

Home and
contents
insurance

Home and contents insurance uncovered

Owl
Financial

This guide explains 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.



What is home and contents insurance?

Home and contents insurance policies cover your home and the prized possessions it contains.





Buildings insurance covers the building itself against things like fire or flood damage. As well as your home, it will also cover permanent or fitted fixtures and fittings inside and outside, along with any outbuildings that form part of your home.

If you own your own home, buildings insurance is absolutely essential. When you take out a mortgage, it is likely your lender will request you have a policy in place as a condition of your loan.

How much do I need?

Your level of cover should be sufficient to cover the full rebuild cost of your property. Different insurers will have different ways of calculating these rebuild costs varying from the amount stated on your home survey, to the number of bedrooms you have and the information you've provided.

Most policies will have a standard level of cover, although some policies go further, offering 'unlimited' cover. And it's worth stating that your rebuilding cost is not the same as the market value of your property.

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, construction (eg. thatched roof), or 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 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?

Most insurers will offer a standard level of cover, usually between £30,000 and £50,000. We can assist if you require contents cover for less than this (from £10,000), this will be sufficient for most households, but it's important not to underestimate the value of your possessions. You should consider everything within your home, and how much it would cost to replace them on a 'new' basis. Check you haven't forgotten anything hidden in the attic, cupboards and garages, or any expensive items associated with pets or hobbies – such as a kennel or golf clubs etc.

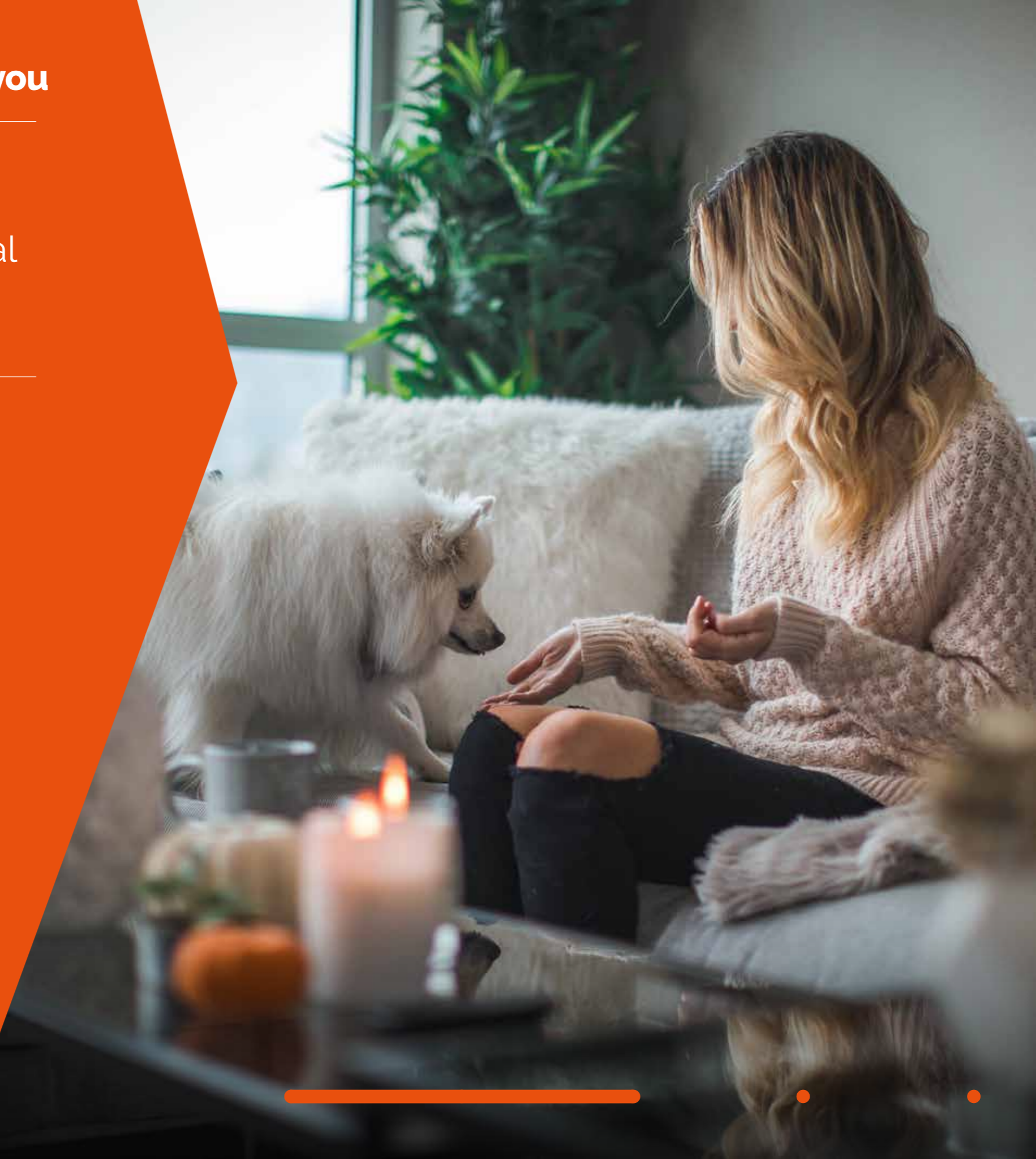
Combined policies

As well as offering a standalone home or contents insurance policy, most insurers offer 'combined' policies which will include both features. If you require both types of cover, this could be the most convenient and cost-effective way to buy your home insurance.



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 you sign on the dotted line you should check your policy covers everything you need.

What isn't covered?

There are many features that could be missing from your policy, and it is important that you check you have everything you need before you complete. For example, accidental damage is covered as standard in some, but is an additional option in others.

If you travel a lot and leave your property unattended for a long period of time (in most cases more than 60 days), your insurance may not be valid – particularly for damage caused by things like water leaks. Other common exclusions include damage caused by war or acts of terrorism, and damage to gates and fences caused by storms or floods.

Will I be covered for accidents?

The majority of contents insurance 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 if you spill paint on your carpet, break an ornament, or put your foot through the ceiling whilst clambering around in the loft! At some point or another, most households suffer this type of mishap, so 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 an area with a high risk of flooding, it is vital that you arrange home and contents insurance to cover you for any financial damage that could be caused.



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 (such as £1,500). If you have items worth more than this limit you should declare each item individually (making them 'specified possessions') to ensure they are covered.

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). If you go abroad you may want to take your favourite gadgets, clothes, watches and jewellery with you. On the whole, these wouldn't be covered under a standard contents policy unless you specifically select 'worldwide cover'.

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 excesses?

An excess is the first part of any claim that you have to pay. Most policies have a standard excess of £100, but it's worth checking exactly the level being offered before you buy, especially as some policies vary their level of cover based on your excess.

If you increase your excess, you could reduce your premium.

Should I take out legal expenses?

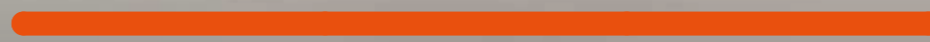
Arguments with neighbours over boundaries; waiters refusing to accept responsibility for spilling food over your favourite leather jacket; shops refusing to take faulty items back – these are everyday disputes that could result in legal bills.

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.



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. You may have been approached by your utility provider on numerous occasions 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?

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Next steps

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

We can help make sure you get the right cover to protect your home and your treasured possessions.



With you through life[®]

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