

More than £400 saved

One reader's experience shows how you can save money on home insurance by shopping around, even if your home is at risk of flooding or you've made a claim.

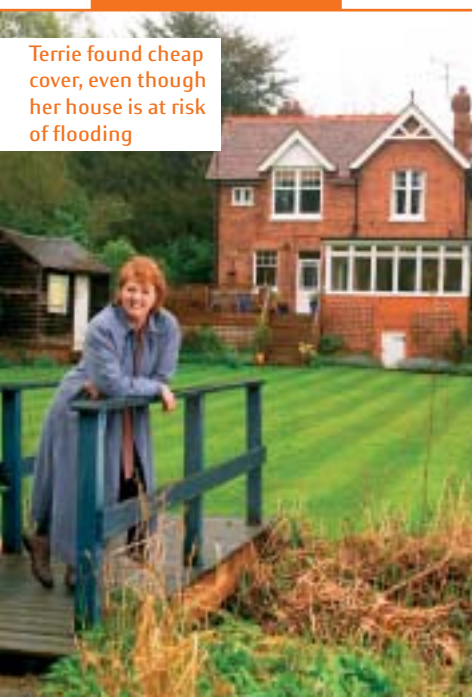
Terrie Bandey's house is at moderate risk of flooding and she claimed for storm damage last year. She received several quotes for combined buildings and contents cover.

Sainsbury's offered the highest quote at £819, with an excess of £75.

More Than quoted her just £400, but increased her excess to £250. Terrie explained to each insurer that her house is built up by several metres from the ground.

Sainsbury's told her its quotes are 'based on postcodes'. More Than, however, assesses the risk of individual properties (see 'Pinpointing risk', right) rather than postcodes.

Terrie found cheap cover, even though her house is at risk of flooding



Climate change fo home insurance

With flooding predicted to increase, we report on the steps insurers are taking to ensure they don't go under. Plus, our Best Buys for contents and buildings cover

Our climate is changing. Winters are wetter and sea levels are rising. Two million homes in England and Wales are now classified as being at risk of flooding and 400,000 are said to be at high risk. And, according to the Association of British Insurers (ABI), flooding is going to increase.

In March, alarmed by the rising risk of flooding, the government pledged a series of measures to help minimise damage caused by future flooding. These include funding for flood-proofing measures to homeowners whose properties are at risk. It has also committed £1.6 billion on flood defences, such as building walls and banks and diverting river flows, between now and 2008. But these measures won't benefit all of the 400,000 homes at high risk of flooding. Consequently insurers are preparing themselves for a deluge of flood damage claims.

Claims resulting from flooding are denting insurers' profits – a typical flood claim amounts to between £15,000 and £30,000. With this in mind, some insurers are now charging existing customers who are at risk of flooding higher premiums to renew their cover. And many are refusing to cover new customers at all.

PINPOINTING RISK

Where you live has a big impact on the premium you pay for buildings and contents insurance. Most insurers assume that all the houses in a particular

postcode are at the same risk of flooding. So, for example, someone who lives at the top of a hill overlooking a river may be categorised with the same flood risk as someone living at the bottom of the hill at river level, simply because they share the same postcode. However, some insurers are now assessing the risk of individual homes.

Norwich Union recently introduced an airborne radar system that can measure a home's height above sea level to help it accurately assess its risk of flooding. Similarly, More Than has a mapping system which helps it assess individual properties' risk of both flooding and subsidence. These systems help insurers decide whether to offer cover at all and, if so, how much to set the premium at.

More accurate risk assessment is good news for those living in areas with a high risk of flooding whose homes weren't in fact in any danger. But for those whose homes really are at risk of flooding, finding low-priced insurance is likely to be difficult.

WILL YOU GET COVER?

In our survey of 43 insurers, only nine said they wouldn't automatically turn away new customers who'd made a flood claim. But most of these said they might exclude cover for future flooding.

Most insurers said they'd consider cover on a case-by-case basis. Different insurers take different factors into account when deciding whether or not to offer cover and what premium to charge. Cornhill, for example, said a previous flood claim for less than £3,000 on your contents insurance or less than £5,000 on your buildings insurance wouldn't be a problem. Some take into account whether other properties in the same area have been flooded, while others don't.

