

**Source**<sup>™</sup>

# A **home** away from home.



**All you need to know about insuring UK  
holiday homes & lets**

**Read time: 5 mins**

# Hello,

Let's talk about holiday homes...



**Quick Fact:** 495,000 people own second homes in the UK. Uses include holiday homes, holiday lets, rentals and working away from home.

*Ministry of Housing, Communities & Local Government*

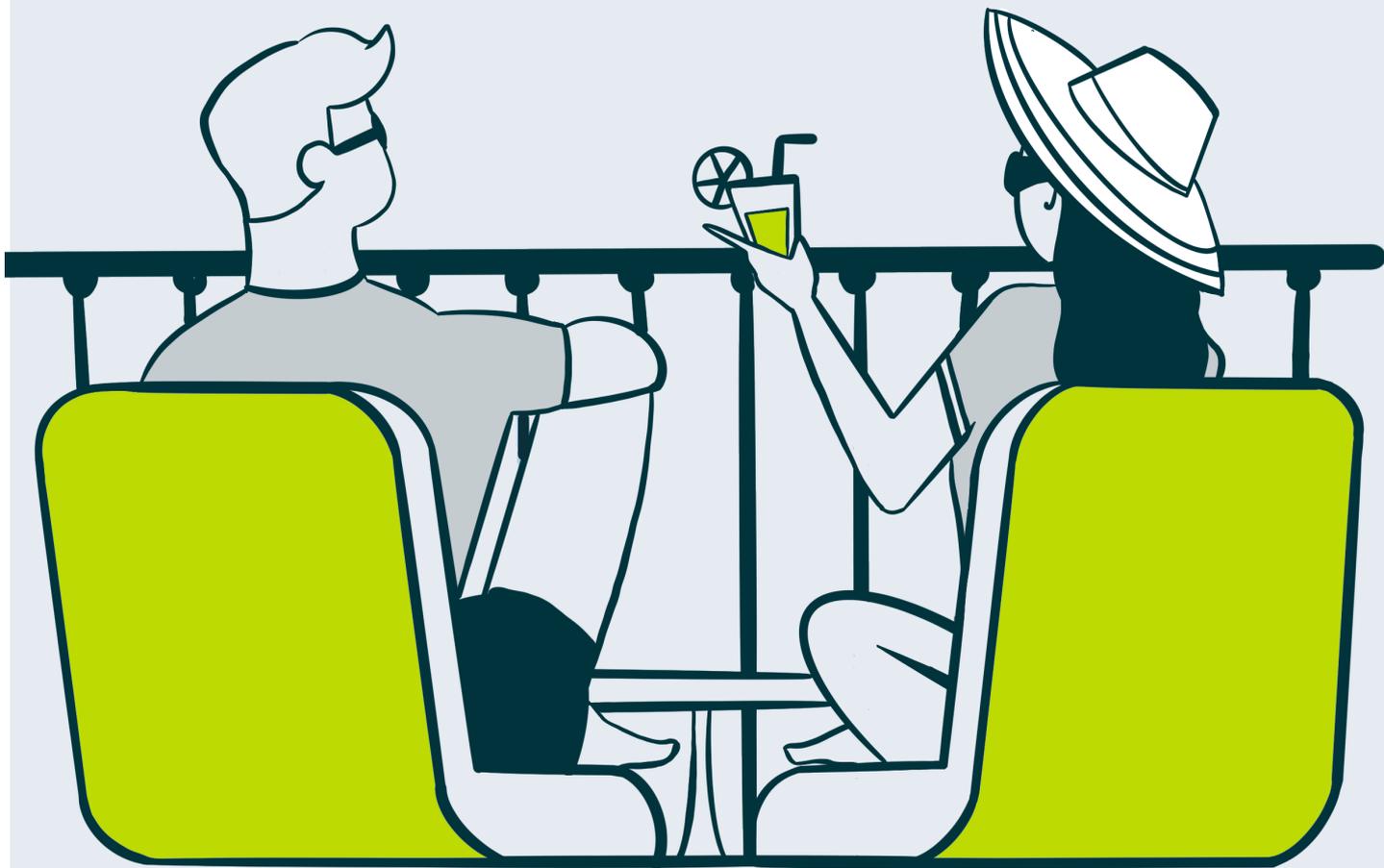
Due to the Coronavirus being a global pandemic, people are unable or unwilling to travel abroad. In addition, as lockdown is easing, UK holiday lets have recently opened up. So it's no surprise that holiday rentals have come into high demand in the second half of 2020.

Here we have a Q&A with Lee Denton, Head of Intermediary Sales at Source.



