

Protecting The Crown Jewels

A guide to contents insurance and protecting your clients' high value items.



Welcome,

Just like all of us, your clients work hard to afford the things they love. Yearning for that pearl necklace, Macbook Pro, or SLR camera and finally getting your hands on it is a priceless (well...sort of) experience.

With talks of the Royal Wedding extending over borders and continents, this world-exclusive event has got us thinking about our most prized possessions, our crown jewels, and more specifically high value contents that your clients truly treasure.

In this eBook we explain, in no nonsense terms, contents insurance with a specific focus on high value items and personal possessions cover. Not sure of the difference between them? Don't worry, we'll cover that later!



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Contents insurance: An overview

While people often refer to home insurance when searching for cover to protect their possessions, this is in fact a general term used to describe two very different types of insurance:

Buildings insurance which covers the structure of the property and permanent fixtures and fittings such as kitchen and bathrooms.

Contents insurance which covers the things people keep in their homes such as their furniture and personal possessions.

If the homeowner has a mortgage, their lender will insist that they take out the former to cover the rebuild costs however no-one – whether they have a mortgage or are renting their home – has to take out home contents insurance. Now if they don't, they will have to pay to replace their possessions if they are stolen or damaged. With the average contents insurance policy costing £139 in 2017 according to research by the Association of British Insurers, taking out cover really is a no-brainer!

What's covered?

Basically anything not physically attached to the building itself – so things like clothing, jewellery, gadgets, electrical goods, furniture and soft furnishings.

While different policies provide different levels of cover, most generally protect the contents insured against theft, fire and flood. There are, however, elements of cover that are generally offered as additions to the main policy and on the overleaf is a quick summary of those:

Accidental damage - spilling paint on the carpet for example

Home emergency cover - for plumbing, heating and similar emergencies

Home working – business equipment such as laptops aren't generally included as standard and if the policyholder has people visiting their home relating to their work, they may well need more extensive cover

Legal expenses – covering the costs of legal disputes such as property or employment, even bodily injury

Personal possessions – cover for items usually taken outside of the home so gadgets and jewellery and watches

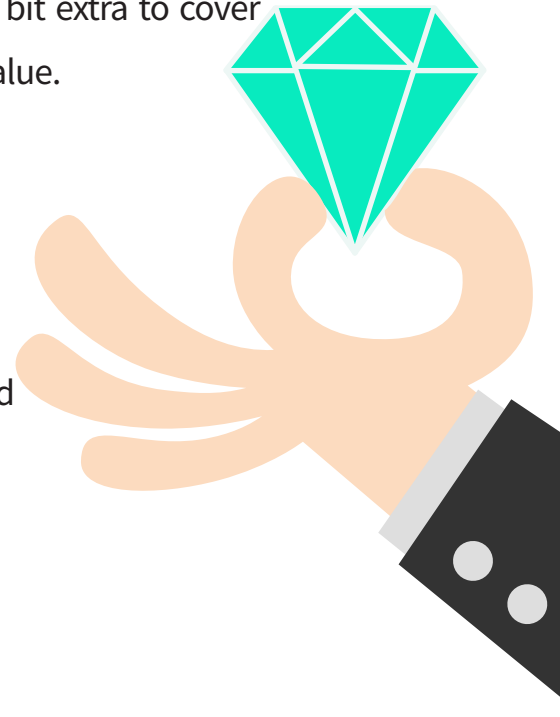
High value items insurance

Most policies will have limits on individual items (generally around £1500). Things like jewellery, watches, cameras, TVs and artwork are considered high risk items. Usually there is an overall limit on the amount an insurer will pay for these valuables – it usually starts at around £12,000.

If the policyholder has particularly valuable jewellery or works of art or (in the age of the Mamil!) valuable sporting goods such as racing bicycles, then they should declare these. The insurer may require them to pay a bit extra to cover them and will probably ask for proof of purchase and value.

What doesn't contents insurance cover?

Contents policies won't cover damage that naturally and inevitably occurs as a result of normal wear or aging.



