

Client Bulletin – Product Information

Household Buildings & Contents Insurance – Demands & Needs for Policyholders to consider



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Rowlands & Hames would recommend you regularly review the cover provided by your policy.

We believe most clients' demands and needs necessitate the following aspects of household insurance coverage:

Buildings insurance – including Accidental Damage **Contents insurance – including Accidental Damage**
Personal Possessions insurance (All Risks) **Household Legal Expenses**
Cycle Insurance **Frozen Food Insurance** **Money Insurance**

Your existing policy may not currently provide all the above covers. Please review your current coverage. To assist you, we detail below the major points of interest.

Please note that the information provided here is of a general nature only and for more detailed advice on what you are covered for you must refer to your policy.

BUILDINGS INSURANCE

A buildings insurance policy covers both the structure of a property and its permanent fixtures and fittings such as baths and toilets, fitted kitchens and bedroom cupboards. Interior decorations are covered also. Buildings Insurance usually extends to include outbuildings such as garages, greenhouses and garden sheds and most policies would include boundary walls, fences, gates, paths, drives and swimming pools.

There are a number of events that buildings insurance normally covers. These are often referred to as fire and perils. Accidental Damage is not a standard cover (see below). Most policies will cover damage to your home by:

- Fire, explosion, lightning or earthquake
- Subsidence, heave or landslip
- Storm and flood
- Theft or attempted theft
- Escape of water from tanks or pipes
- Falling trees or branches
- Breakage or collapse of television, radio signal or satellite apparatus
- Riot, civil commotion, strikes, labour or political disturbances
- Impact by aircraft, other aerial devices, any vehicle or animal
- Escape of oil from heating systems.

Sum Insured - The sum insured is the maximum amount the insurance company can pay you in the event of a claim. It is the homeowner's responsibility to ensure that the "sum insured" meets the full re-building cost of your property. This is vital as any significant under-insurance could mean that your claim might be reduced or rejected altogether. The market value is not an accurate guide to the rebuilding cost and there are many variables that need to be taken into consideration. You should also ensure regular checks are made to update your sum insured when necessary. You may seek assistance with your re-building sum insured from the Association of British Insurers website at <http://abi.bcis.co.uk>

Exclusions and Excesses - There are limits and exclusions to every policy so be sure you have read your policy document carefully so you know what they are. Your policy document is a legal contract and if there is anything you do not understand ask for an explanation.

One word you will come across is "excess". Excess is an amount of money you have to pay towards the cost of each claim. Excesses vary in amount. They may apply only to certain types of claim or they may apply to all claims. Your policy will tell you. One excess that appears in almost all policies applies to damage caused by subsidence, heave or landslip. This is usually a specific amount (for example £1,000).

Exclusions are things that are not covered at all by your policy. Common exclusions to all policies are claims for damages arising from war risks, sonic bangs and radioactive contamination from nuclear fuel or nuclear waste but other exclusions can apply and will be set out in your policy.

Extensions of Cover: Accidental Damage – We would recommend that any buildings insurance be extended to include damage by Accidental Damage for a small additional premium. This is not automatically included.

Alternative Accommodation - If your home is so badly damaged that you cannot live in it until repairs are done, your policy will help to meet the reasonable cost of alternative accommodation up to a stated limit.

Liability - If, as owner of your home you are responsible for any injury to someone or for damage to their property your policy will pay the damages and costs for which you are legally liable. There is usually an upper limit of £1 million or more. However, your main legal liability arises from you being occupier of your home and a contents policy covers this.

Underground Pipes and Cables - supplying gas, electricity, oil or water, as well as sewage pipes, tend to be insured against accidental damage. They are not insured against wear and tear.

Glass - In doors, windows and skylights is covered against breakage together with baths, washbasins and WCs.

CONTENTS INSURANCE

A contents policy covers just about everything you would take with you if you moved home - furniture and furnishings, household goods, kitchen equipment, televisions, video, computer and audio equipment, clothing, personal effects, and valuables up to stated limits.

Most home contents can be insured on a replacement as new/new for old basis but not clothing and household linen. What you can insure under replacement as new varies between insurers and sometimes age limits apply so it is important to check your policy carefully to be sure of what you are covered for.

The policy is a contract between the insurer and you, the policyholder, and places legal obligations on both parties. The policyholder and members of their household must keep the insured possessions in a good state of repair and take all reasonable steps to prevent injury, loss or damage.

