

INSURANCE MATTERS

Spring/
Summer
2013

GOING UNDERGROUND: ARE YOU COVERED?

If you can't extend your home upwards or sideways, there's always the option to dig down. This is exactly what many wealthy homeowners, particularly in areas such as London's Kensington and Chelsea, where space is at a premium, are choosing to do.

ICEBERG HOMES

Welcome to the new craze for the 'iceberg home' where gyms, cinemas, swimming pools, car parking and even ballrooms are taking shape in huge basements hollowed out beneath exclusive properties. Millionaires aside, a growing number of families are also looking to maximise living space with more modest basement conversions providing a home office or additional living areas.

For anyone considering a home alteration of this type, whether it's for an underground ballroom or a home office, there are a number of insurance implications. Where any contract works to the existing structure of a house are carried out – not just basements but above ground extensions too – your household insurers will either cease all policy cover on the existing building, or restrict cover for the duration of the works (e.g. no cover for damage caused to the existing structure caused as a result of the building works).

COVER YOUR RISKS

An option is to consider an Owner Coordinated Insurance Programme (OCIP or Project Insurance) to cover the risks. An OCIP can also be extended to cover damage to third party property (your neighbours) and non negligence cover (JCT 6.5.1), where negligence cannot be proved upon the contractors.



You should also ensure that your contractor carries an adequate level of Public Liability insurance in the event of loss/damage to third party property or persons. This is particularly relevant for new basement works and the increased potential of damage to neighbouring properties. Again this cover can be provided under an OCIP for your benefit only, or all of your professional team (if you don't wish to rely on their annual policies).

If you're considering major home alterations, talk to us about your existing household insurance to provide peace of mind that you are correctly covered.

BOATING WEATHER AHoy!

'Jolly boating weather' goes the old Eton boating song. Given last year was one of the wettest on record while 2013 has already dished up a harsh winter and an elusive spring, boat owners could be forgiven for being a little pessimistic when it comes to the forecast for jolly boating weather this summer.

Rain or shine however, boat owners crewing vessels from the smallest sailing dinghies upwards might take a moment to consider how secure their boat is. Over the last five years, a specialist yacht and motor boat insurer* has seen a 49% increase in the theft of outboard motors. These high-value portable items are an easy target for thieves and must be secured wherever possible. The insurer is also seeing an increase in third party claims relating to boating accidents.

Tips for safe and secure sailing

To help you get through this season unscathed, here are our tips for a safe and secure sailing summer:

- Secure your outboard (use a good quality lock and chain from a motorcycle shop) and don't leave other expensive items onboard your boat
- Don't skimp on maintenance for your boat; serious damage can be prevented by taking relatively inexpensive steps to maintain a boat and can reduce the risk of accidents
- Improve your sailing skills; The Royal Yachting Association offers excellent training opportunities, which could go a long way to helping avoid an injury.

For more information on insurance for your vessel, please contact us.

* Navigators & General





DON'T ASK... DON'T TELL

This April, the Consumer Insurance (Disclosure and Representations) Act 2012 finally came into force. For consumers i.e. individuals buying personal insurance such as motor or household cover for purposes unconnected to their business, the Act abolishes the duty of utmost good faith in insurance contracts.

Simply put, for insurance policies taken out on or after 6 April, 2013, you only need to respond fully and frankly to the specific questions asked by your insurer; if they don't ask you don't need to tell. Previously you would have had to provide your insurer with all the material facts relating to your insurance application, even details not specifically requested. In addition, under the previous regime, you would have had a continuing duty to disclose material facts throughout the life of the policy.

Now, you are only under an obligation to provide information to the insurer before entering into or varying the policy. Amongst its intended benefits, the Act is to help safeguard consumers from the onerous consequences of making honest and reasonable, or careless mistakes where they have been unclear about information they were required to provide to their insurer.

DUTY OF CARE

Under the Act however, you still have a duty to take reasonable care not to make a misrepresentation to an insurer when filling out an insurance application and responding to any other questions raised by insurers. It is important that you provide complete and accurate information when filling out any online insurance forms or written proposals as, depending on the nature of the misrepresentation, an insurer may still be able to refuse a claim or cancel a policy.

Talk to us if you have any concerns about your existing insurance policies. We are happy to help you complete any forms required at your next renewal.

"NOW, YOU ARE ONLY UNDER AN OBLIGATION TO PROVIDE INFORMATION TO THE INSURER BEFORE ENTERING INTO OR VARYING THE POLICY."

GET READY FOR THE BLACK BOX

Last year, the Association of British Insurers (ABI) in its quarterly consumer survey, found that 38% of respondents would consider taking out a motor insurance policy that uses a telematics device, while a further 25% were undecided. The same survey however also found that only 4% had either actually bought, or knew someone who had, a motor policy based on telematics. Despite this low take up, some believe that the insurance industry could be on the verge of a large scale adoption of telematics, particularly for younger drivers struggling with rapidly increasing premiums.

HOW'S MY DRIVING?

According to the ABI, 'telematics devices' or 'black boxes' could measure an individual's driving behaviour such as sudden braking or acceleration, speeding and rapid cornering. This data would then allow insurers to tailor the premium to the individual, with safer drivers likely to pay lower premiums'. A simpler telematics solution only looks at the number of miles you drive, and when you drive them, as opposed to taking into account how you drive.

LOWER PREMIUMS

Whichever way the black box telematics technology goes, it's possible that Europe will have generated EURO 50bn in telematics-based insurance premium by the end of this decade.

It might all sound a bit like Big Brother but telematics could be the answer for both those higher risk groups struggling to find a reasonable insurance premium, as well as those who want to be rewarded for driving fewer miles and more cautiously.

As the technology develops and insurance products built, we will keep you updated via Insurance Matters.

