured tracks against an index, in the event of a claim, the payment amount should adequately reflect the costs required to rebuild/reinstate the property at the time of the claim.

Why has the Heritage Index been developed?

The official indices provided by BCIS since the early 1970s are the General Building Cost Index (GBCI) for commercial buildings and the House Rebuilding Cost Index (HRCI) for domestic buildings. They both consider contemporary constructions typical of post World War II building methodologies. An extensive assessment of the build costs associated with traditional buildings revealed that these standard indices do not adequately reflect the availability, or costs of the traditional materials and specialist skills needed to restore traditional buildings. The Ecclesiastical Heritage Index tracks these specialist elements to help ensure a traditional building sum insured is sufficient to support specialist repairs or reinstatement at the time of any loss or damage.

“ The BCIS is the leading independent provider of cost and price information to the construction industry and produce the various indices used by the financial service industry. BCIS are delighted to have produced the Ecclesiastical Heritage Index (EHI) in collaboration with Ecclesiastical, using Ecclesiastical's specialist knowledge of heritage properties. The new index tracks the cost of the appropriate and specific resources required to rebuild/repair a heritage property and should help to reduce the risk of underinsurance to Ecclesiastical's clients. ”

James Fiske, Director of Product Delivery and Operations – Royal Institution of Chartered Surveyors (RICS)

Why is it important?

To respect the characteristics of a traditional property and/or meet conservation requirements, materials and the source of those materials are often specific and the skilled labour highly specialist. The Ecclesiastical Heritage Index tracks the change in costs of materials and labour relevant to traditional construction. Without an Ecclesiastical Heritage Index, traditional buildings may be insured for an inadequate reinstatement sum.

A building sum insured may become inadequate for a number of reasons, such as:

- Inaccurate initial sum insured.
- The insurer has not been notified of any modifications made to the building.
- Untracked changes in the cost of materials which form all or part of the building.
- Taxation changes e.g. VAT



Credit: John Miller for The Landmark Trust

Some examples of how costs can be impacted:

- Stone originally sourced from a quarry that has since closed. The quarry needs to be reopened or the stone sourced from an alternative quarry which could be overseas.
- Aged oak can only be sourced from a single fell yard that doesn't have enough trees of the right age or size.
- There are only three craftsmen with the required skills and they are fully booked on other projects.

What does the Heritage Index apply to?

The Ecclesiastical Heritage Index tracks the cost of 61 elements that are specific to buildings of a traditional construction, some of which are not included in either the GBCI or HRCI. These elements include such things as:

- Lead and lime plaster
- Slate and clay tiles
- Stone and stone masonry



Who does the Index apply to?

Any of our customers whose buildings meet one or more of the following criteria may qualify for the Ecclesiastical Heritage Index (EHI). If it does not qualify, it will be placed on the standard GBCI or HRCI. We will place your building on the most appropriate index.

The building is constructed using traditional materials e.g. **stone, timber, slate, lead**



