

## Smart Buyer's Guide: Home Insurance

A helpful guide to purchasing Home Insurance (we could add in car, travel ins and funeral plans)

Welcome

The last few years has seen a great deal of change within the financial services industry, from the banking crisis to the more recent pension reforms. There has been much public discussion about whether the scrutiny the financial services industry has faced would lead to more transparency, understanding and trust. At good retirement we want to help all people in *later life*? Get the deal that best suits them by shopping around and understand the products they are buying.

At Good Retirement.....

Throughout the guide we will be providing tips and things to look out for. Whilst we hope this will prove to be a useful overview, we'd always strongly recommend that you ask your provider any specific questions you may have about your contract or policies.

### **4<sup>th</sup> Channel: Financing age for good. Good Retirement**

4<sup>th</sup> Channel is a not-for-profit company established to provide a range of financial orientated services and products aimed specifically at customers over 55 years old. The 'customer' first commitment is then strengthened by the distribution of surplus funds (that would otherwise be net profit) to good causes.

4<sup>th</sup> Channel is being established to meet the changing and challenging needs of this growing part of the UK population. It recognizes the fatigue in promotional gimmicks and addresses the many financial challenges faced in retirement. Our business model simply sets out to provide value-for-money services and products that primarily meet customer needs and assists good causes too.

It is time for an open, transparent, affinity approach, for insurance and other products to be provided to caring, knowledgeable consumers. 4<sup>th</sup> Channel offers a timely answer with value-for-money offers from a not-for-profit company supporting good causes.

### **The policy and aims of good retirement are to;**

- Provide an open and transparent approach when offering a range of financial orientated services and products as a Not for Profit Company.
- Help people to understand the differences between products on offer and thus to help them get the best deal to suit their needs by shopping around and achieving a fuller understanding of the products they are buying.
- Provide useful information to the consumer, offering tips and pointers as to what to look out for when buying a range of financial products including in particular; Home, Car and Travel Insurance, Funeral Plans, Annuities and Equity release.
- Deliver the right service to the right customer at the right time. No gimmicks, no cuddly toys, no quick hyped cash backs, just genuine value.
- Provide a great service offering value for money products to supporters of not-for-profit Organisations and the wider public and so help grow income and support good causes.
- Donate profits to good causes in proportion to its customers' choice.

## **Policy of donating to good causes**

As a not-for-profit company the 4th Channel will donate the net profit from its business activities, namely the sale of products, to good causes. The not-for-profit commitment will make a small donation to charities nominated by the customer with each product delivery, and then more significant donations at year end when the Trustee Board will distribute 4<sup>th</sup> Channel net profits to good causes. This will be calculated in proportion to those organisations that the policy holders have supported in each financial year e.g. if all policyholders support one good cause then 100% of the net profit to be donated will go to that one good cause.

4th Channel will only donate to charities that are registered and regulated by the charity commission. All charities will be checked for a charity registration number – which will be verified at [gov.uk/find-charity-information](http://gov.uk/find-charity-information)

To facilitate this 4<sup>th</sup> Channel will secure partnerships with a number of good causes and will engage with their audiences to deliver value-for-money products from commercial partners meeting corporate social responsibility objectives.

## How to buy our products

### Home Insurance

Home insurance is the general term used to describe insurance that provides cover against loss/theft of or damage to belongings. Most certainly there are three types of home insurance – contents only cover which provides insurance against loss of personal belongings and non structural housing fixtures such as carpets and curtains, Buildings only cover which insures against damage or loss to your home's building and combined buildings and contents cover which provides for both. While a mortgage provider may oblige you to have buildings cover, none of these are legally mandatory to have but they are advisable if you own a home and, if you are renting, it would be worth considering contents only cover for non-communal areas.

### ***Five things to consider when purchasing home insurance***

#### **1 Value your contents correctly**

It is important that you don't underestimate the value of your contents, So, systematically work through your home and make a note of any high value items, and remember, it is not just the furniture you need to include but also any valuables kept in wardrobes and cupboards, such as clothing, bedding and white good items.

#### **2 Big ticket and specific items**

Be realistic about how much it would cost to buy like for like product at today's prices. It can be useful to keep receipts and take pictures of high value items, such as electrical gadgets and jewellery. Most insurers have a or standard limit, all items that are valued higher than the limit, jewellery for example, will need to be specified. Declaring specified items won't necessarily increase the cost of your insurance but it's important to give an accurate assessment to protect against loss.

#### **3 Home maintenance**

A home that isn't maintained correctly can invalidate your home insurance policy. This includes pointing, roofing and roots from trees that affect the foundations or walls of your home. If you feel you are unable to maintain your home on your own, ....

#### **4 Check what is not included as standard in your cover**

Accidental damage is often an additional extra on home insurance policies. It is also important to consider the change of use of your home in *later life* for example if you have any pets or grand children in your home on a regular basis

#### **5 The Value of your compulsory and voluntary excess**

For both buildings and contents policies there is typically a compulsory excess and a voluntary excess. The compulsory excess is applied to every claim and voluntary excess is up to the purchaser of the insurance. Insurers generally reduce the size of your premiums if you opt for higher voluntary excesses this will cut the amount of money they are liable to pay out.

#### ***Some industry insights***

**£** Some insurers will charge you extra for paying on a monthly basis compared to paying in one lump sum, so be sure to check the annual percentage rate (APR) before buying

Insurers will often charge a processing fee for paying by cheque. The cheapest option tends to be a monthly, quarterly or yearly direct debit. It should be simple to arrange paying by direct debit by speaking to your provider

Having a valid home insurance is often a condition of mortgage agreements, and many mortgage providers offer their home insurance when you buy a house. We would always recommend shopping around to make sure you are getting the right premium, especially if you have paid off your mortgage and haven't shopped around for home insurance for some time.

#### ***Case study***

*"I've always thought of myself as having a great nose for a deal. That applies to my financial products too, so, when I noticed that another company was offering a really attractive deal, I thought it was a no-brainer to move my home insurance over to them. What I didn't realise was my current provider charged a fee to leave them before the policy ran out. I still left, but the deal wasn't quite as good anymore! I'll be checking the small print next time to make sure I am not penalised for knowing a good deal when I see it."*

#### **Purchasing checklist**

*Below is a checklist of what most providers will ask for when you apply. It's useful to gather this information before you shop around so you have everything to hand:*

- ✓ Details of your security ie type of lock used, alarms or neighbourhood watch schemes
- ✓ How many bedrooms the property has
- ✓ The type of property, how long you have lived there and when it was built
- ✓ Whether you would like buildings Insurance or just contents
- ✓ An estimate of how much it would cost to completely rebuild your house
- ✓ People who live in there, when the house is occupied, and if it is your main residence
- ✓ Value of your contents and whether you would like to identify certain valuables over the limit that the insurer is willing to give you cover for
- ✓ Whether you would like your personal valuables to be covered in any way
- ✓ Whether you would like to include items that need specific security or have costs above the set limits (details of these items and their value would need to be provided) Mobility scooters will often

be included within home insurance but only for protection against theft or accidental damage while in the home: it is always best to check with your insurer

✓ Proportion of flat roofing on your building (for homes with a large proportion of flat roof specialist insurers may be needed)

✓ Details of any lockable safes within or outside the house. A key safe is usually permitted as long as it is fitted according to the manufacturer's instructions