



What you need to know

Home Insurance

Helping Guide you on your Journey

Independent Mortgage & Protection Advisers | Isle of Wight



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Why does it matter?

Besides being the biggest financial commitment you're ever likely to make, your home is probably the place where you feel most comfortable, spend most of your time and store your most treasured possessions. So regardless of whether you rent, own or share your property, it needs to be well-protected.

Taking out appropriate insurance is a way of safeguarding your home and your belongings against whatever life might throw at you. From minor mishaps like a burst pipe or broken window, to major upheavals like a house fire or burglary, the right cover makes sure you don't end up in debt or severely out of pocket.



Before you get bogged down in the details of different benefits, you need to be clear on what type of home insurance is right for you. As a general rule, there are two types of cover:

BUILDINGS INSURANCE

Buildings insurance usually pays for any structural damage to a property caused by flood, fire and subsidence. It's an essential purchase for anyone who owns their own home or has a mortgage. But it's not something you normally need as a tenant, because it's considered the responsibility of your landlord.

CONTENTS INSURANCE

Contents insurance pays for any personal possessions that are lost, damaged or stolen from your home. Along with buildings cover, it's an essential purchase for anyone who owns their own home or has a mortgage. It's also the one insurance you do need as a tenant, in order to safeguard your belongings.

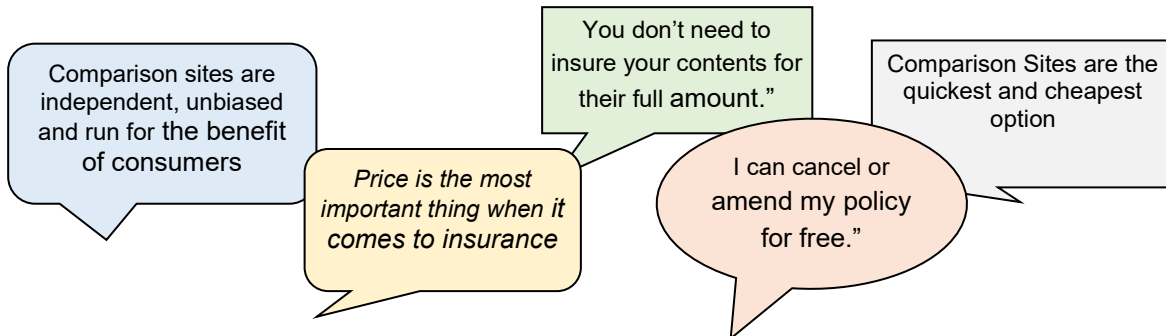
DON'T BE FOOLED...Not all policies are the same!

Just like your home and its contents, your home insurance is a very personal thing. Different products suit different people. Some are very basic and focus more heavily on the up-front cost. Others come with plenty of added extras to give you more reassurance. Then there are those that concentrate on service and supporting you when you need to make a claim. They all have their pros and cons, but ultimately it comes down to your individual priorities.

With this in mind, it's worth being aware that monetary limits can be very different from one provider to the next. Plus, some providers like to include benefits as standard, while others prefer the pick and mix approach that lets you build your own cover. This can make like-for-like comparisons rather difficult.

Obviously, price is important, but the cheapest insurance in the world is no use if it doesn't cover what you need it to.

POPULAR MISCONCEPTIONS



Comparison Sites in numbers

6.8m	The number of homes in the UK that are underinsured. <i>(Source: Telegraph, 2011)</i>
£35,000 vs £55,000	The difference between what people think their contents are worth vs what insurers think they're worth on average. <i>(Source: Financial Reporter, 2016)</i>
50%	The increase in amendment and cancellation fees in the last 13 years – with it costing as much as £35 for an amendment and £75 for a cancellation <i>(Source: Fairer Finance Report, 2018)</i>
66%	of comparison websites have higher excesses than their direct counterparts – working out at £33 more expensive on average <i>(Source: Fairer Finance Report, 2018)</i>
85%	of consumers with internet access have used a comparison website at least once. <i>(Source: Fairer Finance Report, 2018)</i>
£300	Research indicates that comparison websites are charging £300 more for the same insurance policy than other providers <i>(Source: Channel 4's Supershoppers, 2017)</i>
£500	Excesses for escape of water are as high as £500 on some comparison websites <i>(Source: Fairer Finance Report, 2018)</i>

Comparison websites and credit searches...

