

When to claim on home insurance

Your home insurance policy may give you peace of mind, but there are times when you shouldn't make a claim

If your cat knocks a glass of red wine on to your cream carpet or the neighbours' child hits a tennis ball through your window, your first thought may be to call your insurance company.

Our research found that if you've built up a healthy no-claims discount, making a claim could leave you further out of pocket than if you had paid for the repair yourself.

Of the 39 insurers we contacted, all but one (Northern Rock) told us a history of claims will affect your premiums – and Northern Rock told us that they will increase your excess instead.

Your claims history can also affect your ability to shop around – Legal and General told us they won't offer you a policy if you've made any claims in the last year with another insurer.


We help you decide when to claim, how to navigate the pitfalls, and how to keep your premiums low.

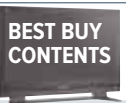
You could save up to £377 on your buildings insurance by picking Best Buy More Than over ING Direct for a high-risk postcode with five years' no claims. Buying online could also bag you a discount – 25% with More Than.



To claim or not to claim

Deciding whether it's worth your while to make a claim can involve several factors, including the size of the claim, the level of your excess, and whether your insurer offers a no-claims discount (NCD). For example, if you've got the maximum no-claims discount and a £50 excess with Insure 4 Retirement, should you make a contents claim worth £100? Using one of our high-risk scenarios, we calculate that claiming would cost you at least £147 – your £50 excess and an extra £97 at renewal as a result of losing your NCD. Your premiums may also go up on top of this.

<div>BEST BUY BUILDINGS</div> <div></div>	BEDROOM RATED		SUM INSURED	
	1938 HOUSE	1982 HOUSE	1938 HOUSE	1982 HOUSE
	LOW RISK	Asda Budget ^a More Than	Asda Budget Churchill ^a	Admiral Bradford & Bingley Budget
HIGH RISK	Asda Axa More Than	Asda Axa More Than	Admiral Budget Key Connect	Admiral Co-operative ^a Key Connect

 BEST BUY CONTENTS	BEDROOM RATED		SUM INSURED	
	UP TO 50 YEARS OLD	MORE THAN 50 YEARS OLD	UP TO 50 YEARS OLD	MORE THAN 50 YEARS OLD
LOW RISK	Axa Churchill ^a First Direct ^a	Churchill ^a Saga Stroud & Swindon BS	Admiral Age Concern ^a Asda	Admiral Age Concern ^a Direct Line
MEDIUM RISK	Axa ^a Budget Stroud & Swindon BS	Axa Saga Stroud & Swindon BS	Admiral Asda Budget	Admiral Asda Budget
HIGH RISK	Bradford & Bingley Budget Key Connect ^a	Asda ^a Budget Saga	Admiral Asda Budget	Admiral Asda Budget

Using the tables

Best Buys are based on quotes for standard buildings and contents insurance, worth £120,000 and £40,000 respectively, for a semi-detached, three-bedroom, brick house in good repair, empty during the day, with no subsidence and approved locks on doors and windows. Quotes assume that the policyholder has a five-year no-claims discount. **Bedroom rated** Premiums are based on the number of bedrooms. **Sum insured** You work out how much cover you need.

Buildings insurance

Covers damage to bricks and mortar plus permanent fixtures such as baths and kitchens. **1938/1982 house** When your house was built. **Low risk/high risk** Determined by the risk from flooding, storm damage or subsidence.

Contents insurance

Covers possessions. **Up to/more than 50 years old** Your age group. **Low/medium/high risk** Low risk is a rural area or small town, medium is a town or suburb, and high is an inner city.

^a Not a Best Buy if you don't have a no-claims discount



SPURIOUS CLAIMS

Mary Cole 71, retired nurse

Mary Cole, from Kearsley, thought she had a good no-claims record, so was surprised to hear from her current insurer, Castle Cover, that she hadn't disclosed a claim the previous year.

Mary contacted her previous insurer, Legal and General, who told her she had enquired whether a replacement for her boiler was covered by her home insurance policy. This was registered as a rejected claim – meaning she lost her no-claims bonus.

'I had no idea this would be registered as a claim,' Mary said, 'I simply wanted to clarify whether a replacement boiler was covered by my policy.'

Legal and General told us this was a mistake and amended Mary's records. But Malcolm Tarling of the Association of British Insurers warns: 'When calling your insurer to question details of your policy, make sure you establish whether you are making a claim or not to avoid this kind of misunderstanding.'

Locked in

Almost all the insurers we spoke to agreed that previous claims will affect your renewal premiums. Liverpool Victoria (LV=), for example, told us that one claim within the first three years would impact your renewal premium. Best Buys Bradford and Bingley and Budget (see tables) will increase your premium for any claims relating to high-value theft, flood and subsidence.

Claims can also affect your ability to switch insurer. Both Nationwide BS and RIAS, for example, won't take your custom if you've made three or more claims in the last three years.

Pay your insurance premium in one go if you can, but if you do pay monthly watch out for a high APR. Asda home insurance, for example, is a Best Buy, but charges 28.6% APR to pay

monthly. This will add around £19 to the annual cost of a £200 policy. Other insurers, such as Best Buy Admiral, don't charge extra for paying monthly.

Exclusions, exclusions, exclusions

Before you submit a claim, read your policy details carefully for any exclusions. Satnav systems, for instance, often aren't covered on your contents insurance.

Our latest survey found that 46% of our members' home insurance claims were for accidental damage. Your insurer may reject your claim if the damage can be attributed to wear and tear, or if you fail to take reasonable precautions such as covering furniture while painting.

If you don't ask, you won't know Finding out whether it's worth claiming can be as easy as picking up the phone

**ONLINE**

Make sure you get the right level of contents cover

www.which.co.uk/contents

and asking what impact a claim might have on your premium. But if you do contact your insurer, be clear about whether you are putting forward a claim or not (see our case study).

If your claim is rejected and you disagree with the decision, complain to your insurer. If they continue to reject your claim, you can also take it to the Financial Ombudsman Service (FOS) for arbitration.

Sometimes you have to claim, but it's important to do the sums first to see whether it's worth your while, and be aware of the potential repercussions come renewal time.

**IS YOUR INSURANCE INSURED?**

Given the recent financial turmoil, it's worth remembering that the Financial Services Compensation Scheme covers 100% of the first £2,000 and 90% of the remainder of your claim in the event of your insurer going insolvent. It also reimburses lost premiums as

long as the insurer is registered with the Financial Services Authority (FSA). All our Best Buy insurance companies are registered with the FSA (www.fsa.gov.uk/register), which is currently consulting on proposals to reduce the cover to 90% of the whole claim.

Contacts

Admiral 0800 085 7467
www.admiral.com

Age Concern 0845 606 5075
www.ageconcern.org.uk

Asda 0845 301 2172
www.asdafinance.com

AXA 0845 600 3034
www.axa.co.uk

Bradford & Bingley
0800 107 3017
www.bradford-bingley.co.uk

Budget 0800 072 0652
www.budgetinsurance.com

Churchill 0800 200345
www.churchill.com

Co-operative Insurance
0845 746 4646; www.co-operativeinsurance.co.uk

Direct Line 0845 246 8753
www.directline.com

First Direct 0845 6100 100
www.firstdirect.com

Key Connect 01924 207117
www.insurance.heathlambert.com

More Than 0800 300660
www.morethan.com

Saga 0800 414525
www.saga.co.uk/home

Stroud & Swindon BS
0845 7252 423
www.stroudandswindon.co.uk

Financial Ombudsman Service (FOS) 0845 080 1800 or 020 7964 0500; www.financial-ombudsman.org.uk