

BCIS and Intelligent AI launch new platform to tackle growing issue of underinsurance

1 year ago



Underinsurance is a persistent problem that leaves property owners vulnerable to significant losses, but harnessing data to automate reinstatement cost assessments could minimise the risk.

To address the growing issue of underinsurance head-on, risk management firm Intelligent AI has partnered with the [Building Cost Information Service](#) (BCIS), which has more than 60 years' experience in collating and analysing construction costs, to provide a service that produces reinstatement cost assessments at the touch of a button.

The BCIS Intelligent Rebuild Cost Platform draws from multiple data sources to create rebuild cost reports for residential and commercial properties, including BCIS reinstatement data, planning applications and satellite imagery.

Crucially the platform can report on everything from individual residential properties to multi-billion-pound commercial portfolios, enabling annual assessments.

James Fiske, BCIS CEO, said: *"We help property professionals to not only access high-quality data, but to understand the most appropriate data for what they need. Sadly it's not uncommon to find unreliable sources of data being used to inform business decisions.*

"The use of problematic data is of course not limited to reinstatement values, but the financial risk in this area could be the most significant one a property owner or portfolio manager has, if they are exposed to considerable loss through underinsurance. On the flip side, having a clearer view of the rebuild costs also

helps to avoid overinsurance, and overpaying on a policy."

Using reliable, verified data is crucial to reducing instances of underinsurance and is the driving principle at the heart of the platform.

BCIS reinstatement cost data alone constitutes more than 1,100 dwelling models and 650 ancillary models, representing a wide range of supporting structures, components, and features. These models are built upon input costs derived from upwards of 12,500 regularly updated supply prices, as well as labour, plant, and specialist rates, in total producing more than four million rebuilding cost permutations.

With automation increasingly being used in insurance to improve efficiencies, Intelligent AI CEO, Anthony Peake said the platform, which has been developed using groundbreaking AI tools, together with support from Lloyd's Lab and leading insurers, is a great example of how technology can free up professionals to better service their customers.

He said: *"A desktop assessment carried out to industry standards could take over an hour to complete. The BCIS Intelligent Rebuild Cost Platform can perform the same task, just as accurately and for less cost, in 10 seconds.*

"This isn't about replacing a human's role in reinstatement assessments. It's about automating the bulk of cases which are straightforward, while at the same time highlighting the cases where a surveyor still needs to go in and make their professional judgement.

"For a property portfolio owner or manager, the platform enables them to do an initial risk assessment of all their properties, to do an assessment at the point of renewal, and to keep track of what costs are doing in between."

A recent survey commissioned by Aviva^{[\[1\]](#)} found 73% of brokers are worried that some of their clients may be underinsured and they ranked underinsurance second on a list of market challenges they are concerned about.

Peake said: *"We're essentially trying to avert disaster. Whether that's a residential property where a small change could prevent an owner from missing out on hundreds of thousands of pounds in a payout, or a commercial portfolio where the declared value is upwards of a billion, it's about safeguarding people's homes and livelihoods should the worst happen.*

"In a recent test we did with an insurer, analysing a portfolio of 355 commercial properties, we found the reinstatement value to be £1.17bn underinsured. More accurate premiums means less risk for everyone involved."

Underinsurance is not a new issue, but it has been exacerbated in recent years by rampant inflation, which particularly impacted construction materials prices. Annual growth in the ABI/BCIS House Rebuilding Cost Index peaked at 19.4% at the end of 2022, representing a significant hike in the costs associated with rebuilding a property.

Cos Kamasho, BCIS Asset Data Manager, said: *"Although inflation has cooled, and we're not seeing those massive spikes now, there are still lots of moving parts and external influences that can push up costs.*

"Annual growth in the BCIS Labour Cost Index, which tracks movement in trade wage agreements, for example, is at a 20-year high, and there are widely reported skills shortages in the industry. Changes to building regulations can also greatly impact rebuild values as properties have to be rebuilt to the current standard, not what was in place when the property was first built.

"Inflation coming down also doesn't necessarily mean prices have come down. The cost of many materials in construction remain at historic highs, so using an up-to-date data source is vital."

For more information, please visit the BCIS Intelligent Rebuild Cost

Platform: <https://bcis.co.uk/product/bcis-ircp/>

For more information about BCIS, please visit: www.bcis.co.uk and for more information on Intelligent AI, please visit: www.intelligentai.co.uk.