If you use a comparison site to search for cheap insurance, it will leave a mark on your credit file. It looks at this to make sure the information you've given is accurate and you haven't been telling porkies! Even though these are just 'routine checks' they still need to be logged and that is why they appear on your credit file. This routine check is what's called a 'soft' search and leaves no permanent mark and will disappear after 12 months.



Why does it matter?

Over the past 10 years the credit landscape has almost completely shifted towards 'rate for risk'. This means the more creditworthy you are, the better your credit score is and the better deals you can get on things like mortgages. Every time you apply for credit it adds a footprint to your file for a year. Too many, especially in a short space of time, can trigger rejections as it makes it look like you're desperate for credit. Therefore, space out applications if you can and don't do them frivolously! (Source: www.moneysavingexpert.com)

TIP

Check out the Defaqto Star Rating of your home insurance.

Defaqto have made it their job to ensure you know which insurance products are the best quality.

www.defaqto.com/star-ratings/home-insurance

DEFAQTO STAR RATINGS - based on facts, not opinion

Defaqto do all the hard work for you when you come to choose a home insurance product. Defaqto analyse policies, terms and conditions and rate them on a scale of 1 to 5 based on the **quality and comprehensiveness** of the features and benefits they provide.



A **1 Star** rating indicates a **basic** product, with a low level of features and benefits, while **5 Star** products have a high level and indicate a **comprehensive product**.

Prospect Mortgage Services only offer 5* Defaqto Buildings Insurance Products

Providing you peace of mind that you have a comprehensive policy that will meet your needs when you come to claim.

Defaqto rate nearly 41,000 financial products including over 7,000 home, motor and travel insurance policies and over 450 current accounts and credit card products. They collect, examine and monitor information on a daily basis maintaining a database of over 4.1 million product features.



Defaqto especially focus their research on the things that people are most likely to claim for and how much those claims might cost. This allows them to understand which features are most important. Once they have selected the most important features and benefits for each product area these features are then used to score all the products in the market. Each product is assigned a Star Rating on a scale from 1 – 5.

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BUILDINGS INSURANCE

Buildings insurance is extremely important if you own your own property or have a mortgage. It covers the cost of any structural damage to your home, including fixtures and fittings such as walls, floors, pipework and electrics, and also includes any fitted kitchens or bathrooms.

THE BASICS

Most types of buildings insurance will pay for any damage to your home due to flood, fire and subsidence. But always check the total sum insured (maximum payment), as this can vary from one provider to the next. You should also be aware that the criteria for individual payments can be very different and some policies may even exclude you for floods if you live near water.

HOW MUCH DO I NEED?

In order to know how much buildings cover you need, you need to know the rebuild cost of your property. And it's worth taking the time to find out, because it's likely to be one of the first questions you're asked by your insurer. Be mindful that if you get the figure wrong, you can easily end up underinsured or paying too much in premiums.



...Did you know?

*If you're buying a new home, you **won't be able to exchange on your property until you have your buildings insurance**, so don't leave it to the last minute or it could delay your purchase.*

We can help to make sure you have the right insurance in place for when you need it.

KEY BENEFITS TO LOOK OUT FOR

Many policies look very similar on paper. But when you examine the individual benefits they can be poles apart. Here are some examples worth keeping an eye on:

ALTERNATIVE ACCOMMODATION (for you and your pets)

Some policies will cover the cost for you (and your pets) to be put up in alternative accommodation while insurance repair work is carried out on your property



TRACE AND ACCESS

Not all policies will cover the cost of removing and replacing parts of your building to find and repair water or oil leaks. Others only pay for repairing the leak itself. Rather than completely fixing the problem, this can leave you with multiple holes in your walls, ceilings and floors... and a hefty bill to put it right!

REPAIRS FROM APPROVED TRADESMEN

If your kitchen caught fire because a pan was left on the stove or if an electrical device malfunctioned, buildings insurance could cover organising workmen to repair the damage to your buildings caused by the fire or smoke and redecorate the affected rooms. This is an additional feature to look out for with a more extensive policy.



