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An Introduction to

# Home Insurance

Getting to grips with the basics



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Deciding what type of cover is right for you

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Protecting your valuables away from the home

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Understanding how an excess works

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Keeping your policy up to date

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Considering your options at renewal

**Home insurance** is an effective shock-absorber that protects thousands of families each year from unexpected and unwelcome loss, damage and expense. If you're new to home insurance, we can help you get the right cover in place for your needs. Here, we'll provide answers to a few of the questions we're regularly asked by clients.

### Do I need home insurance?

If you own your own home you'll need to have buildings insurance. Your mortgage lender will usually stipulate this as a condition of granting your loan, so not having a policy could put your mortgage and your home at risk.

You will need to insure the rebuild cost, the amount of money you would need to completely rebuild your home from scratch. The cost of rebuilding your home isn't the same as its market value and is usually less. That's because the market value takes into account the value of the plot and land, location, local amenities and supply and demand.

Although there's no requirement to have home contents insurance, it is a good idea to have cover in place in case the unexpected happens and your home is burgled, or your possessions are damaged by fire or flood.

### What is buildings insurance?

It covers the structure and permanent fixtures of a property, including kitchens and bathrooms. Policies provide cover for the cost of repairing or rebuilding your home if it's damaged as a result of events like storms and floods, falling trees, vandalism, or water damage from leaking pipes. You can also get cover for garages, fences and driveways.

### What does contents insurance cover?

Home contents insurance covers all the things kept in a home such as TVs, furniture and carpets and personal belongings. You can also include additional cover such as accidental damage that will insure personal items when they are used away from home such as laptops, jewellery and cameras.

Most policies offer new for old cover, meaning you will get the full replacement value if they are lost, stolen or damaged.