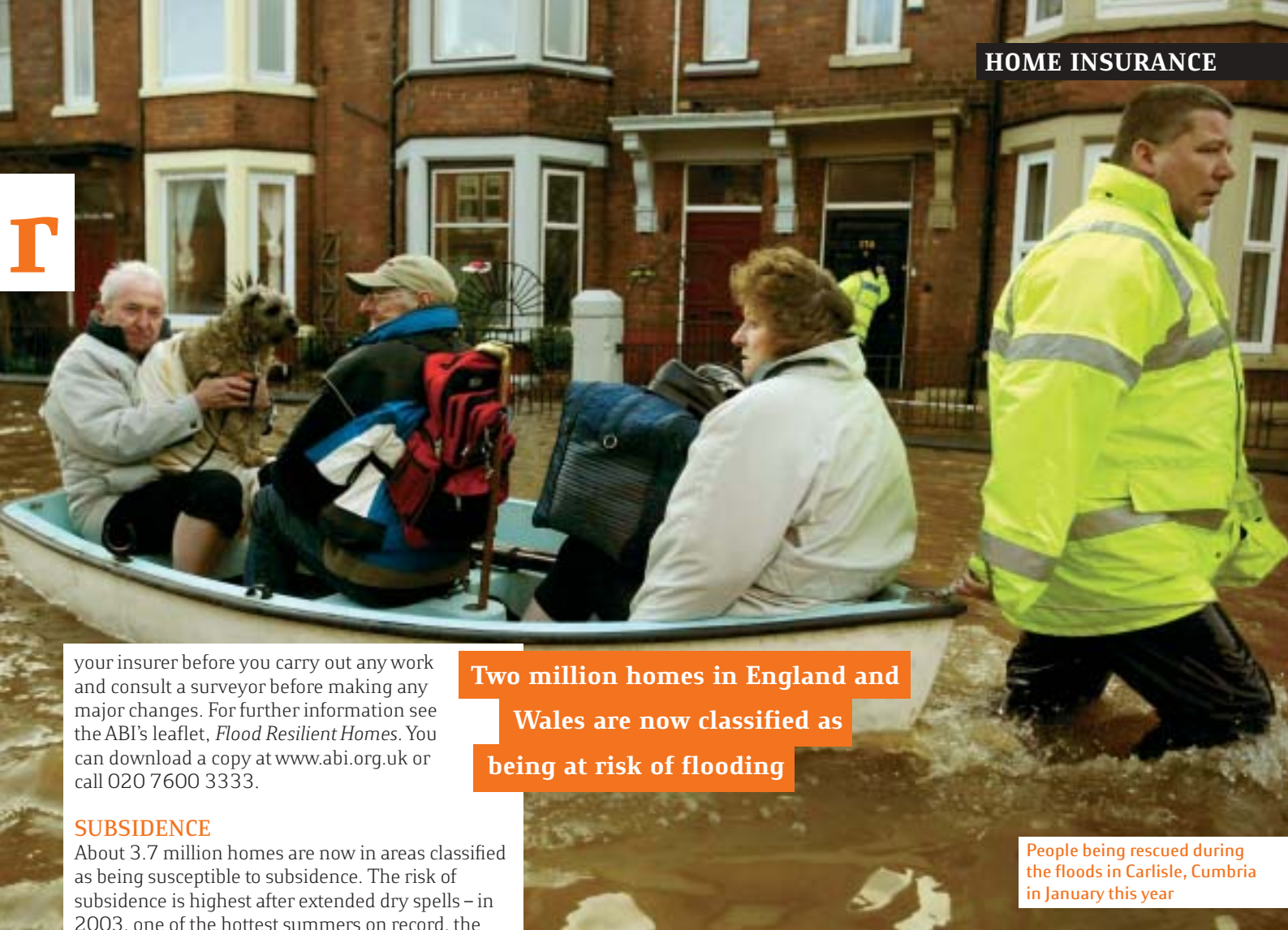
Due to an agreement between the government and insurers, called the Statement of Principles, most properties at high risk of flooding will continue to be offered cover from their existing insurer, at least until 2007. However, no limits have been set for premiums and the agreement doesn't guarantee cover for people in high-risk areas where no flood defences are planned.

