

A guide to winter home insurance

November 2011



Introduction

Home insurance may not be the first thing that springs to mind as winter sets in, however taking the time to make sure that the cover you have in place meets your needs is key to safeguarding your property and possessions this winter.

Your home is not simply bricks and mortar but a safe haven for you and your possessions. It is likely to be the most expensive purchase you will ever make and, therefore, it is well worth ensuring that the building and the contents contained within it are adequately protected.

When purchasing your home insurance policy the decision you make should not be based on premium alone.

Although the cost of any insurance is, of course, an important factor the cover provided should always be the main consideration. In reality, you will only ever find out how good your insurance policy is when you need to make a claim. Choosing the cheapest option could be one of the most expensive mistakes you ever make, especially when you realise that you are not covered for something which you assumed you were.

This guide aims to make you aware of the key winter related issues when it comes to insuring your home and outlines some of the cover elements that are available and should be considered when purchasing home insurance or reviewing your existing policy.

Cold weather could turn your pipe dream into a nightmare

Prevention is better than the cure, and setting aside some time to conduct a few simple checks this winter could avoid the pain and stress of having to deal with a burst pipe.

In icy weather water can freeze in pipes and roof tanks causing them to burst, flood and damage homes. This would not simply be an inconvenience

but could bring down your ceilings, ruin your carpets and damage your belongings.

Top tips

Burst pipes can cause serious damage to both the building and your contents therefore it is well worth considering the following:

- Know where to find your stopcock! You will then be able to cut off the flow of water if a pipe starts to leak
- Check all your taps from time to time in the cold weather. If little or no water flows there may be frozen water in the pipes
- Insulate pipes that are most exposed to freezing and don't forget corners and elbows of pipes - they tend to be the most exposed
- Insulate your cold water tank
- In order to prevent freezing when you go away, leave the central heating on 'tickover' (by setting the thermostat low) – do not turn it off
- If you are away for long periods, leave the loft hatch open as this will allow warm air to circulate and reach the tank
- Ask a neighbour, friend or relative to check your home while you are away - this will ensure burst pipes are spotted early and any damage is minimised
- If your pipes are frozen use warm towels to try and thaw them out – be patient and do not heat up the pipes too quickly
- Have your central heating system checked and serviced regularly - a leaking radiator valve can also be the cause of water damage

Are you aware of your liabilities as a homeowner?

As a homeowner you are legally responsible for any injury or damage caused by your property. Without the correct insurance if a burst pipe were to cause damage to your neighbour's property then you would be responsible for paying for any repairs needed.

This is also true in the case of storm damage, which is another example of a typical claim made during the winter months. Following a storm it can be common for roof tiles to become loose and fall. If the tiles fell and injured someone or they caused damage to property, as the property owner you would be responsible for any compensation costs involved.

Property owners' liability under your buildings insurance would cover you against these costs. Policy limits vary between policies with cover ranging from £1m to £10m. In fact:

- 4% of policies provided £1m of liability cover
- 91% of policies provide £2m of liability cover
- 4% of policies provided £2.5m of liability cover

Don't let flooding dampen your spirits

Flooding has become a major problem in many parts of the country in recent years, particularly in the winter months. The repercussions, if you are unfortunate enough to be affected, can be huge. The damage flooding can cause means that without insurance cover, many people would be financially unable to pay for repairs to their buildings, unable to replace contents that are lost or damaged or even be unable to remain living in their home.

What would you do if your home became uninhabitable?

Following flooding if the damage was severe enough that you could not reside in your home then you would need to look for alternative accommodation. Finding an alternative property to live in is not easy, and the rental costs could be significant. There is a chance that you could be living in the property for a number of months as it takes time to dry out the walls and repair any damage caused. Discovering that the limit provided under your policy is not adequate, or that the policy does not cover alternative accommodation at all, could mean that you have to cover the costs of living somewhere else yourself. Worse still, you may be required to pay your mortgage or rent at the same time.

Do you know what cover limits your policy provides for alternative accommodation?

Under a buildings insurance policy, Insurers provide limits for alternative accommodation in a variety of ways:

- 58% of policies provide cover based on a percentage of the overall buildings sum insured, whilst 36% specify a set monetary limit
- The monetary limits provided can vary between £12,500 and £100,000
- Where a percentage of the sum insured is used 20% of the overall buildings sum insured is the most common level of protection with 25% being the maximum available
- 6% of home insurance products will cover 'reasonable costs' involved in a claim for alternative accommodation – it is worth obtaining clarification from the insurer on this point before you take out the policy

Top tips

- Always check the sum insured you have under both your buildings and contents policy and ensure you understand which areas of cover (such as alternative accommodation) base settlement of a claim on a percentage of the overall sum insured. If you are unsure, ask your insurer to clarify these for you
- If you suffer an incident contact your insurer for advice right away to get guidance on what you can claim for and how you should go about it
- Check with your insurer before organising repairs as they may not pay a claim if you have not had agreement from them first
- Clarify what sort of evidence your insurer will require you to provide to support your claim, such as receipts
- Don't rush to redecorate as it can take months for a property to dry out completely

The sky's the limit but not where your contents are concerned

It is essential that you declare the correct sum insured for your contents. Typically, insurers provide cover on a 'new for old' basis, which means that your contents are replaced with brand new items. You should, therefore, calculate the sum insured required in this way.