TIP

Don't forget to update your insurer whenever you have any alterations to your home, as it could affect your cover

OPTIONAL EXTRAS WORTH CONSIDERING

Because everyone's needs are different, many providers start with a core cover and let you build up your policy with optional extras. Here are a couple of options that are worth considering:



ACCIDENTAL DAMAGE COVER

If you want to protect your home against DIY disasters, such as a nail through a pipe or a foot through a floorboard, accidental damage cover makes a lot of sense. It will usually cover accidents to any garages, greenhouses or garden sheds.

HOME EMERGENCY COVER

If you were in a situation where your home becomes uninhabitable and you're frantically phoning around for a reputable, plumber, joiner or electrician, home emergency cover could be just what you're looking for. It gives you round the-clock support and 24/7 access to approved tradesmen should the worst happen. Ideal if you need help quickly!



LEGAL EXPENSES

You might get some legal cover included on your policy as standard, but when you take it out as an optional extra, it tends to be much more substantial. It normally covers everything from employment disputes and personal injury claims, to tax enquiries and probate... not to mention any legal issues with your home!

COMMON EXCLUSIONS TO EXPECT

Most policies come with some exclusions, so it's important you read your policy booklet carefully. Some of the more common exclusions for buildings cover include:

- Everyday wear and tear
- Acts of war or terrorism
- Loss or damage to properties that are unoccupied for more than 60 consecutive days

IMPORTANT CONSIDERATIONS

Is there anything unusual about your property?

Unusual tends to be anything other than brick and tile. If it has a thatched roof, a specialist heating system or any unusual features, you may need specialist insurance or additional benefits.

You might need specialist cover. We can offer guidance on these areas.

Is your property used as a business?

If you live on a farm, above a shop or in a property that is also your workplace, you're likely to need specialist insurance.

We can go through all the options with you.

Anything Else?

Insurance for self-build properties (if you're planning a grand design).

Insurance for a second home or an empty home (if your property remains unoccupied beyond the permitted timescales).





CONTENTS INSURANCE

Whether you rent or own your property, contents insurance covers personal belongings within your home from furniture, toys and sports equipment to clothes, jewellery and TVs. If you imagine turning your home upside down, your contents insurance would cover everything that falls out.

Most types of contents insurance will cover you against loss or damage due to theft, fire, explosions, storms, flooding or water leakage, plus other similar issues. But these benefits generally come with maximum limits and individual criteria that can vary from one policy to the next. **So don't take anything for granted.**

HOW MUCH DO I NEED?

When you take out any contents insurance policy, it's important that the total sum insured is enough to cover all your belongings. So, it's worth taking a few minutes to work out the estimated value of your belongings.

Good policies offer £50,000 cover as a minimum standard and usually allow you to increase this further. Plus, they usually have a 'personal possessions' limit, which can be anything from £10,000 to over £20,000.

TIP

Take a look at a contents calculator template to help work out the cost of your belongings.

HOW MUCH ARE ALL YOUR THINGS WORTH? *(remember you are replacing new for old)*

The average value of contents in a three-bedroom family home is estimated at £55,000¹

BEDROOMS		LIVING ROOM	
Furniture	£	Sofas and chairs	£
TVs	£	Furniture	£
Shoes and clothes	£	TV, computers and laptops	£
Jewellery and watches	£	Stereos & speakers	£
Carpets and curtains	£	Games consoles	£
Soft furnishings	£	DVDs, video games and books	£
Pictures and art	£	Digital downloads inc. music	£
Mirrors and ornaments	£	Carpets and curtains	£
Accessories	£	Soft furnishings	£
Other	£	Pictures and art	£
TOTAL	£	Mirrors and ornaments	£
		Other	£
		TOTAL	£
KITCHEN			
Fridge Freezer	£		
Furniture	£	DINING ROOM	£
Oven	£	Furniture	£
Washing machine	£	Carpets and curtains	£
Tumble Dryer	£	Soft furnishings	£
Microwave	£	Pictures and art	£
Kettle & Toaster	£	Mirrors and ornaments	£
Coffee Machine	£	Other	£
Blender	£	TOTAL	£
Pots, Pans & Utensils	£		
Pictures / Mirrors	£	THE REST OF THE HOUSE	£
Ornaments	£	Cabinets and shelves	£
Other	£	Soft furnishings	£
TOTAL	£	Phones	£
		Tablets	£
OUTDOORS	£	Handheld games consoles	£
Patio set	£	E-readers	£
Gardening equipment	£	Cameras	£
Tools	£	Sat Navs	£
Bikes	£	Printers	£
BBQ	£	Toys	£
Other	£	Other	£
TOTAL	£	TOTAL	£
		GRAND TOTAL:	£

