

WELCOME TO THE
ASSURANT


INTRODUCTION TO HOME INSURANCE
TRAINING GUIDE


WELCOME

This module will take you through the basics of Insurance and more specifically Household Insurance, why people buy it and some of the key terminology and cover types that are included in a standard policy.

This course has been created to give you the basic foundations and understanding of Household Insurance and is the first of many modules which will grow your General Insurance knowledge.

How to navigate

Navigation through this course is nice and simple. You will find the  button in the bottom right corner of each page. Sometimes they will not show until all the sections of the screen have been viewed and read.

There are some images which when you hover over, will reveal more information. Finally look out for the  as this will expand the information you have just been reading.

SO WHAT IS INSURANCE?

in-sur-ance (noun)

Insurance is the equitable transfer of the risk of loss, from one entity to another in exchange for payment. It is a form of risk management primarily used to hedge against the risk of a contingent, uncertain loss.

[Hover over the blue button for more details](#)

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SO WHAT IS HOUSEHOLD INSURANCE? ...AND WHY DO PEOPLE BUY IT?

Household Insurance is made up of policies which are designed financially cover both the structural components and re-building of a property, as well as the contents and fittings within them.

Household insurance will have a standard level of cover, but usually give customers different cover options. These options will increase the cover of items or cover items which you may not find in everyday properties.

There are 3 different policy types that customers can select to buy.

THERE ARE THREE MAIN TYPES OF HOUSEHOLD INSURANCE POLICIES YOU CAN BUY



Buildings



Contents



Combined
(Buildings &
Contents)

SO WHY DO PEOPLE SPEND MONEY ON HOUSEHOLD INSURANCE?

There are two main reasons that people buy household insurance.



LEGAL REQUIREMENT

It is normal for mortgage providers to stipulate that if they lend you the money for a mortgage that you must insure the property. This is to protect their investment.



PEACE OF MIND

Many consumers will look to take household insurance because they want to protect their property. This will be purely for peace of mind that if something were to happen they would be protected.

WHO IS ELIGIBLE TO BUY HOUSEHOLD INSURANCE?

There are some insurance rules that restrict who can buy home insurance. In order to understand who is eligible to buy home insurance, lets have a look at at key insurance principle...

INSURABLE INTEREST

Insurable interest is a basic requirement for an insurance company to issue a policy. Entities not subject to financial loss from an event do not have an insurable interest and cannot purchase an insurance policy to cover that event.

A person is considered to have an insurable interest in something when a loss or damage to the item would cause that person to suffer a financial loss.

Therefore: You can only insure something if it belongs to you or a spouse.

WHO BUYS WHAT COVER

Now that we know what insurable interest is... we can look at what type of people are likely to buy the different products available!



Buildings
Homeowners
Landlords



Contents
Homeowners
Landlords
Tenants



Combined
Homeowners
Landlords

INSURANCE PERILS

This module will take you through the basics of Insurance and more specifically Household Insurance, why people buy it and some of the key terminology and cover types that are included in a standard policy.

Here is a list of the perils you would expect to find in a standard Home Insurance policy. There are usually some differences between the cover in Buildings and Contents, but the main perils that are covered as standard are often the same.



Buildings & Contents

Fire
Lightening
Earthquake
Explosion
Escape of Water
Theft
Storm
Vandalism/malicious damage
Impact by vehicles & aircraft
Subsidence/heave/landslip

INDEMNITY

A defining characteristic of insurance, providing that a loss payment will replace what is lost, putting the insured back to where it was financially prior to the loss without rewarding or penalising the insured for its loss.

If a customer suffers a loss and makes a successful claim, the insurer will put them back into the same financial position e.g. A car crashes into a customer's wall and knocks it down, the insurer will get the wall re-built to the same specification as before.

SUM INSURED VS BEDROOM RATED

When purchasing **Contents Insurance**, there are 2 key ways in which the premium can be calculated.

Sum insured

- This would involve the customer calculating the total value of all their contents that they want covered
- This is the maximum amount the insurance company will pay in the event that all the contents are destroyed
- No guarantee that this will be sufficient to replace all the contents
- It is the customers responsibility to declare this number at quote stage

Bedroom Rated

- This involves using the number of bedrooms in the property to estimate the amount of cover required.
- Cover will be given up to a maximum upper limit for the specified number of bedrooms.
- No need to work out exact costs, your contents will be covered up to a maximum value.

[Hover over for more details](#)

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BUILDINGS OR CONTENTS

Now that you have a better understanding of what Home Insurance is, lets look into the two different policy types in more detail...



Buildings

[LOOK AT BUILDINGS COVER](#)



Contents

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WHAT IS BUILDINGS COVER?

Buildings Insurance is cover for the actual property. It covers the **cost of damage to the structure** of the building, e.g. walls, windows, roofs, ceilings, floors, doors and conservatories.

It also covers permanent fixtures such as: fitted cupboards and wardrobes, kitchens, bathroom suites, interior decoration and toilets.

Cover also extends to include external features such as: Garage, sheds, garden walls, boundary walls, fences, gazebos, gates and underground pipes, cables and drains for which you are responsible for.

Buildings doesn't cover:

- Television or radio aerials
- Satellite dishes and their fittings
- Carpets (whether fitted or not)



Buildings

[Hover over for more details](#)

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BUILDINGS POLICY ACCIDENTAL DAMAGE

Standard Buildings Insurance will cover the property for incidents that occur due to the perils we looked at earlier.

Within the Buildings Policy there is a small element of Accidental Damage cover included as standard.

This cover usually stretches to cover accidental damage caused to:

- Fixed Glass
- Sanitary Fittings (toilets, sinks etc)
- Ceramic Hobs

You can increase your level of Buildings Cover to include Accidental Damage to the property.

