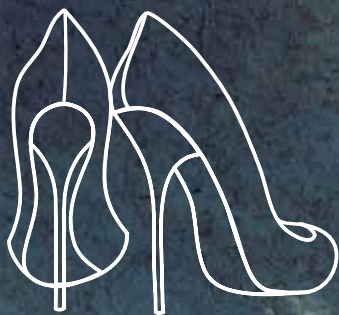




A BUYER'S GUIDE TO
HOME INSURANCE

There's
NO
PLACE like
home





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Besides being the biggest financial commitment you're ever likely to make, your home is probably the place where you feel most comfortable, spend most of your time and store your most treasured possessions. So regardless of whether you rent, own or share your property, it needs to be well-protected.

Taking out appropriate insurance is a way of safeguarding your home and your belongings against whatever life might throw at you. From minor mishaps like a burst pipe or broken window, to major upheavals like a house fire or burglary, the right cover makes sure you don't end up in debt or severely out of pocket.

BASICS

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Before you get bogged down in the details of different benefits, you need to be clear on what type of home insurance is right for you. And as a general rule, there are two types of cover:

1. BUILDINGS INSURANCE

Buildings insurance usually pays for any structural damage to a property caused by flood, fire and subsidence. It's an essential purchase for anyone who owns their own home or has a mortgage. But it's not something you normally need as a tenant, because it's considered the responsibility of your landlord.

2. CONTENTS INSURANCE

Contents insurance pays for any personal possessions that are lost, damaged or stolen from your home. Along with buildings cover, it's an essential purchase for anyone who owns their own home or has a mortgage. It's also the one insurance you do need as a tenant, in order to safeguard your belongings.

TIP

Check out the Defaqto Star Rating of your home insurance. Defaqto have made it their job to ensure you know which insurance products are the best quality. Take a look: www.defaqto.com/star-ratings/home-insurance

DON'T BE FOOLED NOT ALL PRODUCTS ARE THE SAME

Just like your home and its contents, your home insurance is a very personal thing... and different products suit different people. Some are very basic and focus more heavily on the up-front cost. Others come with plenty of added extras to give you more reassurance. Then there are those that concentrate on service and supporting you when you need to make a claim. They all have their pros and cons, but ultimately it comes down to your individual priorities.

Obviously, price is important, but the cheapest insurance in the world is no use if it doesn't cover what you need it to. With this in mind, it's worth being aware that monetary limits can be very different from one provider to the next. Plus, some providers like to include benefits as standard, while others prefer the pick and mix approach that lets you build your own cover. Again, they both have their advantages, but it can make like-for-like comparisons rather difficult.

TIP

If the price of your home insurance seems too good to be true, there may be a good reason for it. Always check it covers what you need.



Price is
IMPORTANT
BUT THE CHEAPEST INSURANCE
in the world is no use
IF IT **DOESN'T**
COVER
WHAT YOU NEED IT TO.

TIP

The rebuild cost is generally a lot less than your property's market value. To find out more, take a look at the property rebuild calculator on the Building Cost Information Service (BCIS) website: <https://calculator.bcis.co.uk/calculator/calculator.aspx>

BUILDINGS INSURANCE

Buildings insurance is extremely important if you own your own property or have a mortgage. It covers the cost of any structural damage to your home, including fixtures and fittings such as walls, floors, pipework and electrics, and also includes any fitted kitchens or bathrooms.

DID YOU KNOW?

If you're buying a new home, you won't be able to exchange on your property until you have your buildings insurance, so don't leave it to the last minute or it could delay your purchase. If you've arranged your mortgage through a mortgage adviser it's a good idea to ask them for help to make sure you have the right insurance in place for when you need it.

THE BASICS

Most types of buildings insurance will pay for any damage to your home due to flood, fire and subsidence. But always check the total sum insured (maximum payment), as this can vary from one provider to the next. You should also be aware that the criteria for individual payments can be very different and some policies may even exclude you for floods if you live near water.

HOW MUCH DO I NEED?

