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Niche Insights – Q2 2026

A technical bulletin for Insurance Professionals

Risk Survey Insights: Why verified asset values matter

1 April 2026

Case Scenario: The Risk Behind the Risk

You have a submission on your desk. A significant risk—perhaps a manufacturing plant, a commercial complex, or a piece of critical infrastructure. The broker provides the proposal, a summary of cover required, and a declared value.

It appears straightforward on paper, yet beneath the surface pertinent questions linger:

- Is that declared value accurate?
- How is the total sum distributed across different assets?
- Are there concentration risks you should know about?
- What's the actual condition of the plant and equipment?
- Has anything changed since the last survey?

These are not academic questions. They tie directly to whether the premium you quote will adequately reflect the exposure you carry.

This edition of the **Niche Insights Newsletter** examines a recent engagement where a leading insurer instructed Niche Adjusters to conduct a pre-insurance risk mapping and valuation risk survey before pricing a significant risk. The lessons from the survey apply whether you are underwriting a first-time placement or reviewing a renewal.

A Familiar Dilemma

The insurer was invited to quote for a large-scale development. The project included multiple facilities: a data centre, power distribution station, water treatment and wastewater plants, waste management facilities, residential units, and extensive horizontal infrastructure.

The only value available was a single, lump sum contract figure from the developer's construction agreement. No breakdown existed. No asset register had been maintained. No one could say with confidence what each component was worth.

The insurer had a choice between: -

Approach	**What It Means**
Price from the lump sum	You are guessing at the exposure. If the allocation is wrong, your pricing could be too.
Walk away	You lose a significant premium opportunity.
Get the information you need	You invest in a pre-insurance survey and gain a defensible basis for pricing.

They chose the third option and instructed us to conduct an asset mapping and valuation survey.

What the Survey Uncovered

Beneath that single lump sum figure, we found concentrations, dependencies, and condition issues the declared value could never reflect.

Below are three discoveries that shaped the underwriter's understanding of the risk: -

Concentration Risk

The lump sum told the insurer what the developer paid the contractor. It did not tell them that one facility, the data centre, accounted for a significant concentration of the total insured value. Another facility, the wastewater treatment plant, represented a second major concentration that would need to be considered in any loss scenario. And the underground utility tunnel, carrying critical piping and cabling, held substantial value not visible from above ground.

Why this matters for pricing: A loss at any of these concentrated facilities could exhaust a significant portion of the sum insured. Your reinsurance arrangements and accumulation controls need to reflect this reality. If you do not know where the value sits, you cannot structure the programme appropriately.

Condition Risk

Several major facilities had been commissioned just weeks before our survey. New equipment typically has lower failure rates, but it also means no operational history to inform risk assessment, potential teething problems as systems are tested under real conditions, warranty periods that may affect recovery rights, and potentially narrower pricing margins due to the lack of loss history.

Why this matters for pricing: How do you price risk with no claims history? What assumptions should you make about reliability? A risk survey gives you eyes on the actual equipment, not just assumptions based on age.

Interdependency Risk

The development's infrastructure is highly integrated. The data centre relies on the power station. The power station relies on the water treatment plant for cooling. The waste facilities serve all other assets. The utility tunnel connects everything.

Why this matters for pricing: A failure in one area can cascade across multiple insured assets. Business interruption assessments cannot treat facilities in isolation. If you have not mapped these dependencies, you may be underestimating the true business interruption exposure.

Armed with this intelligence, the underwriter could finally price with confidence. What had been a blind guess based on a contract figure became a defensible, accurately rated risk.

Now Consider This

It has been twelve months, and the same risk is on your desk for renewal. Do you price the same, or do the same pertinent questions re-emerge?

A renewal survey verifies what has changed and what has not. But more importantly, it reviews risk improvement implementation. Were the risk improvement recommendations implemented, or have conditions worsened and your pricing needs to reflect that? Either way, it is something you are better off knowing before the next loss, not after.

And should a loss occur, that renewal survey becomes your strongest defence—verified values, documented condition, clearer subrogation paths, fewer disputes.

A renewal survey, therefore, is not a reinvention; it is due diligence

What Our Risk Survey Services Provide

What We Offer	What It Means for You
Pre-insurance asset mapping and valuation surveys for new risks	Helps you price with confidence from day one, enabling you to see where your exposure really sits; identify concentrations that shape reinsurance strategy and accumulation controls. No more assumptions - just defensible figures you can take to reinsurance.
Renewal risk surveys	Helps you know exactly what has changed; track risk improvements, catch deterioration early, and adjust pricing before the next term.
Business interruption exposure assessment	Helps you understand the dependencies you cannot afford to miss; map cascade risks so your BI pricing reflects reality.
Fire and special perils surveys	Helps you verify protection systems are present and functional; spot gaps before they become claims, not after.
Engineering and construction risk	Helps you get professional eyes on plant and equipment from people who understand how things break and what it costs to fix them.

When you instruct Niche Adjusters, you get more than a report. You get a partner who understands what underwriters need because we work alongside you every day. Our survey team combines engineering expertise with practical insurance experience. We do not just identify risks; we help you price them with confidence.

Whether it is a first placement or a renewal, we are here to give you the clarity you need

Learn more here: www.niche-adjusters.co.ke/risk-surveying/

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From the Managing Director's Desk

Every insurer has faced the same quiet doubt: How confident am I in this declared value?

Sometimes the information provided is complete and reliable. Sometimes it is a starting point that needs verification. And sometimes, particularly with complex risks or where assets have been delivered under integrated contracts, the information simply does not exist in a form that is useful for underwriting.

The consequences of neglecting to appraise and adequately counterbalance risks can be dire.

That is where risk surveying adds value. Not as a box to tick, but as a tool for better decision making. Whether you are pricing a new risk for the first time or reviewing a longstanding account at renewal, having verified information changes the conversation. You are no longer guessing. You are underwriting with confidence.

At Niche Adjusters, our risk surveying practice exists to give you that confidence. If you would like to discuss how we can support your next submission or your next renewal, we would welcome the conversation.

Fredrick Oloo, *Bcom (Ins), Dip CII, Dip CILA, BDMA Ins Tech*
Principal Officer/Managing Director

For Risk Survey Inquiries

Niche Loss Adjusters & Marine Surveyors Ltd
Email: info@niche-adjusters.co.ke
Website: www.niche-adjusters.co.ke
Mobile: - +254 727 497 850

KEY CONTACTS

Fredrick Oloo
Managing Director

Mumbua Nzuki
Legal Consultant

Hesborne Ocholla
Operations Manager

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LOSS ADJUSTERS &
MARINE SURVEYORS LTD