Accidental Damage is not automatically covered. Most policies initially cover loss or damage while in your home by:

- Fire, explosion, lightning or earthquake
- Subsidence, heave or landslip
- Storm and flood
- Theft or attempted theft
- Escape of water from tanks or pipes
- Falling trees or branches
- Breakage or collapse of television, radio signal or satellite apparatus
- Riot, civil commotion, strikes, labour or political disturbances
- Impact by aircraft, other aerial devices, any vehicle or animal
- Escape of oil from heating systems

There are other valuable aspects to the cover given by your contents policy.

As tenants - many policies provide some cover for your liability for damage to the building.

Sum Insured - The sum insured is the total amount of money for which your contents are covered. It is the most your insurers will pay, even if your possessions are totally destroyed - say by fire or flood. You must insure your contents for their full value - remember to include the contents of your loft, basement, garage and shed. Some policies say that if you are under-insured, claim payments will be reduced. So remember, if your sum insured is too low you may have to pay out yourself to put things right. It is your responsibility to get the sum insured correct.

Even with a replacement as new policy, you should deduct from clothing and household linen claims, an amount for wear, tear and depreciation. A man's suit, for example, is reckoned to have a lifespan of around five years. For each year you have had your suit you should deduct one fifth of today's price of a new one. This is only a guide - the quality of the property and its general condition will usually be taken into account.

Make sure that your sum insured stays up to date. Remember to tell your insurers to increase the cover if you add to your possessions - perhaps by buying an expensive suite of furniture or CD player.

Valuables - There are usually limits on the value of any works of art, ornaments and sometimes on high value goods like video equipment. Insurers may agree to raise these limits and you may be asked to provide an up to date valuation or receipt. Where it is difficult to establish the right sum insured - for example with valuables or antiques - an expert valuation may be necessary.

Extensions of Cover: Accidental Damage - The risks for which you are covered are listed in your policy. However, for an additional premium, you can widen your policy to cover "accidental damage". Under a conventional contents policy ("indemnity" or "new for old") your carpet, for example, would be insured if it were burned, damaged by leaking water or ruined by malicious vandals. It would not be covered if you spilt a tin of paint on it. This is known as accidental damage and can be a valuable extra protection. We would recommend inclusion of Accidental Damage cover.

Extensions of cover: Personal Possessions - For an additional premium, contents policies can be extended to All Risks cover for damage to or loss of items which you may take out of your home such as clothing, jewellery, cameras, sports equipment, laptops, i-pods etc. These can be listed in the policy under an "All Risks" section, again an extra premium is payable. We would recommend that Personal Possessions cover be included.

Extensions of cover: Frozen Food, Personal Money and Credit Cards, Pedal Cycles and Legal Expenses - Not all policies provide these covers automatically; you should ensure cover is included if required.

Exclusions and excesses - Your policy will exclude certain risks or possessions. These are explained fully in your policy document. Common exclusions are theft if you have let or sub-let your house (or part of it) unless there is forced entry, or loss / damage arising if you leave your house unoccupied for long periods of time, usually more than 30 consecutive days. You may be required to pay the first part of a claim yourself - this is called an excess. Excesses are applied to a range of claims. Check these when you buy your policy and at each renewal date.

Keep receipts and valuations - these can be very helpful if you need to claim. Take photographs or videos of valuables and keep them with your policy.

Security and prevention - If you suffer loss or damage to your possessions your policy can put things right. It cannot however compensate you for any distress and inconvenience caused. So do everything you can to prevent the worst from happening. Make every effort to prevent theft from your home by installing approved levels of security. Insulate pipes and tanks against cold weather and make sure that your main water stop valve operates easily, in case you need to turn off the water. Make sure the family all know where it is.

Liability - If you or a member of your immediate family who live with you are involved in an accident that results in bodily injury or damage to property, your policy will pay the damages for which you are legally liable. Each insurer will set their own amount but it is usual for them to provide at least £1million damages plus all costs and expenses that they have agreed to.

Security - Some insurers require the installation of approved alarms and/or minimum-security fittings before providing cover. Check whether this applies. Failure to comply with any such condition would prejudice your position in the event of a claim.

FURTHER ASSISTANCE - Should you wish to discuss your policy and/or make any adjustments, please contact Rowlands & Hames by telephoning 01253 594211, via email to mail@rowlands-hames.co.uk or via our website at www.rowlands-hames.co.uk.

Please contact Rowlands & Hames for further information.

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