**Lee Denton**

Head of Intermediary Sales



# Holiday Homes

# Holiday Homes

## **Why do I need specific holiday home insurance?**

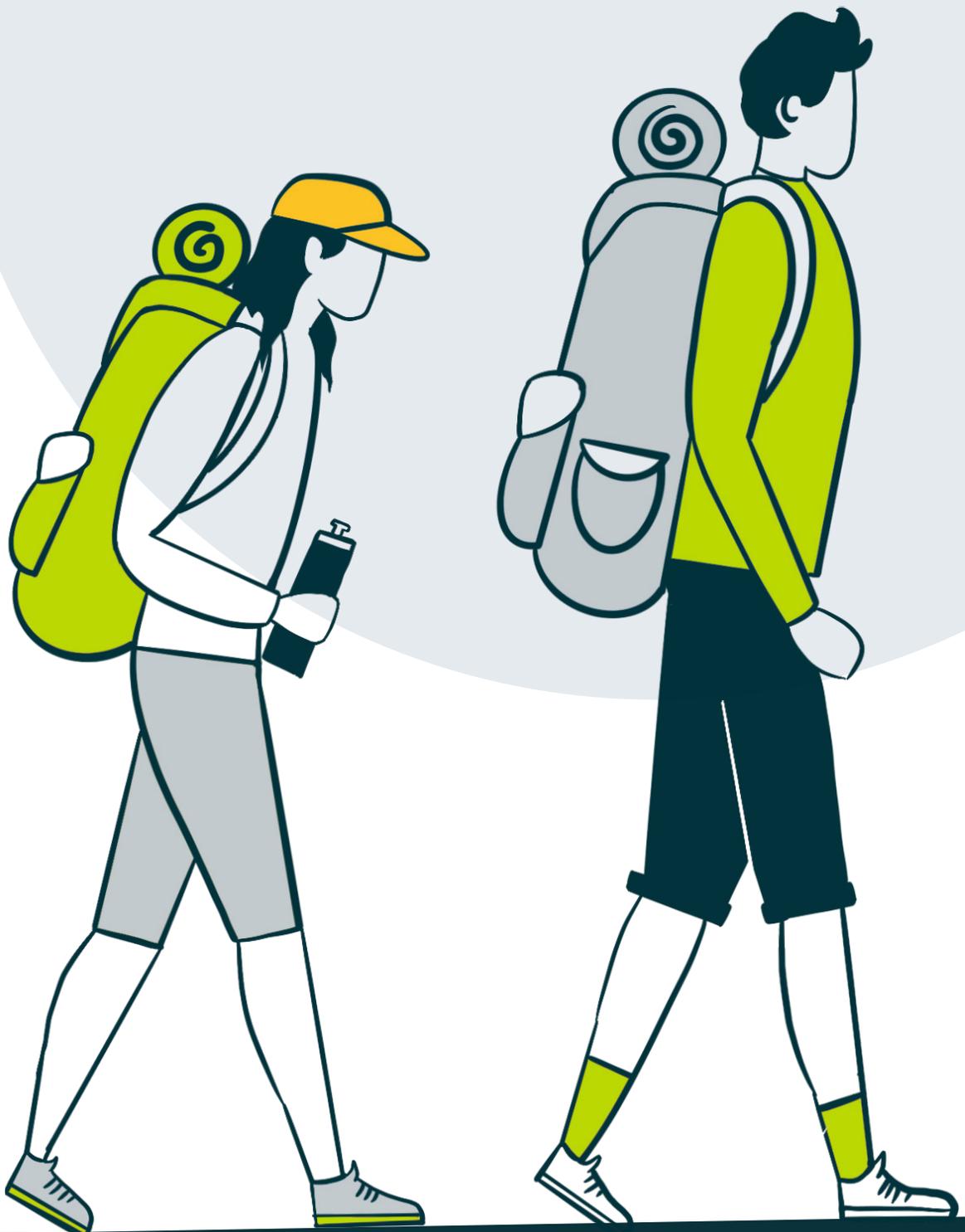
Although a holiday home may look and feel like a regular residential property, the way it is occupied and cared for, means that there are additional challenges when it comes to insuring it.

## **Why are holiday homes a major concern for insurers?**

One factor of concern for insurers relates to unoccupancy and the associated increased risks of weather related events and burglary. Standard home insurance will not generally pay out if the property is empty for more than 30 days a year, nor will it cover any rental periods. Specialist holiday home insurance is required and cover can vary from insurer to insurer.

## **What about unoccupancy due to COVID-19?**

COVID-19 has affected many people's ability to make use of their holiday homes, which may have resulted in the property being unoccupied for longer than the policy typically allows. Some insurers have relaxed their policy requirements, however, as we provide whole of market insurance, it is important to check with your individual insurer, to see if the property is still covered.