This will mean anything that is covered under the standard buildings insurance policy, will also be covered for accidental damage caused by a resident of the address.



Contents

[LOOK AT CONTENTS COVER](#)



Excess

[MOVE ON TO EXCESS](#)

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WHAT IS CONTENTS INSURANCE?

What does it cover?

Contents Insurance covers your home contents against loss or damage by:

- Theft or attempted theft
- Fire
- Explosion
- Lightning
- Earthquake

What isn't included...

Contents that are not included in standard cover are:

- **Motor Vehicles** (Caravans, Trailers, Watercraft, Aircraft and all their accessories)
- **Animals**
- **Business Equipment** (Stock, Equipment, Tools and materials)
- **Any part of the buildings** (including decorations or permanent fixtures and fittings)



[Hover over the insurance pebbles for more details](#)

ACCIDENTAL DAMAGE – CONTENTS

Definition

Sudden and unexpected damage, occurring at a specific time and caused by external means.

Accidental Damage cover is usually sold as an optional level of cover to standard household insurance policies.

It is designed to insure the policyholder's possessions against damage caused by acts of negligence – for example, spillages and breakages in the home.

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WHAT IS THE DIFFERENCE BETWEEN NEW FOR OLD COVER AND INDEMNITY COVER?

Any home insurance claim you submit will be settled on either an indemnity basis or a New for Old basis.

With New for Old Cover, the insurer either pays the full cost of repairing damaged items or pays to replace them with equivalent new items if they're stolen or destroyed.

Indemnity policies, on the other hand, deduct an amount for wear, tear and depreciation from any pay-out.

Although an indemnity policy might be cheaper than New for Old Cover it could leave you out of pocket if you have a large claim.





Buildings

[LOOK AT BUILDINGS COVER](#)



Excess

[MOVE ON TO EXCESS](#)

[Click the blue button for more details](#)

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EXCESS

Most Home Insurance policies have two types of excess:

- 1) **Compulsory Excess** – which the insurer sets and can't be amended.
- 2) **Voluntary Excess** – optional which the customer can pick how much.

What is an excess?

An excess is a fixed amount you have to pay towards any claim you make on your home insurance policy. For example, if you have a claim worth £250, and you have a £50 excess, you'll only receive £200 from your insurer. Different claims under the same policy can have different excess amounts.

Why is there an excess?

There are two main reasons that an insurer puts an excess within the policy.

1. It makes the policyholder take some of the risk, which in turn will make them more cautious regarding their items that are insured.
2. Insurers want to deter policyholders from making lots of small claims, so they put an excess in to ensure that any claim they make is significant. You are unlikely to make claim for £225 if your excess is £200.

WHAT IS VOLUNTARY EXCESS?

A voluntary excess is an additional excess option for a customer. It allows them to increase the amount of excess they are willing to pay in the event of a claim which may reduce the premium when setting up the policy.

Consideration

When selecting a voluntary excess on a policy this is **IN ADDITION** to the compulsory excess.

Remember to set a voluntary excess carefully, if the customer is willing to contribute a large lump sum amount towards a claim, the insurer will reward them with a lower premium but this could make claiming on the policy very expensive.

ADD ONS

Why we have them

These products have been created to give extra cover to customers, which they wouldn't receive under their normal Buildings or Contents policy. The cost of this product is very small when bought with their Household Insurance, compared to buying it as a standalone policy where it could be as much as £330.

No impact on future insurance

Claiming from these additional products alone would have no impact on future Household Insurance quotes. It would not affect the customer's No Claims Bonus and they don't have to declare claims on their additional products on any future Buildings or Contents insurance policies.



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LEGAL COVER

Legal Expenses

This add on covers the cost of legal proceedings if you need to take action or defend a claim. It typically covers the legal expenses incurred in most personal injury, consumer, property and employment disputes, as well as any award of the other party's legal costs. A few insurers include this cover as standard when you buy home insurance, but most charge an additional fee.

Areas of cover include:

- Employment Disputes
- Contract Disputes
- Personal Injury
- Clinical Negligence
- Property Protection
- Tax Protection
- Jury Service & Court Attendance
- Legal Defence
- Identity Theft Protection



HOME EMERGENCY COVER

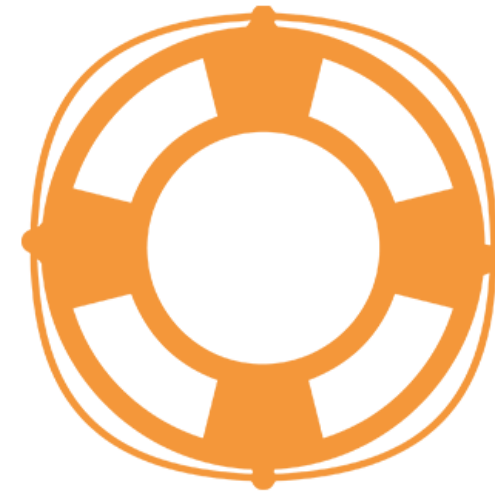
Home Emergency Cover

As its name suggests, home emergency cover is designed to cover a number of household crises such as burst water pipes or a broken boiler.

Cover is also provided for replacement locks, unwanted pests, securing a property and electrical faults, but policies can differ so always check the terms and conditions of each policy.

Beware...

Home emergency cover is designed to solve the immediate risks posed by an emergency and reduce the risk of additional damage being caused, but may not cover the full repair, replacement or any collateral damage, e.g. water damage. This is when a claim would need to be made from the Buildings or Contents insurance.



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TERMINOLOGY

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MYTHS OR FACTS

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CONTACT US

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