In order to know how much buildings cover you need, you need to know the rebuild cost of your property. And it's worth taking the time to find out, because it's likely to be one of the first questions you're asked by your insurer. Be mindful that if you get the figure wrong, you can easily end up underinsured or paying too much in premiums.

KEY BENEFITS TO LOOK OUT FOR

Many policies look very similar on paper. But when you examine the individual benefits they can be poles apart. Here are some examples worth keeping an eye on:



ALTERNATIVE ACCOMMODATION

(for you and your pets)

Some policies will cover the cost for you (and your pets) to be put up in alternative accommodation while insurance repair work is carried out on your property.

TRACE AND ACCESS

Not all policies will cover the cost of removing and replacing parts of your building to find and repair water or oil leaks. Others only pay for repairing the leak itself. Rather than completely fixing the problem, this can leave you with multiple holes in your walls, ceilings and floors... and a hefty bill to put it right!



REPAIRS FROM APPROVED TRADESMEN

If your kitchen caught fire because a pan was left on the stove or if an electrical device malfunctioned, buildings insurance could cover organising workmen to repair the damage to your buildings caused by the fire or smoke and redecorate the affected rooms. This is an additional feature to look out for with a more extensive policy.



OPTIONAL EXTRAS WORTH CONSIDERING

Because everyone's needs are different, many providers start with a core cover and let you build up your policy with optional extras. Here are a couple of options that are definitely worth considering:

ACCIDENTAL DAMAGE COVER

If you want to protect your home against DIY disasters, such as a nail through a pipe or a foot through a floorboard, accidental damage cover makes a lot of sense. It will usually cover accidents to any garages, greenhouses or garden sheds.



LEGAL EXPENSES

You might get some legal cover included on your policy as standard, but when you take it out as an optional extra, it tends to be much more substantial. It normally covers everything from employment disputes and personal injury claims, to tax enquiries and probate... not to mention any legal issues with your home!



HOME EMERGENCY COVER

If you were in a situation where your home becomes uninhabitable and you're frantically phoning around for a reputable, plumber, joiner or electrician, home emergency cover could be just what you're looking for. It gives you round-the-clock support and 24/7 access to approved tradesmen should the worst happen. Ideal if you need help quickly!

Here's some important stuff

COMMON EXCLUSIONS TO EXPECT

Most insurance policies come with some exclusions, so it's important you read your policy booklet carefully. Some of the more common exclusions for buildings cover include:

- Everyday wear and tear
- Acts of war or terrorism
- Loss or damage to properties that are unoccupied for more than 60 consecutive days

TIP

Don't forget to update your insurer whenever you have any alterations to your home, as it could affect your cover.

IMPORTANT CONSIDERATIONS

Is there anything unusual about your property? Unusual tends to be anything other than brick and tile. If it has a thatched roof, a specialist heating system or any unusual features, you may need specialist insurance or additional benefits. An adviser would be able to offer the best guidance on these sort of areas.



IS YOUR PROPERTY USED AS A BUSINESS?

If you live on a farm, above a shop or in a property that is also your workplace, you're likely to need specialist insurance. An adviser can be very useful when it comes to going through things like this as they can go through all the options available to you.



ANYTHING ELSE?


Insurance for self-build properties (if you're planning a grand design). Insurance for an empty home (if your property remains unoccupied beyond the permitted timescale).



TIP

Insurance providers are more flexible than you might think. If you are looking to insure a unique property, an unlikely situation or a particularly unusual item, there is always a solution out there to meet your requirements.



A white ceramic teacup and saucer are tipped over on a light-colored wooden floor. A dark, viscous liquid, resembling coffee or tea, has spilled from the cup and is trailing away from the cup, forming a long, dark, branching path that extends towards the bottom of the frame. The liquid trail has a thick, almost root-like appearance, with smaller splatters and droplets along its length. The background is a wooden floor with a distinct grain pattern. The overall composition suggests a theme of domestic accidents or the unexpected consequences of everyday life.

