



Guide to Buildings Insurance

This Guide is supplied for general information only. You should seek specific advice for your individual circumstances before acting on any suggestions made.

What is Buildings Insurance?

How much cover do I need?

What does the Insurance policy protect?

Do I need to have Buildings Insurance?

Do I have to take out the Buildings Insurance with my Mortgage lender?

I live in a flat or apartment, do I need to arrange Buildings Insurance?

My property is rented to tenants do I need Buildings Insurance?

My property is currently unoccupied, do I need Buildings Insurance?

Can I change my policy after I have taken it out?

What different types of policy are there?

What should I think about when choosing a policy?

What is Buildings Insurance?

Buildings Insurance covers loss or damage to the actual structure of your home. While Contents insurance covers the loss of your possessions it will not cover the generally higher value of your property. However this may depend on your policy. Your home needs separate cover and this is known as Buildings Insurance.

How much cover do I need?

The amount of insurance you arrange should be enough to cover the total rebuilding of the premises. The rebuilding cost of a building is not the same as its market value. Depending upon the type of property the rebuilding cost could be more or less than the property valuation were it for sale.

It is common to find that the Insurance Company that offers you the insurance cover will provide a conversion table to estimate the rebuilding costs and give you an idea of the level of insurance you require. If your property is very valuable or is, for example, a listed building it is almost certainly worth obtaining a professional valuation first.

Most insurance companies index-link the level of their cover year on year. This means that the amount of cover offered by the policy will keep up with inflation. Although the level of insurance cover will change each year, it is wise to fully review your policy every 2 or 3 years to ensure that the cover remains adequate for your needs.

What does the Insurance policy protect?

If your house is destroyed or rendered uninhabitable, you could claim the cost to rebuild or carry out the necessary repairs. The insurance cover normally provides you with alternative accommodation whilst the rebuilding work is undertaken. You can make smaller claims on your policy for damage caused by less destructive events such as floods, smoke damage, or even broken windows.

Other areas that may be covered are:

- Subsidence of the foundations of your home
- Damage by falling objects – trees, aerials, parts of aircraft
- Collision damage – if someone drives into your home
- Burst pipes, tanks, damaged boilers
- Damage caused during a civil riot.

In some areas, the policy may exclude certain events. Damage caused by terrorism or flood restriction, for example, may not be available in all policies. These exclusions can vary from policy to policy and between the various Insurance Companies. It is always essential to check the policy details, so that you know those risks you do not have insurance against.

Buildings Insurance may also include outbuildings such as sheds or garages. Likewise, the policy may cover any legal costs arising from damage to your home.

It is unlikely that Buildings insurance would cover the cost of repairing your property against problems caused by normal wear and tear. You cannot normally make a claim to have the roof repaired simply because it has become old and has started to leak. However you might be able to claim if a tree or other object was to fall upon it, and this caused the roof to leak.

Do I need to have Buildings Insurance?

For most people their home is the single most expensive purchase they make. Therefore, if you are concerned about the loss of your home or you have a mortgage you will need to buy some Buildings Insurance. It is very likely to be a requirement of your mortgage lender that you insure the property.

Do I have to take out the Buildings Insurance with my Mortgage lender?

Most mortgage lenders make it a requirement of your mortgage advance that you affect a Building insurance policy to protect the building from damage. Not all will insist you buy the policy from them but some may.

Many lenders offer their own insurance policy at the time you take out the mortgage. There is no guarantee that they offer the cheapest rates so you should always consider finding a cheaper alternative.

You should always ensure that there is proper insurance in place from the point that you first become responsible for the premises, even if this is before moving in.

I live in a flat or apartment, do I need to arrange Buildings Insurance?

If you own an apartment or flat that is part of a bigger building, you should also ensure the owners of the freehold have adequate Buildings Insurance. Damage to the infrastructure of the building may have an impact on your property or could even destroy it. You should make sure that you are aware of what insurance cover exists for the building and that your property is covered. You can always take out extra cover if you are not satisfied.

If you rent a property then it is normally the responsibility of the owners of the freehold or their Managing agents to arrange Insurance cover.

My property is rented to tenants do I need Buildings Insurance?

It is important to insure the premises whether or not you are living there. If you do have tenants you should consult with your Insurance Company to make sure the policy offers cover for properties that are rented.

My property is currently unoccupied, do I need Buildings Insurance?

It is still important to insure a property that is lying empty. However it can sometimes be slightly more difficult to obtain the cover. The premiums may be higher for the period the building is empty. However we recommend that you inform the insurer if the property is empty as failure to do so may invalidate any claims that are subsequently made.

Can I change Insurance Company after I have taken out a policy?

If you find an insurance company that can provide the same or better cover for cheaper premiums then there is no reason why you cannot change to the new provider. You can elect to change your Buildings Insurance policy as often as you wish.

If you do make changes you must ensure that your property remains insured throughout the change over period. If you have a mortgage on the property you should advise the mortgage lender of the change to the insurance arrangements.

What different types of policy are there?

- If you know the rebuilding cost of your home you should insure it for that amount: you can find out the value from a recent mortgage survey, or by paying a surveyor to carry out a rebuilding estimate survey for you
- The insurer can estimate the cost of rebuilding. This is based on the number of bedrooms in your home: you will need to tell the insurer some details about your property and the area in which you live, for them to be able to calculate their estimate.

Other differences between policies are:

- Accidental damage: - this may just cover broken door glass or extend to damage to the fixtures and fittings in your home
- The policy excess: - this is where you agree to be responsible for the initial part of any claim for damage. The more you agree to be responsible for, the lower your insurance premium is likely to be.
- The provision of a 24 hour helpline
- Discount on paying an annual premium rather than monthly
- Discounts for those over 50.

It is very common to find that Buildings Insurance is combined with Contents Insurance.

What should I think about when choosing a policy?

Do you know the rebuilding cost of your home? If not, decide whether you want to find out or let the insurer estimate it. Compare the cover offered by various policies and see what is most suitable for your needs – look for any restrictions within the policy, for instance on flood cover or accidental damage. Check for discounts on higher excesses and annual premium payment.

If you require any assistance on choosing your Buildings Insurance policies, you should contact us.