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Insurance

When you buy a new home there are so many things to think about, so many things to pay out for, so many new things to buy that it can all come a bit confusing. But don't lose sight of insurance. You have made a large investment and you need to protect it.

There are a number of different types of insurance related to your property, a brief introduction of each outlined below:

Household insurance

Buildings

Buildings insurance provides cover for the property itself against risks such as fire, flood and subsidence. When buying a new home you will need to arrange for buildings insurance cover from the date of the exchange of contracts. Although you do not actually move into the property until the date of completion (often about two weeks after the exchange of contracts) you are legally obliged to complete the purchase, even if the property has, for instance, burnt to the ground in the time gap. Therefore you need to be covered against such a risk.



If your home is part of a larger building, such as a block of flats, your buildings insurance may be bought in a joint policy by everyone in the building. You will pay towards the cost through your service charge. Your solicitor should check this for you.

Your property should be insured for its rebuild cost. The rebuild cost will be listed (possibly under the term ' reinstatement ') on your survey or valuation details.

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Contents

Contents insurance provides cover for all of the possessions inside your home against theft and damage from such things as fire and flood. Some policies (usually for an extra charge) will also cover your possessions against accidental damage. Insurance for items which you take outside your home such as jewellery, sunglasses, bicycles, etc... may also be included in your contents insurance but check the details.

Most policies have a maximum cover and you should make sure this is enough to cover the replacement of all your possessions. Whilst the figure may appear large you will probably be surprised by how much your possessions are worth when you add everything up. Remember 'content' refers to everything from furniture and carpets to computers, jewellery and clothes.

Some policies also have a limit on the sum to be paid out on any individual item as well as an overall limit. So if you have any particularly valuable items make sure they have enough cover.

Mortgage payment protection insurance (MPPI)

This insurance provides cover for your mortgage repayments if you are unemployed for a period of time or cannot work due to long term ill health. In these circumstances, without cover, you could face a crisis in paying your monthly mortgage repayments. Remember, if you do not make your repayments your lender can repossess the property and sell it in order to get their money back.

For people who took their mortgages out prior to 1st October 1995 the government provides enough help in the case of unemployment for many to save their homes. However, for those taking out a mortgage after that date there is no financial help available for the first 9 month period of unemployment. In this time you can fall dangerously behind with payments. So you should seriously consider taking out mortgage payment protection insurance.



Check the details of any policy carefully to ensure your personal circumstances are covered. For instance, many policies do not cover part-time or temporary work. Some have clauses excluding unemployment which is due to medical conditions which you had before taking out the policy, or due to pregnancy, stress or back pain. Unemployment caused by misconduct, voluntary redundancy or through seasonality will also generally be excluded.

You should not assume that insurance against unemployment is included in policies offered to you by your lender. We would always advise that you check.

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Life assurance

If you have a mortgage on your property you need to consider what will happen financially to your family and other dependents if you should die. Will they be able to continue to make the mortgage payments? If not then their home will be at risk of repossession, a cruel but real problem for a grieving family.

Most mortgage lenders insist that borrowers take out sufficient life insurance to cover at least the amount of the loan. However if your lender doesn't say you have to take out life assurance don't treat this as an indication that you don't need any. It may seem like an unnecessary additional cost but it could keep a roof over your family's head at a crucial time.

Those with endowment mortgages do not need to worry about separate life insurance (unless you require cover greater than the loan) as it is incorporated into the endowment policy itself.

Removals insurance



If you already have a household contents insurance policy check to see if it covers your possessions for the period of the move. Check exactly what the policy covers (or more pertinently what it does not cover) and the time limit within which a claim must be made. If you do not have adequate cover you may wish to extend your cover for any accidents that might happen during the move.

Many removal firms offer insurance as part of their contract and this may have been one of the factors that led you to choose them. Ask to see in writing exactly what will be covered and the time limit for making a claim. In particular check the level of any excess (the part of any loss you have to pay yourself) and the upper limits of any claim as a whole or for individual items, which can be quite low.

Legal protection insurance

It is possible to take out insurance cover on all the legal aspects of buying a house. This will cover any legal action that you need to take related to buying your home. It can be used against builders and developers, sellers, removal firms, utilities (water, gas, electricity) companies, surveyors and solicitors. This may be included in your household insurance or, if not, could be included for an additional premium.

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Your Will

Not insurance in the strict sense but certainly covering your assets against risk, ensuring they are dealt with as you wish them to be. You have just purchased a major asset and this is a good time to have a Will made or to review an existing Will. Whilst it is possible to draft a Will yourself it is very easy to make apparently tiny mistakes that could leave your Will invalid or open to contention. This situation is often worse than having no Will at all and will certainly cost more in the long run than having a professionally drafted Will produced in the first place. For more information on our Wills Service please visit our wills department.



To find out more visit www.gardandco.com.

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