It's not clear how many people are living in these very risky areas, but the ABI admits that 'a handful' of properties have been refused cover by their existing insurers because they've suffered from multiple floods. The National Flood Forum (NFF), which supports victims of flooding, helps people find cover when they are turned away by their insurers. Its Operations Director, Gillian Holland, told us that, using its specialist knowledge of the market, the NFF has always been able to find insurers willing to take on these homeowners.

MINIMISING DAMAGE

There are things you can do to minimise any likely flood damage, such as replacing timber floors with concrete and tiles, moving electrical points above any likely flood level or putting one-way valves into drainage pipes to prevent sewage backing up into the house. Some insurers will take these measures into account when setting your premium. Talk to

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your insurer before you carry out any work and consult a surveyor before making any major changes. For further information see the ABI's leaflet, *Flood Resilient Homes*. You can download a copy at www.abi.org.uk or call 020 7600 3333.

SUBSIDENCE

About 3.7 million homes are now in areas classified as being susceptible to subsidence. The risk of subsidence is highest after extended dry spells – in 2003, one of the hottest summers on record, the number of claims rose by 70 per cent over the previous year, amounting to £390 million.

The average subsidence claim is around £8,000 so insurers are wary of covering homes at risk. Most we spoke to said they wouldn't cover new customers who'd made a subsidence claim but would continue to cover existing customers. Several said they'd offer cover if you live in a risky area but haven't made a claim – albeit with a higher premium. Excesses for subsidence are usually around £1,000 but can be up to £2,500 depending on your level of risk.

If your home is susceptible to subsidence, consult the council or an arborist about removing any trees near it and have your pipes, gutters and drains regularly checked for leaks and blockages.

SHOPPING FOR INSURANCE

If your home is at risk of flooding or subsidence, follow these tips when you're shopping for cover.

- Have all information about previous claims to hand – when you claimed, what happened and how much you claimed. Insurers may ask to see a structural survey if you're in a subsidence-risk area.
- Give the insurer as much information as possible – for example, about any cracks in the walls or any measures you've taken that may help prevent claims. Check the insurer takes it all into account.
- Tell your insurer about any flood defence schemes in your area as they could help you get a better deal. See www.environment-agency.gov.uk or call 0845 988 1188.
- Brokers may have expertise in finding insurance for properties at risk of flooding or subsidence.

Two million homes in England and Wales are now classified as being at risk of flooding

People being rescued during the floods in Carlisle, Cumbria in January this year

What cover do I need?

CONTENTS

Make sure you cover the full value of all your possessions but don't overinsure them. See 'What's it worth?', *Which?*, July 2003, p36.

Insurers usually put a limit on single high-value items. You may have to pay more if you want more cover for them.

You can add on personal possessions cover for things you take outside the home. You can also add on cover for accidents in the home, although you normally get some cover as standard.

All our Best Buys cover injury to anyone on your premises.

Tell your insurer if you work from home. Most policies cover you for office-based or clerical-type work.

BUILDINGS

Buildings insurance covers the structure of your home and permanent fixtures and fittings such as baths, toilets and fitted kitchens. You should also be covered for damage to underground pipes and cables. You need enough to cover the cost of rebuilding your home, which is not the same as its market value. To work out how much you need, check out the calculator at www.bcis.co.uk or contact the

Association of British Insurers on 020 7600 3333.

SUM INSURED OR BEDROOM RATED?

Premiums for bedroom-rated policies are based on how many bedrooms your home has. Most policies have a maximum amount of cover, so make sure it's enough for all your possessions or the cost of rebuilding. With a sum-insured policy, you work out how much cover you need, and the insurer calculates your premiums based on this. Get quotes for both types before choosing.

Choosing a policy

We've analysed 4,220 premiums to come up with our Best Buys. They're based on the policyholder having a five-year no-claims discount (NCD), but we've also footnoted those which are Best Buys if you don't have an NCD.

Policies shown are for a three-bedroom semi-detached house with £120,000-worth of buildings cover and £40,000-worth of contents cover. We've assumed the house is unoccupied during the day, fitted with approved locks on all doors and accessible windows, but has no burglar alarm. We've also assumed it has a conventional brick construction, is in a good state of repair and has no history of subsidence.

