

# HOME INSURANCE

FINHAWK MORTGAGES LTD

Thank you for reading our newsletter, if you would like to discuss any of the articles further, please do not hesitate to contact us



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## Home insurance

# Buildings vs. contents cover

Your home is likely to be the most expensive purchase you'll ever make so it's important to insure it properly. Having the right type of cover in place means your property will be protected for a range of incidents, from burglary to a burst pipe.

## Buildings insurance explained

Buildings insurance covers the permanent fixtures and fittings of a property, such as **baths** and **toilets**, **fitted kitchens**, and even decorations such as **wallpaper**. It may also provide cover for your **garage**, **greenhouse** or **garden shed**, but policies vary so it's important to check the small print to be sure.



Although buildings insurance is not a legal requirement, if you own your home, most mortgage lenders will insist you have cover in place, so it should be considered essential.

## Contents insurance explained

Contents insurance is designed to protect your belongings against loss or damage. As a general rule, it will cover anything that can be taken with you if you move home, such as **kitchen appliances**, **bedding**, **furniture** and **valuables**.



It can be difficult to assess exactly how much contents insurance you need, but a simple way to do so is to go through each room and add up everything you would need to replace in the event of a claim.

There is no legal requirement to have contents insurance but is certainly worth buying to ensure you are not left out of pocket if you lose or damage any of your personal possessions. It can often be combined with buildings insurance.

## Cover for renters

If you rent your home, it will be your landlord's responsibility to arrange buildings insurance for the property, so you will not need to take out your own policy. However, if you want to ensure your belongings are protected, contents insurance can be a sensible purchase.

## Check for exclusions

As with any insurance policy, it is important to check for any exclusions that may apply. These will vary depending on the insurer but can include general wear and tear or damage that happens gradually over time, such as damp or rot.

Contents insurance will usually have a single item limit which means any belongings worth more than this, such as musical instruments or jewellery, may need to be named separately on the policy. You may also have to pay extra to add personal possessions cover to your policy to ensure your belongings are protected when they are taken outside the home.



# Exchanging contracts? Get insured first

Purchasing a property can be a busy, stressful time and it can seem like there are a million things to remember. Some things however, are more important to remember than others – for example, getting the right insurance in place at the right time.

Many people believe that they only need to take out buildings insurance once they move into their new home. However, this is not the case. It can come as a surprise to find out that, in most cases, the responsibility for insuring the property becomes the buyer's as soon as contracts are exchanged.

## Avoid stress, get prepared



### Exchange

Once contracts have been exchanged, you're committed to the purchase and can't back out without forfeiting your deposit.



### Insure

If the property is damaged or destroyed between exchange and completion, you're still contractually bound to complete the purchase and will immediately face hefty costs to repair your brand new home.



### Relax

To avoid stress and guarantee peace of mind, researching your options in advance and taking out insurance on the day contracts are exchanged is very important.

## Getting the right policy

Buildings insurance covers the cost of repairing or rebuilding your property in the event of damage. It covers the structure of the property, as well as outbuildings such as garages and sheds and fences, and external items such as pipes, cables and drains. It doesn't cover possessions and furniture inside your home – you will need a separate contents insurance policy for this.

How much you pay for buildings insurance will depend on the rebuild value of your new home. This should not be confused with the property's current asking price. It is how much it would cost to completely rebuild your home from scratch. There are tools available to help you calculate the rebuild value of your home, including a special calculator on the Association of British Insurers' website.

## Here to help

We can help you find the most suitable buildings insurance policy for your circumstances, giving you one less thing to worry about. We can also advise on any additional cover you may need and get everything in place by the time you exchange.

*As with all insurance policies, conditions and exclusions will apply*





## Working from home – are you covered?

Due to the lockdown, many firms have closed workplaces, meaning that millions of people across the UK have been temporarily required to work from home.

### Should I inform my insurer that I am working from home?

The Association of British Insurers (ABI) has issued reassurance that, if you are an office-based worker and you are working from home because of government advice or because you are self-isolating, your home insurance cover will not be affected.

The ABI has stated: 'You do not need to contact your insurer to update your documents or extend your cover'

### Will my work laptop be covered by my home insurance?

If you're using company property such as a laptop or mobile, you should check with your employer whether they have the correct insurance policy in place to cover these items outside of the usual place of work should any damage, loss or theft occur.

Such equipment is not usually covered by a standard household insurance policy, but it is worth checking your insurance policy document to check.

### I need to see business clients at my home – will this affect my insurance?

If you are receiving visitors to your home on business matters, you should check this with your insurer as having additional people coming to your house could be an insurance risk and affect your insurance premium. There may also be restrictions in the cover provided, such as theft and loss of money being excluded, unless there is evidence of forcible and violent entry to the property.

### What if I have an accident whilst working from home?

Your home environment is under your own control so there is a significant duty upon you to look after your own safety. If you were to suffer an accident whilst working at home, your employer would generally only be responsible if it was due to their negligence, meaning that they had failed to take reasonable care for your safety and the accident was due to that negligence.

If you have a protection policy such as Accident and Sickness or Income Protection, and you have an accident or suffer an illness that prevents you from working, you may be able to make a claim.

### I need to make a claim on my insurance – will this be difficult at the moment?

ABI home insurers have implemented business continuity plans and are continuing to handle claims and support customers, as well as prioritising those in vulnerable circumstances.

### Do you have the right cover in place?

If you are unsure whether you have the right insurance cover in place, contact us for advice on your own individual circumstances.

**As with all insurance policies, conditions and exclusions will apply**

# Home insurance add-ons explained

The cover provided by a home insurance policy can vary depending on the insurer. You can usually 'add-on' extra cover for an additional cost. These optional extras allow you to tailor your policy to your own individual circumstances, so you only pay for the cover you need.

## Personal possessions used away from home

Many people mistakenly assume home insurance will cover their belongings both in and outside the home. You will usually need to add personal possessions cover (sometimes known as an all-risks extension) to your policy to ensure portable items, such as mobile phones, musical instruments and laptops, are protected away from the home. Items may also be covered when abroad with this add on – usually for up to 60 days a year.

## Accidental damage

Accidental damage provides cover for accidents around the home. Adding this cover to your contents insurance will protect you for life's little mishaps like spilling red wine on your cream carpet, or a toddler wreaking havoc with a paintbrush.

If you add accidental damage cover to buildings insurance, you will be covered for accidents such as drilling through a water pipe or cracking a bathroom washbasin. Note that general wear and tear isn't usually included.

## Legal expenses

Another optional extra for the majority of home insurance policies is legal expenses cover. This pays for the cost of legal proceedings should you need to go to court if a claim is disputed by any of the parties involved.

## Home emergency cover

This add-on will pay for emergency callouts and repairs if, for example, your boiler breaks down or a pipe bursts. Cover can vary between insurers, so you should check carefully, but it will often cover boilers and central heating, drains, plumbing, electrical faults, replacement locks and pest infestations. The amount you can claim for boiler repairs may be lower than with standalone boiler cover.

## What to consider

Before adding any of these extras to your policy, check the small print carefully to see whether you're happy with any exclusions or cover limits. In some cases, you may prefer to buy a standalone policy that offers more comprehensive cover.

*If you're unsure which add-ons are right for you, get in touch and we can help you find the right policy.*

## High-value items

Not all standard contents policies will automatically cover high-value items and there may be restrictions on the amount of cover provided.



Musical instruments, jewellery or other possessions worth more than a specified cover limit may need to be listed separately on the policy.



For expensive gadgets such as high-end laptops and tablets, you may need to buy separate gadget insurance.