KEY BENEFITS TO LOOK OUT FOR

Like all insurance policies, the details make all the difference. So before you sign on the dotted line, there are a couple of benefits you should always look out for on your contents cover:

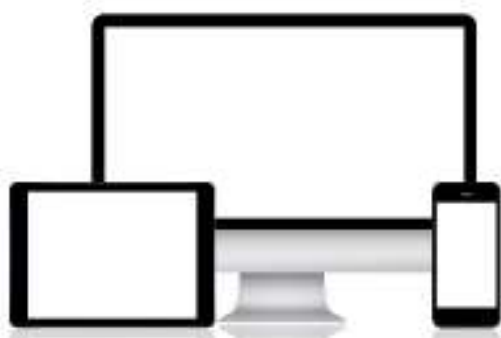
‘NEW FOR OLD’ REPLACEMENT

Many contents policies replace damaged or stolen items with a brand-new equivalent (or its monetary value). So, if your three year old TV falls off its stand and breaks, it's replaced with a new one in the same make and model. Less substantial policies only offer the value of the TV based on its current age, which is likely to be considerably less.



BUSINESS EQUIPMENT

If you work from home, it's worth checking if your insurance policy covers any computers and other business equipment you might use. Most do, but there are always exceptions.



TIP

When taking out a policy, be sure to highlight any expensive artwork, furniture or musical instruments individually, as these types of items are often overlooked.

COVER FOR HIGH-VALUE ITEMS

Most policies indicate a maximum amount you can claim for any individual item if it's lost or stolen. Anything worth more than this is likely to need flagging with your insurer to avoid any claims shortfalls further down the line.



TIP

While it's OK to buy buildings and contents insurance separately, claims often affect both the structure of your home and the things inside it at the same time. So, if you want to avoid submitting and managing any claims with more than one company, it makes sense to use the same provider for both.

OPTIONAL EXTRAS WORTH CONSIDERING

In a similar way to buildings insurance, your contents cover is likely to start with a core cover and give you the option of including one or two extras. Don't ignore these as they are often the benefits that result in the most claims.

ACCIDENTAL DAMAGE COVER

Although accidental damage cover is included as standard on some policies, it is often limited to specific items such as TVs, computers and video equipment. For full accidental damage cover, you usually have to pay extra. Still, it's well worth considering if you're worried about everyday mishaps such as wine on the sofa or paint on the carpet.



PERSONAL POSSESSIONS COVER

Most policies include an option to cover your personal possessions while on the move or in different locations. This is a sensible addition if you carry valuable items such as jewellery, mobile phones or sports equipment. But remember to check the monetary limit, as some providers offer a higher maximum than others.

HOME EMERGENCY COVER

Home emergency cover can give you round-the-clock support and 24/7 access to approved tradesmen following a domestic disaster. Perfect in those moments when the problem needs sorting pronto.



LEGAL EXPENSES

If your new carpet was fitted badly and the retailer refuses to sort the problem, legal expenses would normally cover the cost of legal advice and your legal costs. This could be anything up to a maximum of £100,000 and often with no excess to be paid.

COMMON EXCLUSIONS TO EXPECT

It's always important to read your policy booklet. But typical exclusions for contents cover include:

- Loss or damage due to wear and tear
- Loss or damage caused by pets
- Loss or damage to items while your home is unoccupied for more than 60 consecutive days

TIP

Not all accidental damage cover includes technology items such as laptops and mobile phones – **be sure to check.**

IMPORTANT CONSIDERATIONS

What's the No Claims Discount (NCD) on the policy?

Some policies will offer up to 9 years NCD, which can lead to significant savings if you avoid regular claims.

Are there any fulltime Students in the household?

Some policies cover contents temporarily moved from the home including students' cover, which protects students against theft or damage to their personal belongings while away from home.

Is all the information you have passed to your insurer correct?

It's important that you always pass on accurate information to your insurer. If any of the details are incorrect, it could jeopardise your cover.