BUILDINGS

Choose a Best Buy closest to your age and the year your house was built. If

you're not sure which scenario most closely matches your situation, get quotes from all four. The risk category depends on the risk of storm damage, flooding or subsidence to your home and the types of claim made in your area. If you're not sure, get quotes from both categories.

CONTENTS

Our Best Buys give new-for-old cover for most possessions in your home, so you receive the cost of repairing damaged items or replacing them if they're stolen or destroyed. Choose a Best Buy from those that are closest to your age and the risk category of the area your home is in. If you live in a rural area or small town, you'll probably be in a low-risk area. A provincial town or city suburb is normally classed as medium risk, and cities are high risk.

Best Buy buildings policies

Bedroom-rated		Sum-insured	
Low-risk area	High-risk area	Low-risk area	High-risk area
40-YEAR-OLD LIVING IN 1938 HOUSE		40-YEAR-OLD LIVING IN 1938 HOUSE	
Coventry BS ^a	Barclays ^a	Argos ^a	Argos ^a
RIAS ^a	Budget	Budget ^a	First Direct ^a
Sainsbury's	Liverpool Victoria ^a	Post Office	Key Connect ^a
Zurich ^a	Zurich ^a		Prudential
40-YEAR-OLD LIVING IN 1982 HOUSE		40-YEAR-OLD LIVING IN 1982 HOUSE	
Barclays ^a	Barclays ^a	Admiral ^a	Argos ^a
Churchill	Bradford & Bingley ^a	Argos ^a	First Direct ^a
Coventry BS ^a	Churchill ^a	Egg ^a	Help The Aged ^a
RIAS ^a	Post Office	Prudential ^a	Prudential ^a
60-YEAR-OLD LIVING IN 1938 HOUSE		60-YEAR-OLD LIVING IN 1938 HOUSE	
Cornhill ^a	Barclays ^a	Argos	Argos ^a
Coventry BS ^a	Liverpool Victoria ^a	Budget ^a	First Direct ^a
RIAS ^a	RIAS ^a	Egg ^a	Help The Aged
	Zurich ^a		Prudential
60-YEAR-OLD LIVING IN 1982 HOUSE		60-YEAR-OLD LIVING IN 1982 HOUSE	
Barclays ^a	Barclays ^a	Argos ^a	Egg ^a
Churchill	Bradford & Bingley ^a	Egg ^a	First Direct ^a
Coventry BS ^a	Churchill ^a	Help The Aged ^a	Help The Aged ^a
RIAS ^a	Halifax/BoS	Prudential ^a	Prudential ^a

All Best Buys assume a five-year no-claims discount ^a Also a Best Buy if you don't have an NCD

WHICH? EXTRA

For more information on the level of cover of our Best Buys and further detail on other policies, go to www.which.co.uk/contentsinsurance and www.which.co.uk/buildingsinsurance

Your experiences

If you've had problems finding affordable insurance due to flooding or subsidence, we'd like to hear from you. Write to Dept CW, PO Box 44, Hertford X, SG14 1SH.

Best Buy contents policies

Bedroom-rated			Sum-insured		
Low-risk area	Medium-risk area	High-risk area	Low-risk area	Medium-risk area	High-risk area
40-YEAR-OLD			40-YEAR-OLD		
Churchill ^a	Argos ^a	Bradford & Bingley ^a	Admiral ^a	Admiral ^a	Admiral ^a
Derbyshire BS ^a	Derbyshire BS ^a	Derbyshire BS ^a	Bradford & Bingley ^a	Bradford & Bingley ^a	Bradford & Bingley ^a
Dunfermline BS	RIAS ^a	RIAS ^a	Help The Aged	Post Office ^a	Budget ^a
Yorkshire BS ^a	Yorkshire BS ^a	Yorkshire BS ^a	Prudential ^a		Post Office ^a
60-YEAR-OLD			60-YEAR-OLD		
Churchill ^a	Argos ^a	Bradford & Bingley ^a	Admiral ^a	Admiral ^a	Admiral ^a
Dunfermline BS	Bradford & Bingley ^a	More Than ^a	Egg ^a	Bradford & Bingley ^a	Bradford & Bingley ^a
RIAS ^a	RIAS ^a	RIAS ^a	Help The Aged ^a	Egg ^a	Budget ^a
Yorkshire BS ^a	Yorkshire BS ^a	Yorkshire BS ^a	Prudential	Post Office ^a	Post Office ^a