IT'S **HOUSE**
NOT A **HOUSE**
THAT MAKES A
home IT'S
THE THINGS
INSIDE

TIP

While it's OK to buy buildings and contents insurance separately, claims often affect both the structure of your home and the things inside it at the same time. So if you want to avoid submitting and managing any claims with more than one company, it makes sense to use the same provider for both.

CONTENTS INSURANCE

Whether you rent or own your property, contents insurance covers personal belongings within your home - from furniture, toys and sports equipment to clothes, jewellery and TVs. Generally speaking, if you imagine turning your home upside down, your contents insurance would cover everything that falls out.

BASICS

Back to

TIP

Take a look at a contents calculator template to help work out the cost of your belongings.



Most types of contents insurance will cover you against loss or damage due to theft, fire, explosions, storms, flooding or water leakage, plus other similar issues. But all of these benefits generally come with maximum limits and individual criteria that can vary from one policy to the next. So don't take anything for granted.

HOW MUCH DO I NEED?

When you take out any contents insurance policy, it's important that the total sum insured is enough to cover all of your belongings. So it's worth taking a few minutes to work out the estimated value of your belongings. Good policies offer up to £50,000 cover as standard and may allow you to increase this further as an optional extra. Plus they usually have a 'personal possessions' limit, which can be anything from £10,000 to over £20,000.

HOW MUCH ARE ALL YOUR *things* WORTH?

Did you know the average value of contents in a three bedroom family home is estimated at £55,000¹?

BEDROOMS

FURNITURE	£
TVS	£
SHOES AND CLOTHES	£
JEWELLERY AND WATCHES	£
CARPETS AND CURTAINS	£
SOFT FURNISHINGS	£
PICTURES AND ART	£
MIRRORS AND ORNAMENTS	£
ACCESSORIES	£
OTHER	£
TOTAL	£ _____

KITCHEN

FRIDGE FREEZER	£
FURNITURE	£
OVEN	£
WASHING MACHINE	£
TUMBLE DRYER	£
MICROWAVE	£
KETTLE & TOASTER	£
COFFEE MACHINE	£
BLENDER	£
POTS, PANS & UTENSILS	£
PICTURES, MIRRORS & ORNAMENTS	£
OTHER	£
TOTAL	£ _____

OUTDOORS

PATIO SET	£
GARDENING EQUIPMENT	£
TOOLS	£
BIKES	£
BBQ	£
OTHER	£
TOTAL	£ _____

LIVING ROOM

SOFAS AND CHAIRS	£
FURNITURE	£
TV, COMPUTERS AND LAPTOPS	£
STEREOS & SPEAKERS	£
GAMES CONSOLES	£
DVDS, VIDEO GAMES AND BOOKS	£
DIGITAL DOWNLOADS INC. MUSIC	£
CARPETS AND CURTAINS	£
SOFT FURNISHINGS	£
PICTURES AND ART	£
MIRRORS AND ORNAMENTS	£
OTHER	£
TOTAL	£ _____

DINING ROOM

FURNITURE	£
CARPETS AND CURTAINS	£
SOFT FURNISHINGS	£
PICTURES AND ART	£
MIRRORS AND ORNAMENTS	£
OTHER	£
TOTAL	£ _____

THE REST OF THE HOUSE

CABINETS AND SHELVES	£
SOFT FURNISHINGS	£
PHONES	£
TABLETS	£
MP3 PLAYERS	£
HANDHELD GAMES CONSOLES	£
E-READERS	£
CAMERAS	£
SAT NAVS	£
PRINTERS	£
TOYS	£
OTHER	£
TOTAL	£ _____

GRAND TOTAL: £ _____

¹ABI.org.uk Insurance and savings

KEY BENEFITS TO LOOK OUT FOR

Like all insurance policies, the details make all the difference. So before you sign on the dotted line, there are a couple of benefits you should always look out for on your contents cover:



'NEW FOR OLD' REPLACEMENT

Many contents policies replace damaged or stolen items with a brand-new equivalent (or its monetary value). So, if your three year old TV falls off its stand and breaks, it's replaced with a new one in the same make and model. Less substantial policies only offer the value of the TV based on its current age, which is likely to be considerably less.

