

## ASK THE ADVISER

22) INSURANCE - The latest in a series of articles by Iain Gregory of Caithness CAB

I was awoken at 5am the other day by the loud purring of a cat who was curled up on my chest. He then decided to launch a pre-emptive strike on his brother, sinking all his claws into me as he sprang. My anguished cry awoke Liz who told me not to scare the cats and not to bleed on her new bed-set. I advised said felines to relocate themselves and they promptly charged down the hall and ascended to the top of a previously unscaled sideboard. Moments later I heard the crash of breaking china and in my hurry to assess the damage I tripped over a cat toy and broke my fall on a radiator. I decided the office would be safer, so I waltzed off on icy roads and arrived to find someone had sliced through our main phone cable, the wireless Internet box was playing up and the boiler wouldn't start. To cap it all my man-flu was now critical. After spending 30 minutes contacting India on my mobile, rebooting the system with a size 10 and re-pressurising the boiler, I had a Lemsip, topped up on caffeine, nicotine and reflected that at least I wasn't booked in for a vasectomy.

Life can throw up one or two unexpected issues from time to time and we need to be prepared for them. It is always a good idea to have an emergency fund to cover the basics, but we all need to have insurance in place to protect us against major disasters.

Let's start with your home. Buildings insurance covers the cost of repairing damage to the structure of your property and it should cover the full cost of rebuilding your house including demolition, site clearance, and architects' fees. It usually covers loss or damage caused by fire, explosion, storms, floods, earthquakes (perhaps not too high a risk in Caithness, but you never know), theft and vandalism, frozen and burst pipes, fallen trees, lampposts, aerials or satellite dishes, subsidence and vehicle or aircraft collisions (incidentally, with the huge popularity of Drones it is only a matter of time before one lands through somebody's double-glazing). If you have a mortgage buildings insurance will be a condition of the mortgage. If you are buying a house then make sure that the cover is in place in plenty of time (your solicitor will advise you) and if you sell a house you are responsible for looking after it until the sale is completed so you should keep cover in place until then. The golden rules are to make sure that the insured value is plenty – never underinsure – and always tell your insurer everything. One point worth remembering is to make it very clear how your home is built – stone / brick / block / timber frame etc. This is important. And if you do not have a mortgage remember that whilst buildings insurance isn't usually compulsory it is essential. Owners of tenement flats are required to have buildings insurance for obvious reasons, and if you are a tenant your landlord usually takes out the insurance, although you may be responsible for loss or damage to fixtures

and fittings. Your household contents insurance may cover this.

Household contents insurance is also vital and again we need to be sure that it covers the full cost of replacing everything. It covers you against loss, theft or damage to your personal and home possessions. It can also cover you if you take items out of the home, on holiday, for example. You don't have to take out home contents insurance, but if one were to add up the total value of everything in the house it can be quite frightening. Your policy should cover damage caused by fire, flooding, storms and theft but you may have to pay extra to cover accidental loss or damage to your possessions. Always check what's included because your policy may not cover the contents of a freezer or loss of a mobile phone and there may be an upper limit for a single item. Most policies carry an excess which means that you won't be covered for the first part of a claim. Some policies offer "new for old" cover which means you get the full replacement cost of items that are lost, stolen or damaged but, some will only offer you the amount that your items are currently worth if you need to make a claim. Make sure you know what your policy covers before you take it out. If you are a tenant, check to see whether you are responsible for insuring any contents belonging to your landlord because you may be liable for replacing any items that are lost or damaged. And just a point – if your landlord offers you a policy, check out the competition and level of cover first before you take the easy option – it might be worth your while.

We all need to consider life cover and it needs to be enough to make sure that major debts such as a mortgage are paid off and adequate provision exists for our families if we unexpectedly shuffle off this mortal coil. Clearly our needs tend to vary greatly and factors such as age, dependents, commitments and affordability all need to be considered. Costs can vary greatly so, as always, shop around. There are various different types of cover – for example Term Policies, Whole Life and Endowment. You can do the research yourself, consult a Broker, or speak to CCAB where our Money Adviser will explain all the options to you so that you can make a decision. Once again it is vital to declare everything to the insurer, so if you have an underlying health condition tell them so. The same caveat applies to any form of Insurance of course, but let's face it, you are not going to be around to fight any refusal to pay up so be sure of the facts. On the same note you will all have seen the policies advertised for older people with "No Health Questions Asked" – you need to look carefully at all the terms and conditions here. Whilst you are "guaranteed" cover the policy may well not pay out if you expire in the first year and it can be a bit pricey for the level of cover so do your research carefully.

There are a large number of policies providing cover for Sickness, Critical Illness, Long Term Care and Permanent Health. They can be marketed under different names, but basically they are designed to protect you in the event of a serious illness or accident. Again you need to assess your needs (and affordability) and take some expert advice to make sure you know exactly what the policy will and will not cover. It is always worth checking to see what your employer provides in terms of payment of wages if you are off long

term and finding out if there is any form of life cover tied in to your pension, or perhaps provided by a union or professional organisation, and working from there.

Finally, if you are taking out Travel Insurance then watch like a hawk. Exclusions are numerous and be very careful indeed of the “packaged cover” which you might have from say a bank account. You can be pretty sure that there will be exclusions based upon age and activity and the chance of them covering pre-existing medical condition is very slim indeed. Declare everything to any policy provider and shop around carefully.

As always we are ready to help at CCAB and for my own part I think I may increase my own health cover the way things are going.