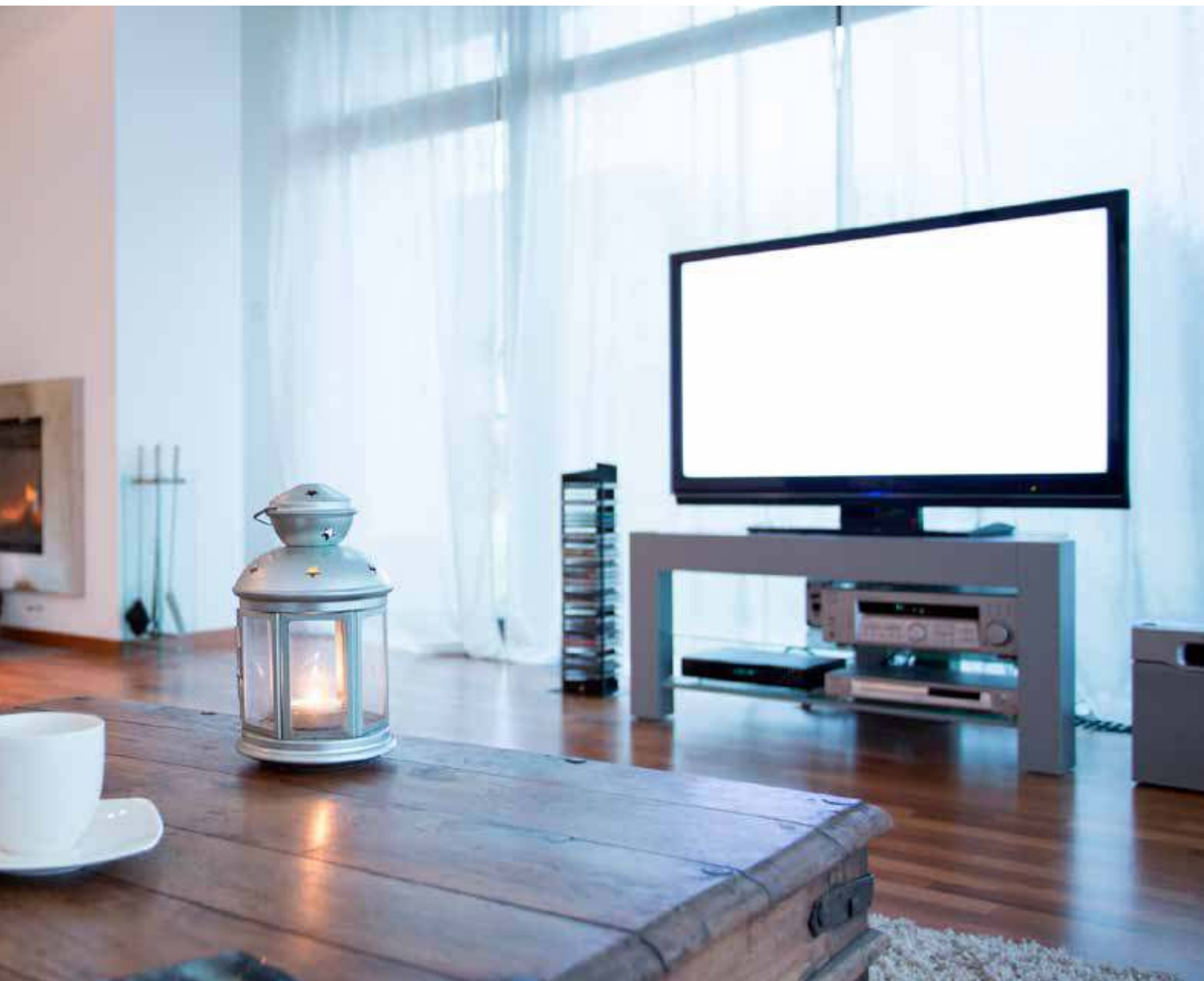


### Should I buy buildings and contents insurance together?

Premiums can be lower if you choose to buy your buildings and contents insurance from the same insurer. Also if there's a fire or burglary that affects both the building and your possessions, it can be easier and more straightforward if the claim is managed by just one insurer.

### What about valuable items away from home?

Cover for belongings you have with you while you are away from home are not always covered under a standard contents policy, but can usually be included at an additional cost. There will normally be a limit on the value of any one item, and you may also have to specify the items you want covering.



### How can my adviser help?

When it comes to buying buildings and contents insurance cover, the range of policies on offer in the market can seem bewildering. That's where the guidance and market knowledge we provide can help you navigate around the various options.

As insurance advisers, we offer impartial advice and know how to find policies to cover special risks, so if you have a house that's not of standard construction, or a valuable coin collection, we will know which insurer offers the most appropriate policy. We are normally paid a commission from the insurance provider for advising on their policy, so you won't pay us for finding the right policy for you, and you'll save valuable time contacting insurers direct to get a quote, and won't waste hours searching comparison sites online.



### We're here to help

Finding the right deal for your home insurance is important. We're only a phone call away, so if you have queries or would like to discuss the sort of insurance that would work best for your home and contents, please do get in touch.

# Top Tips



## Don't be underinsured

Making sure you have enough insurance cover is almost as important as having insurance in the first place. Under-insurance can cause serious problems if you have to make a claim, as your insurance company may not pay out the full cost to replace lost, stolen or damaged items.

So, if you only paid for £25,000 of home contents cover, but the total value of your home contents is £50,000, any claim you make, even for a single item included at the correct value, could be scaled-down pro rata.

## Understand how an excess works

The excess on a home insurance policy is a fixed amount that you will have to pay out if you make a claim on your policy. Your insurer will deduct this figure from the amount they will pay you when they settle your claim. There are compulsory excesses that your insurer applies, and in addition there are voluntary excesses that you can choose. So if you choose to have a higher voluntary excess, in return the insurer will reduce the amount of your premiums.

## Price isn't the only factor

When looking for the right buildings and contents insurance, the key is to focus on features, not just price, when comparing policies to ensure you buy an appropriate product for your particular circumstances. It can be worth paying slightly more to get a more comprehensive policy.

## Think about the added extras

You can, for instance, add cover for legal expenses, home emergencies, drains and plumbing, freezer breakdown, accidental damage to home contents, and accidental damage for personal possessions outside the home.

Many people feel it's worth paying a few extra pounds in premium to get the extra peace of mind this added cover provides.

## Review your policy if you extend your property or buy new things

It's important to bear in mind that the amount of buildings insurance you need should be the rebuild cost of your home, not the full market value.

So, whilst your sum insured doesn't need to keep pace with property price increases, if you've carried out major home improvements, built an extension, or added outbuildings such as a garden room or store, then your cover may need to be increased to include the extra accommodation.

If you've acquired new possessions, it's important to make sure they're properly insured. Some home contents insurance policies cover high-value items as standard and will insure any single item up to a specified figure – this can be typically £1,000. If you don't declare a valuable worth more than the limit, it wouldn't be covered at all. If you have items that exceed the stipulated amount, then you need additional cover.

## It pays to update your policy regularly

Once you've bought a policy, it's vital to update it regularly to ensure that you have the right level of cover.

## Consider your options at renewal

When your home insurance policy comes up for renewal, it's often tempting just to stay with your current provider, not least because it's often quicker and easier to do that than spend hours checking comparison sites or ringing round insurance companies for a policy quotation.

However, many people have found that by staying put, their premiums have risen steadily over the years, and their policy no longer represents good value for money. Your best course of action is to ask us to find the most suitable policy based on your individual needs and circumstances.

## Terminology to be aware of

Premium loading is the amount an insurance company adds to the basic premium to cover their business costs; knock-on effects to homeowners include increased premiums and excesses. Particularly relevant to those living in flood-risk areas where insurers may increase premiums for properties deemed at risk, to protect their balance sheets in the likelihood of a claim.

Exclusions in insurance are clauses inserted into the terms of a policy which detail what items/events, are not included in the cover provided. It is vital to check the finer detail of the policy to avoid any unexpected exclusions.

## Warning statement

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice and the accuracy and completeness of the information cannot be guaranteed. It does not provide individual tailored advice and is for information purposes only. No part of this document may be reproduced in any manner without prior permission.