

Insurance after Divorce or Separation

Advice provided by La Playa: Insurance with Intelligence – www.laplaya.co.uk/private_clients.html

Once your assets have been settled, you'll need to make sure you have the right insurance in place. If you were previously not the partner who arranged insurance, this may seem like a daunting prospect.

You'll need to consider insurance for:

- Home(s)
- Car(s)
- Boat
- Holiday home
- Rental property
- Pets
- Travel

Some insurers provide “portfolio policies” which allow you to insure all of these on a single policy. This can save time, cost and administration.

Should I use a broker or purchase direct from the insurer?

A broker can provide independent advice and shop around for the best cover for your individual needs. However, it depends on how you prioritise price over cover and advice:

- If your home is valued below £200,000 and your assets are straightforward, a direct insurer such as Tesco (www.tesco.com) or Direct Line (www.directline.com) might suit.
- For homes valued between £200,000 & £400,000, Hiscox Direct (www.hiscoxdirect.com) provide more comprehensive cover and a good claims service
- For property values which exceed £400,000, older or unusual properties and any non-standard home contents such as antiques, jewellery collections, valuable gardens or marine craft, we would recommend a specialist broker such as La Playa (www.laplaya.co.uk). La Playa provides independent expert advice on best policies at the best terms, and excellent personal service.

What home contents do I need to include in my “sum insured”?

Many people overlook the cost of replacing items like curtains, bedding and wardrobe contents – did you know the average family's wardrobe would cost £20,000 to replace?

What does “under-insurance” mean?

It's your responsibility to get your “sum insured” right. Research indicates that 75% of UK homes are under-insured. Under standard policy wordings the insurer may only pay out in proportion to the level of under-insurance:

If your home would cost £500,000 to rebuild and you only have £400,000 of cover in place, you are 20% under-insured. After a fire for example, your claim might be reduced by 20% to reflect this.

Similarly, partial losses could be treated in the same way, with claim settlements adjusted down by 20%.

What is “reinstatement value”?

“Reinstatement value” reflects the cost of rebuilding your home to its original specification after a “total loss” such a fire. This is different from the “market value” which may reflect the desirability of location. A city centre apartment might be very expensive to buy but less costly to rebuild. If you insured the “market value” you would be paying too high a premium. However if you had a period property, the cost to rebuild it to its original specification could be

extremely expensive, so ensuring you were covered for the “reinstatement value” would be absolutely vital. If the property is listed, you may be required by law to reinstate like with like, and may have to fund any shortfall in insurance.

Do I need a valuer?

Jewellery and art values fluctuate with trends in fashion and in supply and demand for materials such as precious metals and gemstones. If you have expensive jewellery, fine art or antique furniture, a proper valuation and documentation will save a lot of heartache when it comes to a claim. Consider taking photographs of important pieces in the home (indicate scale with a ruler). A room-by-room camcorder exercise is always useful - the recording should be kept in a fireproof cabinet or away from the home (at the office or bank).

Case Study

A divorcee was unable to insure her collection of fine paintings and glass because her ex-husband refused to disclose the valuations to her, resulting in distress and considerable financial risk. With the help of a specialist broker she was able to contact a valuer, finalise the worth of the items and get the right insurance.

Are my children’s possessions covered while at my ex-partner’s house or while travelling with my ex-partner?

Specialist policies bought through a broker usually provide worldwide cover. If you are not using a broker or specialist policy you need to check whether this is covered.

What are the benefits of a specialist “high net worth” policy?

If your home is worth £400,000 or more, you might consider a “high net worth” insurance policy. Mainly available through brokers, these policies provide very comprehensive cover with minimal small-print restrictions. They are designed for people with more complicated assets and busy lifestyles – and the new breed of Portfolio” policies allow you to insure homes, cars, boats on a single policy. This means less admin and often may mean a lower premium across the board. Benefits include:

- Extra covers: many insurers provide a complimentary survey to help establish what you need to insure. Some provide unlimited cover for buildings so there are no concerns with under-insurance. There are also extra covers for domestic staff and costs relating to stalking, road rage, car-jacking, kidnap and ransom, aggravated burglary.
- Claims: specialist policies allow you to select your preferred supplier or repairer rather than being limited to the insurer’s discounted choice. Claims are paid in cash so that you can choose whether or not to replace lost items, and the claims service is usually swift and hassle-free.
- Is your home listed? As part of our cultural heritage, listed buildings are protected by law. In the event of a fire or flood, you’ll need sound advice and you may need specialist craftsmen using authentic materials for repair. A standard policy may restrict you to the insurer’s “preferred” builder/joiner.
- Damaged an antique ring? It may not be ideal to have it sent off to a high-street jeweller for repair – which many standard policies will insist on.
- Wine collection? A flood in the cellar soaked off the labels from one householder’s valuable wine collection – but with a specialist policy in place, they ended up home and dry.
- Inherited some paintings? You’ll need advice on getting them valued to make sure you don’t fall into the common trap of under-insurance.
- Burst pipe under your valuable slate floor? If the plumber has to break through the floor to access it, the damage may not be covered! Specialist policies include “trace and access” cover.
- Period building? 70% of repairs to period homes are undertaken by non-specialist construction workers using inappropriate materials. This could affect the integrity and value of the property. A specialist policy will allow you to employ skilled craftsmen for the work.

It’s important to work with a broker who will take time to tailor cover for your specific needs and give you the advice you need.

How can I protect my home?

There are many steps you can take to ensure your home is well protected; this could bring down the cost of your premium. The following list is a guide to keeping your home safe and secure.

- Locks: ensure external doors have 5 lever mortice locks or British Standard equivalent. Ground floor and any other accessible windows should have key operated locks fitted.
- BT Redcare The most effective form of monitoring for your alarm system. While a standard telephone line could be cut and no response made, BT Redcare monitors the telephone line 24 hrs a day and can detect an attempt to compromise that connection. If you are vulnerable to loss of telephone lines through bad weather, the Redcare system can be supported by a dual technology system that provides a combination of telephone and radio signalling. This method can also filter out false alarms and the possible withdrawal of Police response.
- Fire alarms If you have an intruder alarm linked to a central monitoring station, think about upgrading it to incorporate smoke detectors and trigger an alert to the local fire station too. The additional cost is relatively minor for the extra peace of mind. If you don't have a monitored fire alarm, use battery or electrically linked smoke detectors (also available wire-free). Fire blankets and extinguishers should be considered.
- Wiring: faulty electrical wiring and appliances cause most fires in older properties. To reduce fire risks in modern, old or historic properties, all electrical installations should be regularly checked by a qualified electrician every 5 years
- Safes: protect jewellery and valuable documents with a freestanding or underfloor safe - with an appropriate rating for the jewellery value. If your collection is valued over £100,000, consider spreading the risk over several safes in case of aggravated burglary.
- Panic buttons: consider these as a minimum next to the front door and in the master bedroom.

Gardens

Gardens are now key theft targets.

- Make a garden inventory: include valuable plants and fish, statuary, urns, machinery (sit-on mowers etc), statues, ornaments, water features.
- Manage the risk: lock sheds and garages. Chain up ladders, which could be used to access upstairs windows. Mark valuables – ideally by etching the surface. Postcode-mark cycles. Secure statues and other movable objects. Consider security lighting and a wire-free alarm system or connecting to the house alarm. Remember, high front hedges provide good cover for thieves.

Going away security checklist:

- Join Neighbourhood Watch
- Cancel milk and papers
- Time switches for lights
- Arrange for a neighbour to call in regularly
- Valuable items in safe deposit