

INSURANCE MATTERS Autumn/ Winter 2010

WET WET WET WEEKEND

Wet wet wet was the experience of many holiday home owners when they visited their properties during and after the winter of 2009/2010. It was not just holiday homes that were affected, with many people going away during the freezing Christmas period, it was the main home as well.

A leading insurer* has confirmed that this January they saw a huge rise in burst-pipe claims - around 60% from the previous year. Many policyholders left the heating on low (as stated in their policy conditions) while the property was unoccupied, but it would seem that the minimum suggested temperature of 10° was not sufficient to stop last winter's freeze. Damage was more common when the pipes were not lagged or the roof and windows were in a poor condition.

The average burst-pipe claim for unoccupied properties was estimated at £15,000* although we know of many more that far exceeded this figure. It's not just about the money though, it's the mess, the upset, the loss of treasured possessions that causes all the stress and emotional trauma. Let's face it, cleaning up your flooded holiday home is not how you'd want to spend your valued weekends away.

With temperatures predicted to be low again this winter insurers will be expecting another year with a high incidence of claims. Watch out for high water damage excesses on your policy and check that you have cover for burst-pipes and it is not restricted. Also note how often the policy requires your holiday home to be inspected and whether you need to drain the water system.

Make sure you read and understand the terms of your policy or ask us to check it for you. Don't get caught out because you haven't checked your policy's requirements for when your property is left unattended.

* AXA Insurance, December 2009

BOTTLING UP A PROBLEM

For many centuries investors have purchased and collected wine for drinking enjoyment and as an investment. Growing collections can soon accumulate value but are often overlooked when it comes to stating your insurance requirements.

Most household insurance policies will offer some level of cover for wine collections but generally if it is not specified a policy limit will apply. This may be in the region of £5000, a drop in the ocean for many collections. Enhanced household policies tend to offer a broader 'all risks' cover with higher limits that protect against some typical losses:

- Theft
- Water damage to labels that will devalue bottles
- Accidental bottle breakage

Note that some policies will not provide cover for 'damage due to climatic conditions' or 'seepage'; therefore damage due to the failure of your cooling system or the corks may be excluded.

To obtain the best rate and cover for your valuable wines they should be specified as a collection in your policy. When arranging your insurance be sure to tell us:

- The value of your collection - this should be renewed every five years
- The number of bottles in the collection
- Single article limits for high value bottles
- Your home and cellar security
- Climatic conditions of the storage area

Not all wine is stored at home, some is kept in specialist warehouses and often wine bought 'en primeur' is stored for you prior to bottling at the Chateau. This is likely to be insured but you should check the policy is wide enough to cover all likely perils.

Please contact us to add your wine collection to your policy or to review your insurance requirements.



CATALYTIC BURGLARS

Catalytic converter theft in the U.K. is on the rise. The increase is believed to be fuelled by a difficult economy and the high price of the precious metals contained in the devices – one converter will raise at least £150. The average catalytic converter contains one to two grams of three precious metals – platinum, palladium and rhodium – and the international prices of these metals have risen 67%, 200% and 600% respectively over the past two years.

It only takes six minutes for an experienced thief to remove a catalytic converter from a vehicle, and this is even quicker if the thief can easily get under the car to saw it off – cars with high chassis like SUVs are particularly at risk. The part is then sold and often shipped off to be recycled in Poland, Canada, China and Latvia to have its precious metals extracted.

Although the theft of catalytic converters is covered by your motor insurance, any claim will be subject to the policy excess. Insurers would normally cover the cost of replacement of the catalytic converter, subject to the cost not exceeding the market value of the car, or the declared value given by the policyholder, whichever the less.

Garaging your car and parking in well lit areas can help reduce the risk of theft, as will watching out for people working under cars that don't look like they should be there. If your car is high risk, then also consider marking the device so if the thief is caught it can be traced to you.



WHAT NEXT FOR IPT?

Insurance Premium Tax (IPT) was first introduced on October 1, 1994 by the Conservative Government as a single 2.5% rate tax on insurance. On April 1, 1997 the standard rate was increased from 2.5% to 4% for general insurance. A new higher rate tax of 17.5% was also introduced for sales of travel insurance, electrical and mechanical domestic appliance insurance and motor vehicle breakdown insurance policies.

On July 1, 1999 the standard rate increased from 4% to 5% with the higher rate remaining unchanged. The rates remained the same until the announcement in the emergency budget on June 22, 2010; the standard rate will increase from 5% to 6% and the higher rate will increase in line with VAT from 17.5% to 20% from January 4, 2011.

Some might argue that the forthcoming increase has been a long time coming, with further increases likely in the U.K. if it is to follow other European economic powers such as Germany. However, others recognise the delicate state of the U.K. economy and are concerned about the effects that this increase will have on already high motor insurance premiums and consumers' willingness to purchase risk protection insurance. It now remains to be seen what the future holds for IPT in the U.K. insurance market.



STOCKING UP FOR WINTER



Prepare early to ensure you aren't caught out in the cold in your car this winter. Apart from the usual winter motor checks – tread and pressure of tyres, anti-freeze in your screen-wash and efficient working brakes, here is our suggested winter car kit:

- A scraper and de-icer
- A blanket
- Warm clothes
- First-aid kit
- A charged mobile phone
- Torch
- Small bottle of water
- High energy non-perishable food
- Jump-leads
- Sturdy shoes

And if snow is forecast – a shovel, sand or a scrap of carpet to gain grip when pulling away on icy roads, extra warm clothes and be sure to tell someone where you are going and what time you expect to get there.