Six Secrets for your Successful Property Insurance Claim

(That insurers don't tell you!)



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Important notice.

Don't leave your insurance claim to chance. Read this information carefully, to dramatically stack the odds in your favour.

The Claims Desk

'Every Penny You Deserve'

'Six Secrets' for your successful property insurance claim. That insurers don't tell you!

You don't need me to tell you that **life can be tough**. It has been said many times before and will be again. I've no doubt you know it yourself both personally and in business.

In fact, one of my favourite quotes is from the opening line of **The Road Less Travelled by M Scott Peck….**

'Life is difficult. This is a great truth. One of the greatest truths.'

Every day we get up and go to work and we have challenges. Some small, some big and some seemingly insurmountable. Some challenges are scheduled and known. Sometimes they are not. It's the ones that come out of the blue that we are concerned with here. It is the ones that ruin your day, your week, and your month or potentially destroy your home or business that matter. We are not talking here about having a 'bad hair day' or your beloved football team losing at home. So what disasters are we talking about? Well, it's the sort of thing you read about and see in the local and national news nearly every day, and I really do mean

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every day. Go and check it out now. Type into Google news 'fire today UK' and see for yourself. Ruined lives and businesses everywhere, every day. This is life. You should expect the unexpected or at the very least prepare for it. These are some of the things you must prepare for.

- **Fire**
- **Thefts**
- **Flood**
- **Storms**
- **Accidental damage**
- **Malicious damage**
- **Subsidence**

Let's take it for granted that you are sensible. You are sensible and have taken precautions as a homeowner and a business owner or entrepreneur. You have considered the risk inherent with everyday living and working and have taken precautions, so that in the event one of the above 'nasties' is bestowed upon you, you are covered. You have in fact taken out an insurance policy to cover you for such eventualities. That should do it……

'It's OK I'm covered. I have taken out an insurance policy. My insurance company will pay for any damage I suffer. I've paid my premiums for years so they have to pay my claim'.

Jo Public

Never 'ass U me' anything in life. I don't think M Scott Peck said that by the way. But just because you have taken out an insurance policy and you have suffered damage, doesn't mean they will cover you.

Let me break this down for you a bit….I have worked on behalf of insurance companies on and off for over 25years. Insurance companies do not like paying claims. Why do you think they have so many exclusions and restrictions in your policy? Have you read your policy lately? Do you understand it? Fully? I've been dealing with insurance claims most of my working life and I have to tell you, there are 100s if not 1000s of different wordings, so it is no shame not to fully understand what you are covered for. But it is a big glaring weakness if you think that insurer's role is to pay your claim without so much as a 'by your leave!' Life is simple, but it is not easy.

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So here are 6 'secrets' you need to know, if you want to have a fighting chance of having a successful claim.

Secret # 1. You get what you pay for

All too often I see clients who have taken out insurance on their home, by going on 'aggregator websites'. I'm sure you know the ones I mean. The sites that compare things and are headed up by strange blokes singing opera, or weird wild creatures that speak a mix of Russian and English.

You see, whilst these are vaguely amusing, these characters are simply the advertising avatars to lure you in to buy the cheapest and nastiest insurance policy. You won't be so amused when you need to claim and they are nowhere to be seen.

Time and again, I have seen that if you buy your insurance on one of these site, you will invariably come undone in your hour of need. My strong advice to you would be to use the services of an independent broker. Your broker's job is to scour the market (not the Meerkat), and find you the best -not the cheapest- and most suitable insurance policy for your needs, so that when the time comes - and it will - you can be sure that you will have done all that is reasonably possible to ensure you are fully covered.

Key tip # 1

DON'T COMPARE- SPEAK TO A BROKER

Now, just because you have used a broker does not of course mean that if you need to make a claim, insurers will pay out. This is simply not the case. But, if you start from a good base, you are much better placed than if you have relied on a dodgy opera singer.

By the way. If you don't know of any good brokers, I most certainly do. Feel free to get contact me in total confidence - lazarus@theclaimsdesk.co.uk – and I can personally point you in the right direction. I cannot of course guarantee their services.

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Secret # 2. Utmost good faith

How's your Latin? Uberrima Fides. I thought so!

All property insurances are of course legally binding contracts. Yawn! I know that is boring, but it is crucial. When you enter into a contract to buy insurance cover, you are not buying something tangible, like a car or a TV or a book or some other physical commodity. **You are buying a promise**. A promise that says, in return for paying a premium, the insurance company will pay you at some unknown time in the future, for the damage you have sustained. Now it's not quite as simple as that, but that is the general gist.