All Best Buys assume a five-year no-claims discount ^a Also a Best Buy if you don't have an NCD

Buildings
cover details

BEDROOM-RATED

	Features				Discounts		
	Cover (£)	Switch fee (£)	Interest rate on instalments (%)	Northern Ireland	Max NCD (%)	Excess (%)	Online (%)
Barclays	350,000	25		✓	varies	6	
Bradford & Bingley	400,000		13.9	✓	varies	varies	10
Budget	400,000		see ^a		35	varies	varies
Churchill	250,000	25	23.7	✓	30		10
Cornhill	300,000					20	
Coventry BS	500,000	25		✓	25	7.5	
Halifax/Bank of Scotland	no limit			✓	40	varies	25
Liverpool Victoria	500,000		12.5	✓		24	
Post Office	400,000		see ^a	✓	50	varies	varies
RIAS	400,000	25	see ^b	✓	10		
Sainsbury's	no limit			✓	40	varies	10
Zurich	250,000	25	21.5	✓		10	5

SUM-INSURED

Admiral	no min		26.8	✓	30	varies	5
Argos	45,000	25	23.6		20	15	
Budget	35,000		see ^a		35	varies	varies
Egg	50,000		22.7	✓	10	10	5
First Direct	45,000			✓	50	30	
Help The Aged	250,000	25	23.1	✓	30	20	
Key Connect	35,000	25	18.5	✓	35	16	varies
Post Office	35,000		see ^a	✓	50	varies	varies
Prudential	250,000	25	see ^c	✓	30	varies	5

a Fixed charge depending on premium b £1 per policy per month c 10 per cent of overall premium

TABLE NOTES

Features

Cover The maximum cover for bedroom-rated policies and the minimum for sum-insured policies.

Switch fee The maximum the insurer will pay for fees charged by mortgage lenders if you switch insurer.

Interest rate on instalments If charged, the annual percentage rate (APR) for paying by instalments.

Northern Ireland A ✓ shows which policies are available there.

Valuable items The most insurers will pay out for a single high-value item.

Work at home

These policies automatically cover equipment used when working from home.

Discounts

Max NCD The maximum no-claims discount offered.

Excess The maximum discount for voluntarily increasing the excess on your policy.

Online Discount offered if you buy online.

Contents
cover details

BEDROOM-RATED

	Features						Discounts		
	Cover (£)	Switch fee (£)	Interest rate on instalments (%)	Northern Ireland	Valuable items (£)	Work at home	Max NCD (%)	Excess (%)	Online (%)
Argos	60,000		23.6		varies	✓	20	15	
Bradford & Bingley	50,000		13.9	✓	see ^a	✓	varies	varies	10
Churchill	40,000		23.7	✓	12,000	✓	30		10
Derbyshire BS	50,000				10,000	✓			
Dunfermline BS	40,000			✓	2,000	✓	varies		
More Than	60,000		13.7	✓	7,500	✓			
RIAS	50,000	25	see ^b	✓	12,000	✓	10		
Yorkshire BS	50,000			✓	7,500	✓	15	17	

SUM-INSURED

Admiral	no min		26.8	✓	varies	✓	30	varies	5
Bradford & Bingley	12,000		13.9	✓	see ^a	✓	varies	varies	10
Budget	15,000		see ^c		see ^d	✓	35	varies	varies
Egg	15,000		22.7	✓	7,500		20	10	5
Help The Aged	40,000	25	23.1	✓	see ^e	✓	30	20	
Post Office	15,000		see ^c	✓	see ^d	✓	50	varies	varies
Prudential	40,000		see ^f	✓ ^g	see ^e	✓	30	varies	5

a 35 per cent of sum insured b £1 per policy per month c Fixed charge depending on premium d 50 per cent of sum insured e 30 per cent of sum insured f 10 per cent of overall premium g Off-line only