

Food & Drink - A case study

The Client

Pole Star Foods Ltd

The Project

Valuation of the buildings and plant & machinery as part of the client's insurance renewal process.

The Benefits

The client and the client's broker were unsure whether the insurance values were adequate as there was some uncertainty over how they were established. The client wanted to be sure that they were paying the correct insurance premium and, more importantly, be certain that the risk was appropriately insured.

An accurate, current and independent valuation mitigates problems with a claim should a loss occur and could also aid the renewal process.

Work Summary

The client owned two substantial food production facilities that required specialist knowledge of the plant & machinery and surface finishes within the building for this sector.

One valuer from our buildings department and two valuers from our plant & machinery department were involved with the valuation assignment.

Site inspection took place over a number of days which included physical inspection of the subject assets. The inspection was followed by detailed analysis and costing of the assets using the information gathered on site, our in-house database and contact with manufacturers and suppliers where necessary.

The Solution

Rushton International proposed that a full and detailed valuation was undertaken of the buildings and plant & machinery so as to arrive at a current and correct reinstatement insurance cost assessment figure.

Our valuation team liaised directly with the client regarding site visits and technical questions which resulted in minimum disruption for the client. As all of the work was undertaken in-house by the same experienced team this resulted in a consistent valuation approach.

Rushtons delivered a comprehensive valuation report per location with a breakdown of values by building and production area.

The Conclusion

Our valuation report concluded that the client was significantly over insured on their plant & machinery by £26.4m and as a result they were able to obtain a reduction on their premiums as confirmed below:



"On the advice of our brokers JLT, we appointed Rushton International to carry out a reinstatement insurance valuation of our buildings and plant & machinery to ensure our insurance values were adequate. In fact, their report gave us the confidence to reduce our insurance values, triggering a sizeable premium refund. What's more, the refund significantly exceeded the cost of the valuation. In our industry, where property insurance premiums have proven to be volatile, we would urge any food business to follow suit to avoid wasting premium."
Keith Ellis, CEO of Pole Star Foods

Food & Drink Sector Overview

The valuation of plant and machinery in the food sector is often complex as the production process involves a high capacity of equipment in areas such as food preparation, food processing, packaging, laboratory testing, chilling, freezing and storage. The surface finishes of the building in these areas is often specialised to the clients requirements and the additional costs of these finishes needs to be taken into consideration as part of the buildings valuation.

Due to clients establishing new product lines and altering the production process we often find omissions and inaccuracies in their own asset registers and this can sometimes help to explain the incorrect insurance figures.

Looking at the drinks industry, Rushton International has valued many of the distilleries, breweries and wineries in the UK and throughout the world. Should you require further information on our experience in this sector or the food sector, or would like to speak with a member of the team about a valuation, then please contact us on the numbers below.

Contact Us

London:

Russell Bedford House
City Forum
250 City Road
London
EC1V 2QQ
T: 020 7490 3776
F: 020 7250 1549

Manchester:

Sinclair House
11 Station Road
Cheadle Hulme
Cheshire
SK8 5AF
T: 0161 486 6611
F: 0161 486 6622



RICS

