

INSURANCE MATTERS Autumn/ Winter 2012

PROTECT YOUR HOME FROM FLOOD RISK

Summer may have long since given way to this season's chill but the record levels of rainfall seen earlier in the year show no signs of letting up, with parts of Northern Ireland, England and Wales continuing to see flooding. All of which focuses attention on the renewal of an agreement between insurers and the government surrounding the availability of insurance cover for homes situated in flood prone areas.

With a real prospect that the agreement will end, resulting in reduced cover for risks in the worst affected areas, homeowners in flood zones need to take steps to manage their insurance costs and protect their homes.

A quick check on the Environment Agency's flood map (www.environment-agency.gov.uk) will show whether your home is in a flood area. If it is, you might find that you have to pay higher insurance premiums, even if you believe your home is not at a high risk of flood because it's situated on top of a hill for instance. Therefore, the more information you can provide to us to help you find insurance cover (such as previous flood history) the better.

If your home is at risk from flood, start planning now.

The following tips from the Environment Agency should help:

In advance

- Make a list of key contact numbers such as utility providers, insurance company (include policy number) and friends/relatives, as well as a list of items you want to protect in the event of a flood.

After a flood warning

- Move furniture and electrical items to safety
- Put polythene sheeting and sandbags in place
- Turn off electricity, water and gas supplies
- Roll up carpets and rugs
- Unless you have time to remove them, hang curtains over rods
- Move sentimental items to safety
- Put important documents in polythene bags and move to safety.

If you would like more information on your home insurance, flooding and what you can do to best prepare, please call us.



GOLD RUSH

Since 2008, many investors have turned to gold and other precious metals as a way of riding out the recession. The result has been a spectacular rise in their price. Gold for example, has seen a £688 (184%)* increase in the cost of an ounce over the last five years.

The danger for many homeowners is that they underestimate the current value of their jewellery when it comes to buying their household contents insurance. The insurer Hiscox has estimated that 60%** of high net worth homeowners have underestimated the true value of their possessions; this may leave them at risk of being underinsured in the event they have to make a claim for loss, damage or theft of some, or all of their valuables.

Obtain a professional valuation

Homeowners should check their household contents insurance provides adequate cover for their valuables in the event of theft, loss, or accidental damage.

In particular high value pieces of jewellery should be professionally valued and, where applicable, listed as separate items with their insurer for a pre-agreed value at an appropriate limit of cover.

Don't forget other valuable items such as mobile phones can also be worth far more than the limits imposed on your policy.

Please speak to us if you have any concerns surrounding the insurance of your valuables and if you need help obtaining a professional valuation.

*www.goldprice.org ** www.hiscox.com



THE NAME'S BOND...

To celebrate the return of 007, we take a look at the hi-tech insurance and security gadgets that wouldn't look out of place in a secret agent's world.

■ Vehicle trackers

Insurers are increasingly making use of telematics which, through a device installed in your car, can help monitor location, speed and time spent driving. The idea is that they can then reward better drivers with lower premiums. It could make it easier for more careful younger drivers to buy insurance (although it's not such good news for secret agents intent on a fast getaway).

■ Hi-tech home CCTV/alarm systems

The range of hi-tech CCTV/alarm systems available for home use now includes high resolution cameras, recording devices, motion sensors, direct signalling, and even panic buttons to central station security services. With great safety benefits, it can mean better terms from insurers (but again, makes things a little more challenging for our uninvited spy).

■ Mosquito alarms

Now, you might remember the high pitched weapon Bond once used to shatter bullet proof glass. We can't break glass yet, but Mosquito Alarms use a highly pitched squeal, only audible to the under 25s, which shatters the peace for youngsters hanging around causing malicious damage and trespassing (good for empty properties).

■ Smoke cloak

The opposite idea to Bond's invisibility cloak for his Aston Martin, the Smoke Cloak is effective for premises at high risk from smash 'n' grab raids. Once set off, it can be difficult to see through (useful in jewellery shops).

THINK YOU'RE COVERED FOR DAMAGE FROM A BURST PIPE?

A 'trace and access' exclusion on your home insurance could catch you out

Following the freezing winter of 2010/11, the Association of British Insurers estimated that insurers dealt with 3,500 claims for burst pipe damage every day, with the average cost of each claim reaching £7,000. While these statistics should alert every homeowner to the importance of taking adequate precautions to prevent a burst pipe in the first place, many may be unaware that their home insurance may not fully cover the total cost of any damage caused in finding and accessing a leak.

A family went away on holiday during a cold spell and when they returned a week later they found extensive flooding. Unfortunately a pipe in their central heating system froze and once the thaw arrived a few days later it burst causing extensive flood damage to ceilings, floors and carpets. They were distressed to find that their insurance only covered for the damage caused by the 'escape of water' and not for the costs of finding and accessing the leak – despite the extra cost of pulling up floorboards and damage to walls.

Falling foul of a 'trace and access' exclusion

The above is just an illustrative example but it highlights a very real risk of what happens when a homeowner falls foul of a 'trace and access' exclusion on their home insurance policy. Some insurers will either specifically exclude or just not include in their policy the cost of finding and accessing the source of a leak and any subsequent repair to walls, floors and ceilings. In some cases this can add up to significant sums if concrete floors have to be dug up for example, or floorboards sawn through and lifted.

We don't know if this winter will be as severe as 2010/11 but as you prepare for the colder weather - by making sure pipes are lagged for example – check your home insurance for details of whether 'trace and access' cover is included. If not, consider buying a 'trace and access' extension.

Talk to us if you are unsure if your home is covered for 'trace and access'.

www.abi.co.uk