BUSINESS EQUIPMENT

If you work from home, it's worth checking if your insurance policy covers any computers and other business equipment you might use. Most do, but there are always exceptions.



TIP

When taking out a policy, be sure to highlight any expensive artwork, furniture or musical instruments individually, as these types of items are often overlooked.

**COVER FOR
HIGH-VALUE ITEMS**

Most policies indicate a maximum amount you can claim for any individual item if it's lost or stolen.

Anything worth more than this is likely to need flagging with your insurer to avoid any claims shortfalls further down the line.



OPTIONAL EXTRAS WORTH CONSIDERING

In a similar way to buildings insurance, your contents cover is likely to start with a core cover and give you the option of including one or two extras. Don't ignore these as they are often the benefits that result in the most claims.



TIP

Not all accidental damage cover includes technology items such as laptops and mobile phones – be sure to ask.

ACCIDENTAL DAMAGE COVER

Although accidental damage cover is included as standard on some policies, it is often limited to specific items such as TVs, computers and video equipment. For full accidental damage cover, you usually have to pay extra. Still, it's well worth considering if you're worried about everyday mishaps such as wine on the sofa or paint on the carpet.

PERSONAL POSSESSIONS COVER

Most policies include an option to cover your personal possessions while on the move or in different locations. This is a sensible addition if you carry valuable items such as jewellery, mobile phones or sports equipment. But remember to check the monetary limit, as some providers offer a higher maximum than others.



HOME EMERGENCY COVER

Home emergency cover can give you round-the-clock support and 24/7 access to approved tradesmen following a domestic disaster. Perfect in those moments when the problem needs sorting pronto.

LEGAL EXPENSES

If your new carpet was fitted badly and the retailer refuses to sort the problem, legal expenses would normally cover the cost of legal advice and your legal costs. This could be anything up to a maximum of £100,000 and often with no excess to be paid.

Here's some more important stuff

COMMON EXCLUSIONS TO EXPECT

Again, it's always important to read your policy booklet. But typical exclusions for contents cover include:

- Loss or damage due to wear and tear
- Loss or damage caused by pets
- Loss or damage to items while your home is unoccupied for more than 60 consecutive days

TIP

Carpets are generally covered as part of your contents insurance (while laminate and wooden floors are generally covered on your buildings insurance).

IMPORTANT CONSIDERATIONS

What's the No Claims Discount (NCD) on the policy?

Some policies will offer up to 9 years NCD, which can lead to significant savings if you avoid regular claims.

ARE THERE ANY FULL-TIME STUDENTS IN YOUR HOUSEHOLD?

Some policies cover contents temporarily moved from the home including students' cover, which protects students against theft or damage to their personal belongings while away from home.

IS ALL THE INFORMATION YOU HAVE PASSED TO YOUR INSURER CORRECT?

It's important that you always pass on accurate information to your insurer. If any of the details are incorrect, it could jeopardise your cover.



TIP

Some policies automatically increase the sum insured on your contents cover for the month before and after a religious festival, birthday, wedding or civil ceremony.

IT MIGHT
NOT BE
where
you're nesting,
BUT IT STILL NEEDS
PROTECTING



**GOOD TO
KNOW**

Because landlord's insurance is specifically for people who lease out their homes it covers different risks to those covered by a traditional home insurance policy.

LANDLORDS INSURANCE

Whether you're renting out your old flat or a whole string of high-end properties, traditional home insurance is not enough to protect your investment. Instead, you need specialist landlord's insurance. As well as protecting your buildings and contents against loss and damage, it can safeguard you against problem tenants and other unforeseen costs associated with being a landlord.

The BASICS

Landlord's cover is offered on a buildings and/or contents basis and covers you against loss or damage due to theft, fire, explosions, storms, flooding or water leakage and other similar issues. It can also include additional benefits such as loss of rent and landlord's liability benefit, which covers the cost of any accidents or injuries resulting from your property.

