

Know Your Insurance

HOME



**Crendon
Insurance
Brokers**

Understanding Your Home Insurance Policy

Deciphering all of the parts of your home insurance policy can be difficult. This article covers the basics in order for you to understand your policy more easily. All home insurance policies follow the same general format: A declarations page, a definitions section and sections for property insurance and liability insurance.

Policy Schedule

The policy schedule is the part of your insurance policy that provides an overview of the details specific to your contract, including the following:

- Name of the insurance company
- Your name and address
- The period of insurance
- Mortgagee's name and address – this is the bank or mortgage company that holds your loan
- Cover information such as the different types of cover you have selected along with your excess and the limits for each line of cover
- Premiums – this is how much you will pay each month for cover
- Any special conditions or changes made to the policy

When you receive a copy of your policy, it is important to review all of the information on the policy schedule for accuracy. Retain a copy of your policy schedule in case you have questions concerning your policy. If you change or revise your policy at any time, a new policy schedule will be issued to you reflecting those changes. Make sure to review and keep this new policy schedule page as well.

Since policies can widely vary, the best way to be sure about specific exclusions is to read your policy.

Definitions

A home insurance policy always includes a definitions page that defines the vocabulary in your policy to make it easier for you to understand. It also explains your rights as the policy holder.

A standard home insurance policy insures your home and the items stored within. It is typically a combined policy, which means it covers both damage to your buildings and property as well as your liability. Liability is the legal responsibility for any injuries and property damage you or members of your family cause to others.

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Property Cover

- **Buildings:** This offers protection as a result of damage to your home and other detached structures at the same address due to a loss such as a fire. It does not cover the normal wear of your home or maintenance-related problems. You need enough cover for the cost of rebuilding or repairing your home, minus the cost of the land. Determining replacement cover can be somewhat complex, but Crendon Insurance Brokers can assist with this process.
- **Contents:** This covers the contents and personal items in your home such as furniture, clothing and sporting goods. It also extends to your personal belongings anywhere in the world. Calculating the value of your belongings can be difficult but these three easy steps will help you:
 1. **Create extensive records of your possessions** – Experts recommend that you take close-up and wide-angle pictures of individual belongings. Then make an item-by-item list so that you can quickly skim to see what items are documented. Some people find it easier to keep their lists of belongings grouped according to the rooms where they are located, while others group their belongings by item type such as jewellery, artwork, books and furniture. However you decide to record your possessions, it is a good idea to store the information in at least two different places. Consider keeping a hard copy of all of your lists and photos in your office at work and also saving them in a folder on your computer.
 2. **Learn the difference between policies that arrange cover on an indemnity basis or a new for old basis** – On an indemnity basis, once an item is lost, you will receive the amount that your item is

currently worth. For example: If you purchased a chair five years ago for £500, now it may only be worth £100. An indemnity policy will cover you for the £100. If your policy provides new for old cover, you will receive the amount it costs to replace the item with another one of comparable value. So, in this instance, while that £500 chair is now worth £100, it would cost £900 to replace it with a comparable one. New for old policies cover you for the £900.

3. **Do your research.** Even though your kitchen table may have cost you £500 when you first bought it, a comparable new one could cost double that amount, so that is the amount of cover you want. Search online and visit local furniture stores to research comparable prices.

- **Loss of rent:** In the event that a covered loss forces you from your home loss of rent provides a safety net for additional expenses over and above your normal living expenses while you are unable to live in your home—up to the sum insured.

Liability Cover

This portion of your policy covers against legal actions for bodily injury or property damage that you or your family members may cause to other people. It pays for both the cost of litigation and any court awards—up to your sum insured. It covers you whether you are at home or away.

In the event that a visitor is injured in your home, you will not need to incur any expenses except for those associated with emergency first-aid (if applicable). All additional costs of the injury will be paid to the injured person up to the sum insured without a liability claim being filed against you.

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Additional Considerations

What about disasters? Damage caused by many disasters is covered in a standard home policy but some specific disasters such as floods and earthquakes may be excluded. Since policies can widely vary, the best way to be sure about specific exclusions is to read your policy. **Crendon Insurance Brokers Ltd** can provide additional explanation if there is anything you do not understand.

Make sure to set aside some time each year to review your policy and ensure that the sum insured and level of cover are applicable. Evaluate your needs based on the value of your home, the money you have in savings and the amount of risk you feel comfortable taking. Then, make sure to read the entire insuring agreement—especially the exclusions—to guarantee that you are covered in every situation that is necessary for your lifestyle. If you have questions about your home insurance policy, please contact **Crendon Insurance Brokers Ltd** today on 0121 45 45 100.



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