The building has **listed status**

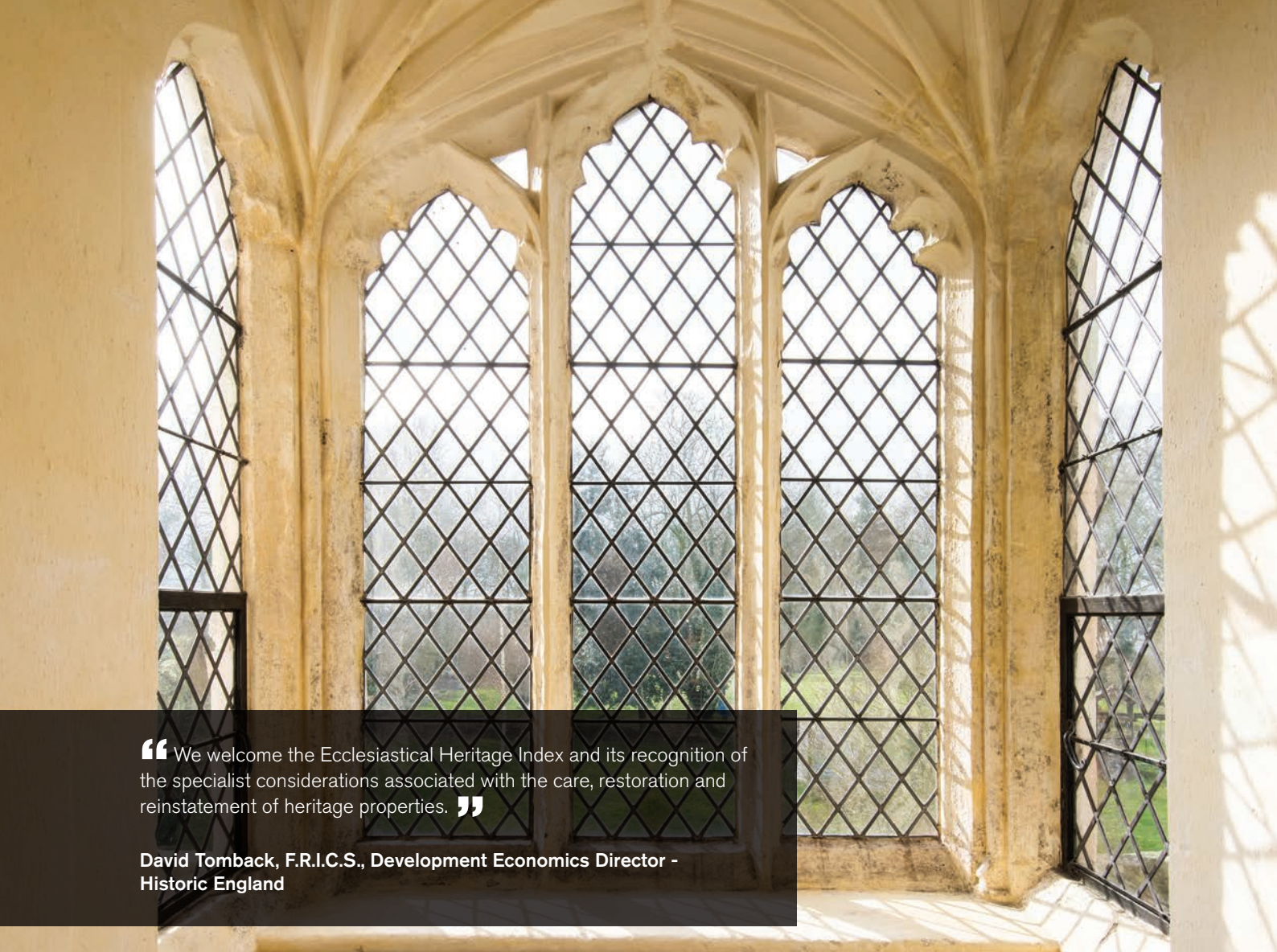


The building is located in a **Conservation Area or Area of Outstanding Natural Beauty (AONB)**



The building was built **pre 1920**





“ We welcome the Ecclesiastical Heritage Index and its recognition of the specialist considerations associated with the care, restoration and reinstatement of heritage properties. ”

David Tomback, F.R.I.C.S., Development Economics Director - Historic England

Credit: Jill Tate for The Landmark Trust

What is the main benefit?

If the worst should happen and you need to make a claim you can be more confident that your sum insured is accurate and has kept pace with the changes in costs for materials and labour that are reflective of the type of property you are responsible for.

What I should do?

Check that you have the right sum insured for your building and the best index to help keep your value current. Remember to tell your broker/insurer anything else which may impact your sum insured e.g. new extensions/renovations.

Ecclesiastical underwriters will place your property on the most suitable index for your building type using the information you provide.



Credit: Jill Tate for The Landmark Trust

FAQs

Does the Ecclesiastical Heritage Index calculate a higher percentage change than the standard indices and is therefore higher in cost?

- The percentage change is calculated based on the cost of materials and labour at a given point in time. If these costs go up, so does the index. It is not a case of one index being higher or lower than another.

My building includes some rare materials. Will my premium be a lot higher?

- Your premium is based on what it would cost to reinstate your building regardless of which index you are placed on. Some unusual materials and skills could be expensive and therefore the cost to reinstate your building could be high and your premium would reflect this. The purpose of an index is to ensure that in the event of a claim, you receive sufficient funds to cover the cost (at that time) associated with the materials and resources required to rebuild your building. Without an Index, the funds you receive might only be equal to what your building was valued at on day one of your policy.
- Just because a material is rare, doesn't necessarily mean it's more expensive. If it's available and relatively local, it could be cheaper than an alternative.
- The best index for your property is the one that tracks the materials and resources that best match your property type and construction.

How is the index calculated?

- An index is made up of a number of building 'elements'. Each element reflects a specific material or type of labour. At a single point in time, the cost of an element is £x. On the same date one year later, the cost of the same element will have fluctuated by x%. The percentage change for each element is fed into the index and an average of all is calculated. This average percentage is what insurers apply to the sum insured of your property compared to the same date a year earlier.

Will my premium go up if I'm put on the Heritage Index?

- The cost of materials and labour will change due to factors such as the national economy and availability. This will mean that the cost to rebuild/repair your property will change. Your premium is based on this cost. The index tracks the changes and is used to ensure that you receive the correct insured sum (payment) should you need to make a claim. Therefore, your premium is not based on which index you are on.

Does Ecclesiastical calculate the index?

- No, the BCIS who calculate the standard indices, calculates the Ecclesiastical Heritage Index. They are the leading independent provider of cost and price information to the construction industry. Ecclesiastical recognised that existing indices are not ideal when it comes to traditionally built properties and approached the BCIS to produce the Ecclesiastical Heritage Index. The BCIS developed the index in collaboration with Ecclesiastical using Ecclesiastical's specialist knowledge of traditional buildings.

“ Ecclesiastical Insurance has been specialising in protecting historic buildings since 1887 and has been voted best insurer for heritage properties by brokers for ten years running¹. We are thrilled and proud to have collaborated with the BCIS to develop the Ecclesiastical Heritage Index using their industry expertise and data, and our specialist knowledge of traditional buildings. It's important that our customers can benefit from an index that more accurately reflects the changes in building costs associated with their traditionally built properties. ”

Mark Matthews, Risk Management Director - Ecclesiastical Insurance

¹ Ecclesiastical broker opinion survey 2007-2016

Credit: The Landmark Trust

Contains promotional material

Ecclesiastical Insurance Office plc (EIO) Reg. No. 24869. Registered in England at Benefact House, 2000 Pioneer Avenue, Gloucester Business Park, Brockworth, Gloucester, GL3 4AW, United Kingdom. EIO is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Firm Reference Number 113848.