There are many things to consider when you are purchasing a home contents insurance policy, but one of the key things to check is whether there are specific limits that are applicable for certain items of your contents.

Within contents insurance, insurers can apply a 'single item' limit for each individual item of contents or for 'valuables'.

Valuables cover

It is essential to check the policy limits for 'valuables' as insurers will not only apply an overall limit, but will also apply a 'single item' limit for each valuable. In fact:

- 97% of policies apply an overall limit for all valuables within your contents sum insured
- 77% of policies apply a monetary limit for each single valuable with 22% basing the amount on a percentage of the overall contents sum insured

Insurers can have various definitions of what is meant by 'valuables', but generally most define them as being 'jewellery, gold and silver articles, watches, gemstones, clocks, furs, pictures, sculptures, other works of art and collections of stamps, medals and coins'.

Single item limits

Another area to consider is whether there is a limit stated for each individual item of contents. Apart from valuables, some insurers also have limits for 'high risk' items. Insurers have various definitions of what they consider to be 'high risk' items, for example, televisions, computers, audio and video

entertainment equipment or photographic equipment. In fact:

- Single items limits can vary between £750 and £15,000 with £1,500 being the most common
- Single Article Limit – 12% of policies will specify a set limit for a single item of your contents

Top tips

- Take time to consider your contents sum insured as you do not want to be under insured
- Take a room by room inventory and estimate the likely costs to replace items as new
- Ensure you take into account items of particular value and check if the policy you have or are thinking of purchasing has any specific limits which may restrict cover
- Keep up to date valuations of your insured valuables to make sure the cover you have is still relevant and right for you



Did you know that 90% of policies apply a seasonal increase to your contents cover?

Typically known as 'seasonal increase' or 'special events' cover, the majority of home insurance policies will automatically increase the sum insured for your contents at certain times throughout the year, such as weddings, birthdays, religious festivals as well as Christmas.

Seasonal celebrations, particularly during the winter mean most of us will have spent a lot of time and money buying gifts for our friends and family. Some of these will be token gestures, whilst others will be high value items such as jewellery, games consoles or music players. The cost of all of these gifts soon adds up and having them in your home before you give them to the lucky recipient(s) means the value of your household contents will temporarily increase.

- 66% of policies will increase your contents cover for Christmas with 57% applying the increase for religious festivals
- 11% increase your sum insured for all 'special events' throughout the policy year

Policies will either raise your sum insured by a specific monetary amount or base the increase on a percentage of your overall contents sum insured:

- Monetary amounts can vary between £1,000 and £7,500
- Policies that apply a percentage of the overall contents sum insured provide an increase of between 5% and 20% of the sum insured

However, the specific events and the level of increase that can be applied vary widely from policy to policy and so ensuring you are aware of what your policy offers is extremely important. In addition, 10% of policies do not offer this cover at all.

Top tips

- Check which particular events are covered within the policy
- Ensure you are aware of any time limitations which may be applicable. For example, some insurers will specify for how long the increase is applicable (usually 1 month before the event and 1 month afterwards)
- Try to keep a rough list of the gifts you have purchased or keep receipts so you are aware of the extra items in your home

Where do you hide yours?

Storing and hiding presents from little prying eyes can be a struggle, especially when they are large gifts such as a new bike.

Many people consider hiding presents in their shed or garage in the hope that this will be a safe and secure place to store them. It is important to be aware of the level of cover that home insurance policies provide for contents kept in 'outbuildings'.

- 15% of contents policies will cover theft of contents from outbuildings up to the same limit as your contents sum insured
- However, 73%, apply a monetary limit which can vary between £500 and £10,000



Going away this winter - did you realise that only 8% of policies provide cover as standard for your personal possessions?

If you are planning to visit family at this time of year or simply treating yourself to a winter break then it is worth considering what cover you have for the personal items that you will be taking with you.

Cover for personal possessions whilst you are away from the home is usually an optional extension to your contents policy, for which you will need to pay an additional premium:

- 90% of policies offer this cover as an option
- 2% do not offer any cover at all for this

There are two types of personal possessions cover: 'specified' and 'unspecified':

- Specified items cover – allows you to declare an item to be insured for the full amount you select
- Unspecified items cover – means that you choose an overall limit without having to specify each item individually. Be careful when doing this however as insurers will usually have maximum limits that apply for each single item

The most common single item limit within unspecified items cover is £1,500; however the limits can vary with single item limits of between £250 and £10,000 being applied. A small number of policies (4%) apply a single item limit based on the overall personal possessions amount selected.

Most insurers provide this cover anywhere in the world however some policies may restrict cover to a certain number days away within the policy year. Read your policy document before you leave or if you are not sure ask your insurer to clarify this for you.