Examples of high risk items



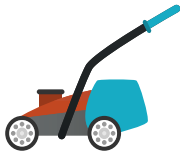
Handbags



Guns



Jewellery



**Garden
equipment**



Rare books



Porcelain / China



Collectables



Antiques



**Musical
equipment**

Contents excess

Like most personal insurance policies, contents insurance will include an excess amount that the policyholder will be expected to pay towards any claim. This also applies to accidental damage claims if the policyholder has chosen to include that element of cover. The standard excess is generally between £50 and £100 and insurers will usually allow the policyholder to choose a higher excess in return for a lower premium.

Avoiding nasty shocks

Getting enough cover to replace all possessions is essential. While it can be tempting to underinsure to get a lower premium, it's a false economy as the insurer could reduce the amount they pay out. For example, the total contents are worth £40,000 but the policyholder only took out insurance for £20,000 worth of possessions. Their smart TV and surround sound system worth £5,000 were stolen and they made a claim. As their total cover was half what it should have been, the insurer could reduce the claim payment by half.



Top tip

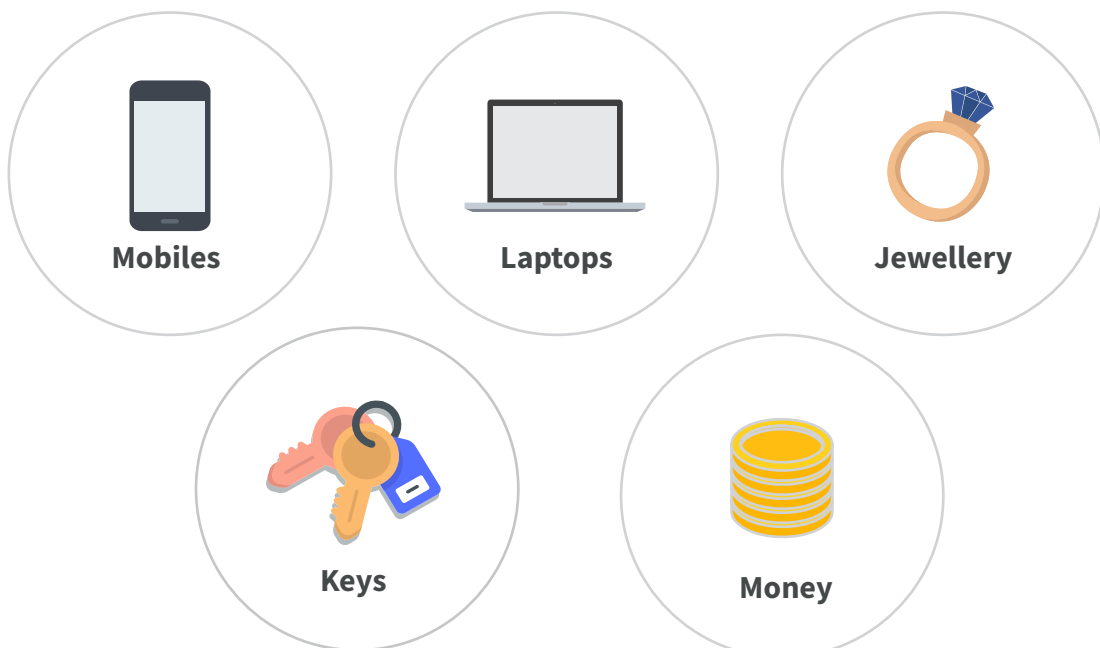
If the cost of replacing a damaged or stolen item exceeds the limit shown in the policy, then it is a good indication that it should be covered as a valuable!

What is personal possessions insurance ?

The definition of personal possessions is an item you will take outside of your home. This could be items such as a mobile phone or an engagement ring.

Outside of the home you're at risk if any of your valuables are stolen or damaged. It can be a nasty surprise if your household policy doesn't recover the cost. This is where personal possessions cover comes into play. Some household policies will already include this as standard, however many insurers vary on the cover costs. More often than not you will have to specify items that could be deemed valuable in order for them to be protected outside the property.

Examples of personal possessions



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