Home and contents insurance uncovered

ZW
MORTGAGES

What you need to know when buying home and contents insurance and how we can help you through the process of choosing the right policy

If you want to learn more and receive advice tailored to your personal circumstances, please get in touch.

What is home and contents insurance?

Home and contents insurance policies cover your home and your treasured possessions.

Buildings Insurance

Variable rate

Buildings insurance covers the building itself against damage caused by events like fire or floods. As well as the bricks and mortar itself, it will also cover permanent or fitted fixtures, internal or external fittings, as well as any outbuildings that form part of your home (for example a shed or garage).

If you own your own home, it is essential to take out buildings insurance. In fact, when taking out a mortgage your lender is likely to insist on buildings insurance as a condition of your mortgage offer.

How much do I need?

The policy should be sufficient to cover the full cost of rebuilding your property. Rebuild costs are calculated by insurers in different ways, including the value stated on your home survey and the number of bedrooms you have.

Most policies have a standard level of cover, although some policies go further by offering what is termed ‘unlimited’ cover, where the actual rebuild cost is paid regardless of whether your home has increased in value since you bought your policy. Calculating the rebuild cost of your home is an essential part of applying for buildings insurance, and you need to be aware that that the rebuild cost will usually be lower than its market value. That’s because it only takes into account the cost of the labour and materials that would be needed to complete the rebuild - it doesn’t include the price of the land the building sits on.

If your cover level is automatically calculated by an insurer, you must disclose anything unusual about your home, such as the age of the property, any construction features (e.g. a thatched roof) and whether or not it has outbuildings. You must inform your insurer of any extensions or alterations to your home, otherwise you could run the risk of being underinsured.

Contents Insurance

Capital repayment

Contents insurance protects your household goods and personal possessions, such as electrical goods, jewellery, clothes and furniture.

You can usually add various options to your contents insurance that will provide additional cover, including accidental damage cover and cover for possessions outside of the home. Some insurers will have these cover options as standard.

Tenants

If you're renting a property you probably won't need buildings insurance (as this will be the responsibility of the property owner) but you will need contents insurance. How much do I need?

How much do I need?

Most insurers offer a standard level of cover, usually between £40,000 and £50,000, which is likely to be sufficient for most households. However, it's important not to underestimate the value of your possessions. You should consider every item you own and how much it would cost to replace it on a `new for old' basis. Check you haven't forgotten anything hidden in the attic, cupboards and garages, or any expensive items associated with pets or hobbies, for example a kennel or golf clubs, etc.

Combined policies

As well as offering a standalone home or contents insurance policy, most insurers offer 'combined' policies which will include both features. This is normally the most convenient and cost-effective policy if you need both types of cover.

Getting the right cover for you

The things that make your home different from your neighbour's could be crucial in determining the right cover for you. Before taking out a policy you should check it provides the right cover based on your own situation.

What isn't covered?

It's important to check that you have the most appropriate cover for your circumstances and that no important features are missing, before taking out a policy. For example, accidental damage is covered as standard by some insurers, but is an additional option with others.

If you are a frequent traveller and often leave your property unattended for long periods of time (in most cases for more than 60 days) your insurance may not be valid, particularly for damage caused by things like water leaks.

All insurers will have a range of common exclusions, including damage caused by war or acts of terrorism, as well as damage to gates and fences caused by storms or floods.

Will I be covered for accidents?

Most contents policies will automatically cover you for the consequences of specific events, such as flood and fire. But not all will include `accidental damage' as standard, so check your policy carefully.

Accidental damage will cover you, for example, if you were to spill paint on your carpet, break an ornament, or put your foot through the ceiling whilst clambering around in the loft! As most households will suffer this type of mishap at some point or another, you may decide it's a feature you can't do without.

What about flooding?

Flooding is a massive issue for many parts of the UK and can be a nightmare for homeowners who either don't have any cover, or have the wrong level of cover. If you are living in a high flood risk area, it is vital to arrange home and contents insurance that will cover you for any financial damage that could potentially be caused by flooding.

Getting the right cover for you

The things that make your home different from your neighbour's could be crucial in determining the right cover for you. Before taking out a policy you should check it provides the right cover based on your own situation.

Should I insure my valuables separately?

Should I insure my valuables separately? There are two types of personal possessions: specified and unspecified. Unspecified possessions will be covered up to a specific limit. If you have items worth more than this limit, you will need to declare each item individually, by making them `specified possessions' for example an engagement ring.

What about my portable possessions?

If you take valuable items away from your home regularly, you should consider personal possessions cover (sometimes referred to as 'all risks' cover). When travelling abroad, items such as gadgets, watches and jewellery won't be covered under a standard contents policy - unless you specifically select `worldwide cover' as an option. If you have children heading off to university, you should check whether or not your policy automatically covers them for the possessions they take with them.

What about my excesses?

An excess is the first part of any claim that you have to pay. Your premiums are likely to reduce if you increase your excess.

Should I take out legal expenses?

Arguments with neighbours over boundaries; waiters refusing to accept responsibility for spilling food over your favourite leather jacket; shops refusing to take faulty items back – these are everyday disputes that could result in legal bills.

The cost of defending or pursuing a legal case could soon mount up and most home policies usually provide the option of adding legal expenses cover (including over-the-phone legal advice) for a small additional premium.

What else do I need to know?

Choosing the right insurer and going for quality over cost are just two considerations in getting the right cover for you.

Important considerations

Quality versus cost

The old saying ‘you get what you pay for’ can sometimes be true when it comes to insurance policies. It might be tempting to go with the cheapest premium you can find, but are you confident your insurer will be there when you need them? If you’re unfortunate enough to have to claim on your insurance, the last thing you’ll want is a nasty surprise when you contact your insurer.

Making a claim

An insurance claim is the ‘moment of truth’, so knowing what you can expect from your insurer, should you need them, is certainly worthwhile.

Who’s the insurer?

Have you heard of them? Are they a household name? Are they financially strong?

Home emergency services

Some policies will offer the option of buying ‘Home Emergency Service’ cover. Your utility provider may have approached you on more than one occasion to encourage you to take out a similar standalone policy. It will cover you for a specified amount towards repairs to your boiler or plumbing system. As such, it offers valuable cover, but it may work out cheaper to add it to your home insurance as an additional option (rather than purchasing it as a standalone policy).

For instance

— Is the claims line open 24 hours a day?
— Does the insurer have a network of tradespeople in place?

Next steps

ZW Mortgages LTD
The Long Barn, Down Farm, Cobham Park Road
Cobham,
KT11 3NE

07702757248
xw@zwmortgages.com
https://www.zwmortgages.com/

We hope this guide has given an insight into home insurance. To explore the specific options for your circumstances, please get in touch.

We can help make you get the right cover to protect your home and your treasured possessions from a wide range of unexpected events.

We are an appointed representative of The Openwork Partnership, a trading style of Openwork Limited which is authorised and regulated by the Financial Conduct Authority.

OW2087
Exp: 11/05/2022