

INSURANCE MATTERS

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A FINE JEWELLERY REVOLUTION

High net worth policyholders could be offered identical replacements for valuable lost and stolen jewellery, thanks to experts at Birmingham City University.

The University's Jewellery Industry Innovation Centre has partnered with a claims management expert to use 3D computer aided design technologies (including laser scanning, 3D printing and direct metal laser sintering) to replicate high value jewellery items previously considered irreplaceable.

The application of these techniques may prove useful and popular for claims involving antique or bespoke jewellery

that cannot be easily replaced like for like, thereby also providing a different option to a cash settlement.

The Jewellery Industry Innovation Centre is renowned for its expertise in using 3D CAD/CAM and laser technologies to provide small scale product development solutions.

So, with the advent of 3D printers could this kind of offer become common place in the high net worth market?

In order for an exact copy to be created in the event of a claim, laser scanning would need to be completed initially at the registration and valuation stage of insuring jewellery.

The University said earlier this year, that they are already engaging with high net worth insurers and are ready to get the ball rolling.

Should insurers choose to get on board, there is the chance that antique and bespoke jewellery owners will soon have the option of laser scanning their valuable collections, so that copies can be made should the worst happen.



DRIVING ON THEIR OWN FOUR WHEELS

It can often be seen as the easiest and cheapest option for policyholders to add their children onto their own car insurance policy when they reach driving age. However, this is often not the best direction to go in.

Over 26% of accidents in the UK involved at least one young car driver aged 17 to 24 (Roadsafe Accident Statistics). By adding your children to your own policy you are considerably raising the probability of a claim and the possibility of losing your own no-claims bonus. This would then inevitably lead to a significant rise in your insurance premium.

It is also very important to remember that “fronting”, i.e. naming your child as a secondary driver, when really they are the main driver, in order to reduce the cost of insurance, is illegal.

Insurance companies share information between themselves and other agencies to help spot the signs of attempted fronting. In addition insurers are investigating claims in more detail and could reject a claim when fronting is

suspected. If this is proven the insurance policy will be invalid and the driver will face a fine and penalty points for driving without insurance. Both drivers may also face much higher insurance premiums in the future and could even be turned down by many insurers, as they will have to disclose if a previous policy has been cancelled or refused.

Whilst it may initially be more costly, there are many benefits for your children in starting their own personal car insurance policy early, including:

- The ability to start building up their valuable no claims discount immediately, even sometimes before passing their driving test.
- Keeping costs down a little by adding yourself onto your child’s policy as a named driver.
- Specialist car insurance policies for drivers under 25 often offer telematics (a GPS tracker fitted to the vehicle). By tracking how your children drive, these policies can often prove considerably cheaper

than non specialist options, as long as the driver demonstrates sensible driving skills.

- Policies aimed at young drivers can also often educate your children on driving safely through educational materials and give discounts for taking courses such as the pass plus scheme.
- Some insurers will also discourage driving at times when accidents are most likely to occur (e.g. at night) by placing exclusions on the policy.

In the long run, there are many good reasons and benefits for young drivers to take out their own insurance policy, plus opportunities for them to learn to drive more responsibly and safely.

If you want to discuss the best options for your children’s car insurance please contact us.



INSURING YOUR HOME FROM HOME

Research shows that 29% of high net worth individuals are the owners of second homes abroad (Future Foundation 2012).

For many clients, insuring an overseas holiday home can seem more complicated than insuring a UK property. In fact for overseas holiday homes, protection against normal property risks such as fire, flood, theft and accidental damage are just as relevant. However there are often other factors which also need consideration.

For example if a holiday home is vacant for long periods of time the risk of theft is much greater.

“...each country has its own laws, regulations and practices in place...as well as differences in insurance policies on offer.”

Many holiday homes are also in areas more susceptible to natural weather threats than the UK, such as earthquakes, flooding, wildfires and lightning.

To further complicate matters, each country has its own laws, regulations and practices in place (often very different to the UK) as well as differences in the insurance policies on offer. For example:

- A policy often cannot be cancelled until renewal and requires two months' notice in some countries.
- Many local policies include security warranties for second/holiday homes (warranties are onerous conditions stipulated by an insurer such as the requirement to fit a certain type of alarm, for example, or restricted cover depending on levels of occupancy).
- There may be restricted liability limits and the policy cover might

therefore not be sufficient to pay the whole of a liability claim, e.g. resulting from an accident on your property.

There could also be language challenges in understanding complex insurance documents. It is important to consider if you would be confident and able to navigate your way through the process of making a claim abroad. Expert guidance and advice from a broker, especially at a time of crisis, is critical. Receiving such advice from a personal contact you have spoken to in your native language could make all the difference. You should weigh up the pros and cons of insuring with a local insurer as opposed to a UK based one, so you know what you are dealing with.

Getting the right advice and overseas cover is important, as inadequate holiday home cover could leave you with a costly bill.



WHEN SHOULD YOU COMPARE?

Comparison sites are everywhere and now play a key role in the sale of insurance. However, it is important to approach these sites with caution as the cheapest cover may not always be the right one for you.

The Financial Conduct Authority (FCA) released a report* of their review of price comparison websites in July last year. The report concluded that price comparison websites were leaving customers focusing on price and brand, rather than policy terms.

In the review the FCA said that customers mistakenly believed comparison sites would provide them with quotes based on the best policy for their needs, and had assessed the suitability of cover.

It is also important to remember that not all policy options may be available on comparison websites. For example individuals with high performance vehicles to insure have more specific needs. Many of these individuals may be able to find more suitable,

comprehensive and/or cost competitive cover elsewhere.

By simply going for the cheapest policy, you may find yourself short of cover when you need it most.

Many comparison websites use a blanket approach to get as many quotes out as possible. This means they sometimes make assumptions about your personal details and your requirements.

This may sound harmless but making assumptions about your insurance history, personal circumstances or policy requirements could have a drastic knock-on effect to your premiums or to the level of cover you receive.

Despite their drawbacks, insurance comparison sites can be an efficient tool for obtaining insurance at a competitive price. However just remember the following:

- Not all comparison sites compare the same providers and policies. Check which compare the most

companies and which ones keep your personal details private.

- Check with your broker before you buy. Many insurers are fighting back against comparison websites and are offering similar levels of cover at competitive terms through brokers. This also gives you the opportunity to discuss the level of cover with a specialist on a one to one basis, to ensure the cover you are buying is right for your needs.

Remember that saving time will not always save you money. You should always approach buying a financial product with care and consideration.

* Financial Conduct Authority, TR14/11 – Price comparison websites in the general insurance sector. Published 16/7/14

Contact us if you want to discuss a quote and see what we can offer.

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