KEY BENEFITS TO LOOK OUT FOR

Because landlord's cover is slightly different from traditional home insurance, there may be one or two benefits you're not used to. Here are some of the more common ones:

LOSS OF RENT

Most policies include a benefit that covers you for loss of rent while insurance repairs are taking place. But don't confuse this with loss of rent when you are unable to find a tenant - that is something else entirely!

ALTERNATIVE ACCOMMODATION FOR TENANTS

More extensive policies will pay for your tenants to be put up in alternative accommodation while insurance repairs take place. The added advantage here is that your tenants are likely to come back to your property, rather than renting somewhere else on a permanent basis!

THEFT OF KEYS OR ACCIDENTAL DAMAGE TO LOCKS

If you've ever had to replace the keys in your property, you'll know that it can be really quite expensive. It's worth finding a policy that includes the cost of damaged locks or stolen keys as standard, as it can be a real bonus.

TIP

Most rental properties are a valuable source of income, so it's important to balance the cost of your cover with the right level of protection. Increasing your voluntary excess can often help to reduce your up-front costs, but remember it's also a risk if you need to make a claim.





COMMON EXCLUSIONS TO EXPECT

The exclusions for landlord's cover are very similar to traditional buildings and contents cover. Always check your policy booklet, but expect to see:

- The cost of routine maintenance
- Loss or damage caused by pets
- Loss or damage to properties that are unoccupied for 90 consecutive days

OPTIONAL EXTRAS WORTH CONSIDERING

Just like traditional home insurance, landlord's cover comes with plenty of added extras that you might want to think about. If you're looking for added reassurance, here are a couple of gems:

ACCIDENTAL DAMAGE COVER

Tenants don't always pay the same care and attention to your property as you would yourself. But if you're worried about slips, spills and breakages, accidental damage cover is the perfect solution. As with traditional home insurance, it covers everything from a nail through a pipe or a foot through a floorboard, to red wine on your carpet.

MALICIOUS DAMAGE COVER

Malicious damage cover is a way of covering your back in case your dream tenants turn into undesirables. It pays for any deliberate damage to your property - from smashed windows, to broken furniture, ripped carpet and graffiti.

LEGAL EXPENSES & RENT GUARANTEE

Legal expenses will help you recover the cost of any legal costs should you need to evict a tenant. Whilst rent guarantee would help you recoup the rent once they'd been evicted and until you could find a new tenant.

CHOOSING YOUR EXCESS

An excess is what you agree to pay when you make a claim up to a given amount (the excess) before your insurance provider takes over.

Most buildings and contents policies have a number of excess options, which can be anything from £50 to £1000, and they tend to go up in increments of £50. Generally speaking, the higher your voluntary excess, the lower the premiums. But do be careful with the higher amounts, as they can sometimes exceed the benefits themselves!

Something to watch out for, there may be a split excess over voluntary excess and a compulsory excess meaning you'll end up paying more than you expected.

Remember,
protecting your home or property doesn't begin and end with buildings and contents cover. Everyone's needs are different and there is a diverse range of products available to protect your home and your finances.

For example, mortgage payment protection which would offer financial support following an accident, sickness or unemployment.

TIP

Don't wait until your renewal before speaking to your financial adviser about home insurance - let them do the research in advance, so that they can have everything ready for you when the time comes!

GOOD ADVICE GOES A LONG WAY



With so many options available in today's market, home insurance can be a confusing business. So don't be afraid to ask for advice. Most mortgage or financial advisers are happy to research the market on your behalf. Plus, they'll put together a quote based on your individual needs. And despite what you might think, it's often quicker and easier than trawling the internet yourself.

Not only can an adviser help you find the right policy at the right price, they may research the market ahead of your renewal to make sure you continue to get the best deal every year. And if you're ever facing the prospect of a complex claim, they can take the pressure off by speaking to the insurer on your behalf.

The other benefit of using an adviser, is that they will assess your home insurance options in the context of all your other finances to make sure that your policy complements every aspect of your lifestyle and budget.

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