## What do buildings and contents cover?



### Buildings insurance

Buildings insurance relates to the external structure of the property and would cover damage caused by a disaster such as a flood or fire. Demolition and rebuilding costs, site clearance and architects' fees need to be considered in the amount of cover required.



### Contents insurance

Contents insurance would cover the furnishings inside the holiday home such as TVs, sofas and appliances. Consider the costs of buying all items as new, when selecting the value of your contents.

**NOTE:** There are potential limitations to the cover for both insurances, so we advise you to check your policy wording carefully.

## How can I avoid underinsuring my holiday home?

The sum insured is the maximum amount the insurer will pay out, should the worst happen. So it's vital to have sufficient cover for the total cost of rebuilding a property, which is very different to its market value, and calculating the rebuild of a holiday home can be tricky.

# How do I calculate the total rebuild cost of my holiday home?

It can be worth getting a professional surveyor in to prepare a rebuild cost assessment, however, inclusive with the Source platform is a RICS valuation calculator that provides a mid-range estimate of the total sum insured. Your broker can assist with using this calculator.

We strongly advise you to check the Buildings Sum Insured is sufficient and a fair representation of the full rebuild cost of the property, including all internal and external features, fixtures and fittings.

## Holiday home insurers





# Holiday Lets

## What about insurance for a holiday let?

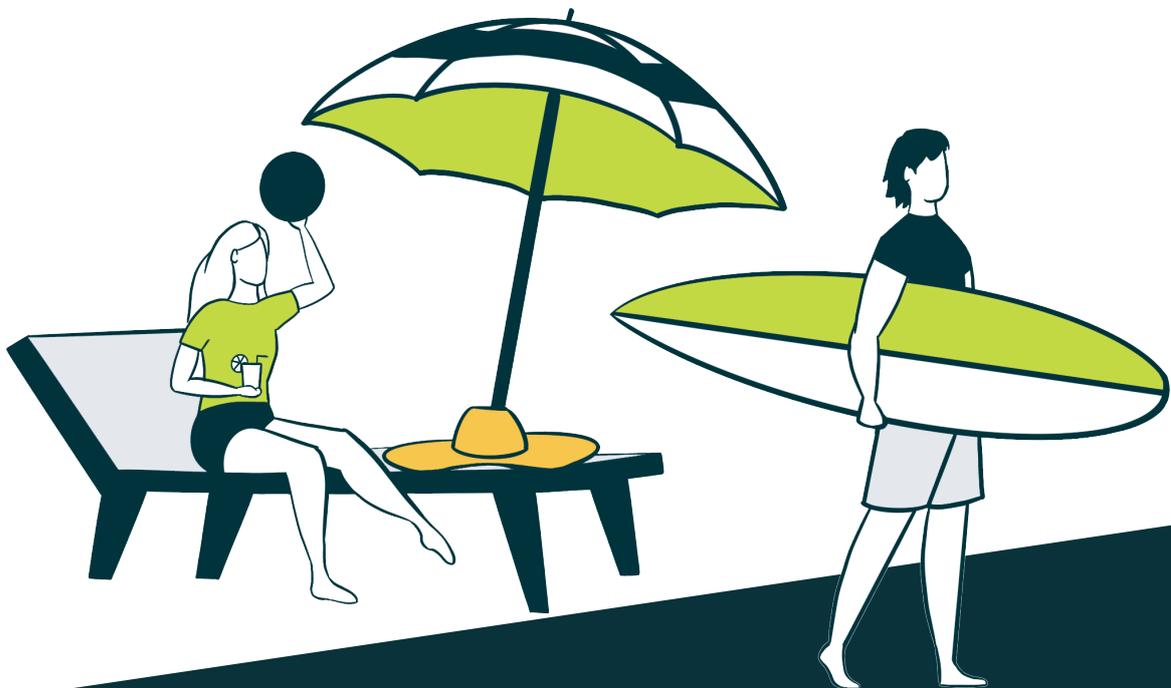
British holidaymakers are more cautious than ever when it comes to spending their money as a result of post-Brexit anxiety. Additionally, following the global lockdown and restrictions on travelling, 'staycations' are becoming a practical and affordable way of holidaying closer to home, with many people opting for a getaway in the UK.

This surge certainly drives the appeal for renting out a holiday home to secure extra income. As a landlord, you will need to ensure that your holiday let covers additional risks such as loss of rental income and public liability insurance.