In an emergency, who you gonna call?

Most of us would be forgiven for panicking in an emergency and not knowing what to do first, especially when your home has suffered serious damage or has become unsafe or unsecure.

When you are choosing your home insurance cover, while you should always consider the levels of cover provided, you should also be aware of the help provided when you need to make a claim.

For example, does your insurer provide access to a 24-hour emergency helpline which provides help and assistance? Do they include an emergency repairs service that provides 24-hour access to a tradesman or repairer?

Most people do not consider these types of services and would assume that they are automatically included, but in reality not all insurers will provide these services.

- 76% of policies provide an emergency helpline which is available 24 hours a day to provide advice and assistance when you need it
- 75% also provide an emergency repairs helpline where they will source and send out a tradesman for you in order to complete any repairs that may be needed

Did you know...

Although an emergency repair service may be available you may find that not all home emergencies are covered by your insurance and you will have to pay the costs involved for call out fees and for the labour and parts used in an

emergency repair. 'Home Emergency' insurance provides cover against the costs involved for an emergency repair.

With so many insurers in the market giving you the option as to whether you include this cover in your policy or not, it is well worth taking the time to consider the cover elements available and whether it is something which you require.

Some common home emergency cover features are:

- Plumbing and drainage – relating to leaking pipes, blocked drains, water tanks or leaking radiators
- Domestic power supply – failure of gas or electricity at your home
- Roof damage – such as leaks and damaged tiles
- Hot water failure
- Loss of keys
- Home security – including broken or damaged windows and doors which could cause a security risk
- Main heating system – failure of the system or boiler
- Toilet unit – blockage of the toilet waste pipes

Home emergency cover is more often than not an optional extension to your home insurance policy for which you would need to pay extra - 44% of buildings policies currently work in this way with only 14% including the cover as a standard benefit.

Homeward Bound

Hopefully this guide has helped you to think about what you need from your home insurance policy. At the end of the day it is there to protect your property and possessions and it is important to ensure you have appropriate cover in place.

Final considerations

- Take time to think about your own circumstances and what cover you need
- Think about the different risks you may face throughout the year and how your policy can offer you the protection you will need
- Remember what is important to you when you come to buy a home insurance policy – focus on the features and benefits you need and don't base your decision wholly on price
- Ensure you understand the cover that is on offer
- Ask yourself what you would expect from your insurer in the event of a claim and check to see whether those services are included
- Always check the exclusions within a policy as the devil is always in the detail
- Familiarise yourself with the claims process and be aware of what help is on offer should you need to claim
- Don't ignore your renewal notice. Read through what your insurer has sent as this could be the time they make changes to your policy that you need to be aware of
- If you are unsure of what cover is right for you seek advice! Taking the time before you buy or renew could save you time and money if you need to make a claim

Below are two checklists listing the cover elements discussed in this guide, which may help you when comparing policies. You can use these checklists to review cover from your current provider's policy or a policy that you are considering purchasing.

Buildings cover	Cover or limit required (✓ or £)	Policy includes cover and meets your needs (✓)
Burst Pipes		
Public Liability		
Alternative Accommodation		
24-Hour Emergency Helpline		
24-Hour Emergency Repairs Helpline		
Home Emergency Cover		

Contents cover	Cover or limit required (✓ or £)	Policy includes cover and meets your needs (✓)
Alternative Accommodation		
Single Article Limit		
Valuables Policy Limit		
Valuables Single Item Limit		
Special Event Cover		
Theft from Outbuildings		
Personal Possessions		
24-Hour Emergency Helpline		
24-Hour Emergency Repairs Helpline		
Home Emergency Cover		

Please note that there are a number of other covers and limits provided within a contents or buildings insurance policy which you may wish to consider before you purchase cover. If you are unsure about the cover provided always check with the insurance provider.

Helping you assess whether your policy covers your needs

We have two tools to help you determine how your current or potential home insurance policy measures up.

Defaqto Star Ratings



Defaqto's Star Ratings for home contents and buildings insurance aim to help people understand the overall level of features and benefits different policies offer.

On the surface, many home contents and buildings insurance policies look the same but in actual fact they vary enormously in terms of the features and benefits they provide. Star Ratings can help you identify the overall level of cover or benefits a product has using 1 to 5 stars depending on how comprehensive they are.

The key is for people to identify the right level of features and benefits for their needs, whether this happens to be a 1, 2, 3, 4 or 5 Star Rated product.

People can visit www.defaqto.com/star-ratings/home-insurance to access Defaqto's Star Ratings for home insurance.

Defaqto Compare

Defaqto Compare seeks to help people quickly identify and compare the different features and benefits offered by a range of financial products, including home insurance policies.

To use Defaqto Compare for reviewing your home insurance visit:

www.defaqto.com/compare/home-insurance-contents

www.defaqto.com/compare/home-insurance-buildings

All data within this guide has been sourced from Defaqto Matrix.
The data is based on standard home contents and buildings policies, and is correct as at November 2011.