

# What is contents insurance?

## **What is contents insurance?**

Contents insurance is a type of home insurance. It covers loss or damage to all the things in your home that are not part of the structure or building.

## **How does contents insurance work? How is it different to buildings insurance?**

Have you ever wondered what you would do if you lost your belongings and valuables to fire, theft or damage from flooding? That's what contents insurance is for - to provide financial protection if those things happen.

It covers all your personal belongings - anything not physically attached to the building - against the cost of loss or damage.

The other type is buildings insurance, which protects the structure of your house or the building you live in and its permanent fixtures. If you rent from us we are responsible for your buildings insurance. As a leaseholder or Shared Owner your buildings insurance is paid for through your service charges.

Contents insurance is optional, whereas if you have a mortgage there is a requirement to have buildings insurance. But insuring your possessions is generally a sensible idea, regardless of tenure. We strongly recommend you insure your belongings, so that you are protected from a potentially expensive situation if the worst was to happen.

If you are a Newlon resident and want your possessions to be insured, it's up to you to take out contents insurance. It isn't something that Newlon covers. A simple policy is uncomplicated to set up, inexpensive, you can pay in monthly instalments and over time, build up a no claims bonus.

## **What does contents insurance cover?**

Policies can vary in terms of what exactly they cover, but they usually include:

- Clothing
- Furniture
- Jewellery
- Electrical goods

You'll usually be covered against theft, fire and flood, but cover for accidental damage tends to be an optional extra.

'Personal possessions cover' can also be added for extra cost. This is sometimes referred to as an 'all-risks extension' and it will cover items you take outside your home, including:

- Laptops
- Cameras
- Jewellery
- Handbags
- Mobile phones/tablets

Most policies also have limits on the value of possessions they will cover. This will either be a single item limit (often around £1,500 per item) or a total amount for all of your valuables.

This means that you might need to pay extra for any particularly expensive items you want to have insured, such as jewellery and household audiovisual equipment.

Additional extras vary between policies and you will need to decide what is right for you.

### **What types of contents insurance are there?**

There are three main types of policies available:

- **'Bedroom rated'** - the insurer works out the amount of contents cover you need (the 'sum insured') based on the number of bedrooms you have.
- **'Sum insured'** - you (not the insurer) have to calculate the amount of cover that you need.
- **'Unlimited sum insured'** - all your contents are covered without limit, so you don't have to worry about being under-insured.

If you have a 'sum insured' policy and need to calculate the amount of cover you need, you have two main options.

One is to search online for a contents calculator, which most comparison sites offer.

Or, you can list everything that you own and add up what it would cost to replace every item at today's prices.

Be aware that if you use a comparison site to shop around you might not be offered a choice - the site will ask you how much contents cover you want and will pick policies that offer this.

### **Where can I buy contents insurance?**

- **Comparison websites** - these are a good way to find cheap insurance that fits your needs. But remember that the cheapest policy isn't necessarily the best for you so it's important to not simply pick the first one you see.

- **Direct from insurers** - not all insurers are covered by comparison sites. Aviva, Zurich and Direct Line are among the big names that don't appear on them and their products can only be bought directly.
- **Insurance brokers** - they can help you get the most suitable home insurance for your circumstances, particularly if you have complicated needs.

One provider of home contents insurance, specifically designed for social housing tenants is the **My Home Contents Insurance Scheme**. It can offer you insurance for the contents of your home including cover for items such as furniture, carpets, curtains, clothes, bedding, electrical items, jewellery, pictures and ornaments. It is provided by Thistle Insurance Services Ltd, a preferred supplier of the National Housing Federation.

## Five things to think about when buying contents insurance

### 1. Be honest

Make sure you answer truthfully and accurately when applying for insurance and answering your insurer's questions. If you miss something important a future claim could be rejected.

### 2. Read the small print

It's common for insurers to add a range of exclusions to their policies, so make sure you read the small print carefully - including the key features and benefits information (especially if you're now working from home). If you see something you don't understand, ask your insurer or an insurance broker.

### 3. Keep your policy up-to-date

This ensures that you have enough cover, particularly if you've bought new items that are worth more than the single item limit on your policy. The same applies if you've made a series of major purchases (such as furniture) which means you need to increase the sum insured. Let your provider know if you think you need more cover.

### 4. Don't skimp on cover

The cheapest deal is not necessarily the best. Make sure you get the right policy, even if it costs a few pounds more - if you don't have enough cover to replace all your possessions your insurer might not pay out on the amount that you claim for.

### 5. Compare contents insurance policies

It's a competitive market with a lot of different policies available. Using comparison websites to shop around will give you a better chance of securing a good deal. It's worth doing this when your policy comes up for renewal each year, as simply allowing your insurer to automatically renew your policy could mean you end up paying more than you need to.