HICKMAN·SHEARER

Broadcast & Telecoms
Insurance

Calculating the new replacement cost of a telecommunications network

A UK mobile telecommunications operator required advice regarding the accuracy of their insurance cover in relation to their network infrastructure including switch hubs and approximately 3,500 base stations located throughout the UK. The existing insurance figures were based largely on historical cost records and showed little consistency between sites of similar configuration.

The work

A comprehensive valuation model was used to analyse and disaggregate the asset information contained in different company asset recording systems.

By identifying each main component type and applying individual new replacement cost data the valuation model calculated the total replacement cost for each location.

Importantly, the valuation considered the deflationary and rapid obsolescence trends of telecommunications equipment.

The outcome

The valuation exercise reduced the sums insured thereby reducing insurance premiums. Additional benefits included far greater consistency across the whole network to ensure that similar sites were insured for similar amounts; greater transparency for the cost elements comprised in each site, and a valuation approach based on current replacement costs rather than historic costs.

Please contact us to discuss our knowledge and experience in this sector in more detail or our approach to a particular issue.