TIP

Carpets are generally covered as part of contents insurance

(while laminate and wooden floors are generally covered on your buildings insurance).



LANDLORDS INSURANCE

Whether you're renting out your old flat or a whole string of high-end properties, traditional home insurance is not enough to protect your investment. Instead, you need specialist landlord's insurance. As well as protecting your buildings and contents against loss and damage, it can safeguard you against problem tenants and other unforeseen costs associated with being a landlord.

The BASICS

Landlord's cover is offered on a buildings and/or contents basis and covers you against loss or damage due to theft, fire, explosions, storms, flooding or water leakage and other similar issues. It can also include additional benefits such as loss of rent and landlord's liability benefit, which covers the cost of any accidents or injuries resulting from your property.



...GOOD TO KNOW

Because landlord's insurance is specifically for people who lease out their homes it covers different risks to those covered by a traditional home insurance policy.

KEY BENEFITS TO LOOK OUT FOR

Because landlord's cover is slightly different from traditional home insurance, there may be one or two benefits you're not used to. Here are some of the more common ones:

LOSS OF RENT

Most policies include a benefit that covers you for loss of rent while insurance repairs are taking place. But don't confuse this with loss of rent when you are unable to find a tenant – that is something else entirely!



ALTERNATIVE ACCOMMODATION FOR TENANTS

More extensive policies will pay for your tenants to be put up in alternative accommodation while insurance repairs take place. The added advantage here is that your tenants are likely to come back to your property, rather than renting somewhere else on a permanent basis!

THEFT OF KEYS OR ACCIDENTAL DAMAGE TO LOCKS

If you've ever had to replace the keys in your property, you'll know that it can be really quite expensive. It's worth finding a policy that includes the cost of damaged locks or stolen keys as standard, as it can be a real bonus.

OPTIONAL EXTRAS WORTH CONSIDERING

Just like traditional home insurance, landlord's cover comes with plenty of added extras that you might want

to think about. If you're looking for added reassurance, here are a couple of gems:

ACCIDENTAL DAMAGE COVER

Tenants don't always pay the same care and attention to your property as you would yourself. But if you're worried about slips, spills and breakages, accidental damage cover is the perfect solution. As with traditional home insurance, it covers everything from a nail through a pipe or a foot through a floorboard, to red wine on your carpet.

MALICIOUS DAMAGE COVER

Malicious damage cover is a way of covering your back in case your dream tenants turn into undesirables. It pays for any deliberate damage to your property – from smashed windows to broken furniture, ripped carpet and graffiti.

LEGAL EXPENSES & RENT GUARANTEE

Legal expenses will help you recover the cost of any legal costs should you need to evict a tenant. Whilst rent guarantee would help you recoup the rent once they'd been evicted and until you could find a new tenant.



COMMON EXCLUSIONS TO EXPECT

The exclusions for landlord's cover are very similar to traditional buildings and contents cover. Always check your policy booklet, but expect to see:

- The cost of routine maintenance
- Loss or damage caused by pets
- Loss or damage to properties that are unoccupied for 90 consecutive days

ALL POLICIES - CHOOSING YOUR EXCESS

An excess is what you agree to pay when you make a claim up to a given amount (the excess) before your insurance provider takes over. Most buildings and contents policies have a number of excess options, which can be anything from £50 to £1000, and they tend to go up in increments of £50. Usually, the higher your excess, the lower the premium. But do be careful with the higher amounts, as they can sometimes exceed the benefits themselves! Something to watch out for, there may be a split excess (voluntary excess AND compulsory excess) meaning you might end up needing to pay more than you expected.

REMEMBER - WE ARE HERE TO HELP

With so many options available in today's market, home insurance can be a confusing business. We are here to help make the process clearer and easier. We can research the market on your behalf and put together a quote based on your individual needs.

The process is often quicker and easier than trawling the internet yourself and you have the peace of mind that the policy selected is comprehensive and tailored to your personal needs. Remember – we only recommend 5-star Defaqto policies, so you know that the policy has been independently reviewed and rated – providing a higher chance of payout in the worst case scenario.

We can also research the market ahead of your renewal to make sure you continue to get the best deal every year. If you ever face the prospect of a complex claim, we can take some of the pressure off by speaking to the insurer on your behalf.



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PMS-WYNTK_Home Insurance_2026

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