**Quick fact:** There were over 147 million overnight stays in the UK by British holidaymakers, in 2019.

*VisitBritain 2019 Annual Report*



## **What is public liability insurance?**

When a holiday home is let out, it requires adequate public liability insurance. Whether an accident results in a few cuts and bruises or far more serious injuries, this cover keeps you - the homeowner - protected against legal costs and any compensation payments that may occur. This aspect of cover is included as standard in Source holiday let policies.

## **What is loss of rental income?**

If a property is made uninhabitable by fire, flood or storm damage, any resulting loss of income could be catastrophic to the owner – particularly if it impacts peak periods such as the summer months. This additional cover can provide a lifeline, ensuring you don't lose out on the rental income you would otherwise have earned.

## **Let property insurers**





**UK** staycations



# #1 Lake District

In the shadow of England's largest mountain, Scafell Pike, is the crowning jewel of the English countryside, the Lake District. Mountains, lakes and pure unaltered countryside are just some of the idyllic scenery the national park area has to offer.

This is fast becoming an area with properties in high demand due to the easy access to amenities, as well as the opportunity for ultimate relaxation. Popular property purchase areas include Keswick, Grasmere and Ambleside.



**Walking**



**Boating**



**Cycling**



# #2 Cardigan Bay

Host to a range of charming coastal towns and villages. Famous for its brightly painted town houses that line the coast, stunning castles and beautiful beaches. More recently it has become known as a foodie delight, including Aberaeron's infamous honey ice-cream at The Hive and the winner of the Best Restaurant in Wales 2019 – Cellar Restaurant and Bar.

Explore Cardigan Bay on a boat trip around the coastline, home to one of only two resident groups of Bottlenose Dolphins in the UK!



**Eating out**



**Relaxing**



**Boating**



# #3

## Cambridge

Take a stroll down the cobbled streets of this quintessential English destination. Admire the architecture of the museums and the prestigious University of Cambridge which dates back to 1209 and boasts famed alumni including Isaac Newton, Charles Darwin and in more recent times, Stephen Fry.

Beautiful gardens and parks along the Cam river, it's hard to believe this scenic spot is less than an hour from London.



**Walking**



**Exploring history**



**Shopping**



# #4

## Fort William

Located in the West Highlands of Scotland, in the surrounding areas of Britain's highest mountain, Ben Nevis.

Explore the mountains, lochs, rivers and beaches of the Lochaber Geopark. Take a ride on the Jacobites Steam Train or catch a thrilling game of Shinty – one of the oldest sports in Scotland's history. Visit Ben Nevis itself, or the famous distillery at the foot of the mountain.



**Whiskey tasting**



**Train rides**



**Walking**



# #5

## Cornwall

It's no surprise that holiday lets are so successful in Cornwall. The summer months bring a significant boom in business to the area with Brits searching for blue seas, great beaches and fresh seafood! Cornwall holiday lets are a fantastic investment, even when they are a little out of the main towns. The location is dubbed a true surfer's paradise.

Cornwall's popular areas are Newquay, Fowley and Padstow where you could even take a trip to Rick Stein's restaurant!



**Sailing**



**Eating**



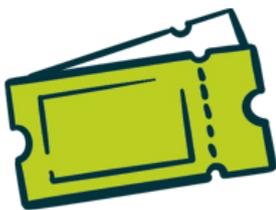
**Coastal walking**



# #6 Brighton

This vibrant, colourful and truly unique seaside town has a whole lot of personality and is best known for nightlife, arts, festivals and independent shopping.

This is a great area to purchase a quirky and design-led home away from home. Brighton is the perfect location to combine dynamic city-life, a typically British beach getaway and the added excitement of an unrivalled nightlife!



**Amusements**



**Nightlife**



**Shopping**



# #7

## Fermanagh Lakelands

The place to go for fresh air and green fields. Walk, cycle or drive around heritage sites and beautiful scenic countryside. However, there's no need to stay on land! Visitors can take a guided water tour, or hire a boat and set sail on the waters of Lough Erne.

Adventurers can visit the UNESCO (United Nations Educational Scientific and Cultural Organisation) Global Geopark to explore the Marble Arch Caves.



**Walking**



**Boating**



**Cycling**



# #8 Manchester

A large, vibrant city with a long history and stunning architecture. Synonymous with football fans, who can visit Old Trafford or Etihad or take a tour of the National Football Museum.

Manchester also has fantastic nightlife, trendy bars and clubs, live music and comedy shows are commonplace throughout the city. With so much to do, it's no wonder that Manchester is reportedly the second most visited city in England, by British residents.

Source: Great Britain Tourism Survey, VisitEngland, using a 2014-16 average.



**Sport**



**Shopping**



**Nightlife**

**Source**<sup>TM</sup>

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