The other major difference between buying an insurance policy and other forms of tangible goods, is that with the latter you can see, feel and sometimes smell them. With insurance, all you get are several pieces of paper (normally a schedule, booklet and other regulated literature). Also the insurance company will not (most of the time), ever get to see what they are insuring for you: your house, shop, restaurant, factory, contents, stock, machinery…..the list goes on and on. Therefore they rely on you to tell them what you have got. They will ask you a whole load of questions. These used to be asked on what was known as 'proposal form'. Now they ask you questions and your answers form part of the Statement of Fact that forms part of the contract. Confused?

Naturally, you have a duty to answer their questions truthfully and to the best of your knowledge. However, insurance contracts are different from other purchases because **this duty extends throughout the life of the policy and at each renewal.**

So say for example, insurers ask who lives in your home, and you -truthfully at the time- only you, your wife and 2 children. What then happens, if you later have a theft, and insurers discover, that since you took the policy out, you had an au pair, live in nanny or a paying lodger? Insurers may be well within their rights to decline your claim. They will probably argue, that had they known about this new person, they would not have insured you, or they would have insisted on certain security precautions. Do you see where I am going with this?

If they ask a question, you must answer it truthfully at the time and advise them of any changes whether or not you feel it is **'material'**. Materiality is a whole new topic that falls outside the remit of this paper, and is subject of complex common law, Ombudsman (FOS) rulings and more recently Statute (Insurance Act 2015, that comes into effect Aug 2016). No doubt this new act will be subject to interpretation in the courts in coming years.

Key tip # 2

IF IN DOUBT, DISCLOSE IT TO INSURERS. BETTER SAFE THAN SORRY.

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Secret # 3. Under insurance can destroy your claim

A survey undertaken by **The Telegraph (2011)** revealed that **6.8 million** British households are underinsured, with **£200 billion of contents at risk.** That's right…£200billion! One in five has no contents insurance at all. Now I cannot help those with no insurance. Quite frankly that is plainly stupid and a massive gamble. But, I do see time and again, prospects and clients, thinking they have adequate levels of insurance cover, only to find out that they do not. Then and only then, say after the fire, theft or flood, do they realise the full implications of what they have done, all too often innocently.

Typically, we underestimate the value of our home contents significantly. The problem is, insurers expect you to insure your contents for the **full replacement cost** and to maintain that level at all times. Sounds fairly easy doesn't it? Well, what happens when you have children and suddenly you buy a load of kiddie stuff, or get married, or are bequeathed jewellery? What happens when the price of gold goes up significantly, or you get promoted, get a bonus and go on a spending spree? The value of your contents goes up.

You may have started out insuring your contents for say £30,000 and now they are worth £50,000. Not at all uncommon. Of course you are busy and the last thing you actually think about is the value of your contents. **Take it from me, you must be vigilant.**

Insurers have a number of sneaky ways they can penalise you, if you make a claim and are under insured. You see, they will argue, that you are expecting them to pay the full replacement cost in the event of a claim, but you are only paying them a % of the full and correct premium, and so **they will not pay your claim in full**.

Key tip #3
CALCULATE THE FULL REPLACEMENT COST OF ALL YOUR CONTENTS NOW. DON'T WAIT UNTIL AFTER THE FIRE. THERE ARE NO SECOND CHANCES.

That is all well and good, but when was the last time Insurers told you, you are over insured and give you a refund on your premium?

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So what can insurers do:-

- If you are marginally underinsured they may give you the benefit of the doubt, deal with your claim and simply **adjust your premium**.
- If you are say 10-30% underinsured they may pay your claim, but instead of you getting 'new for old' or the full replacement value, they may only give you the **second hand value**. Great. Now you don't have enough to replace your contents.
- If you are say 30-50% underinsured, they may reduce your claim by the same %. This neat trick is called applying **'average',** and is very common especially in commercial policies.
- If you are more than 50% under insured, they may **decline your claim totally.** They may also **cancel your policy** and make it **void**, as if you were never insured with them in the first place. Nice!

The above categories are typical examples, as each Insurer has their own wording and way of dealing with this thorny issue. My point here is, don't suffer a double whammy.

NB. The problem of under insurance relates to buildings, stock, machinery and plant, business interruption and just about every other category you can insure. I used contents insurance merely to serve as an example to get the point across.

Consider the devastation caused by a commercial fire that destroys a business. Then consider the consequences of being underinsured for your business interruption/loss of profits element. It can be catastrophic, and I've known businesses to shut up shop as a result.

Be smart, be prepared. Insure fully at all times.

We are often asked to assist in such matters after a claim, but increasingly clients want our assistance even before a claim – which of course makes perfect sense. Feel free to get in touch at lazarus@theclaimsdesk.co.uk.

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Secret # 4. Ensure compliance with warranties

Broadly, a warranty is a stipulation in an insurance policy, whereby insurers insist that you must do something, or that you must not do something.

By way of a typical example in a household policy, insurers may require you to have certain locks on your doors and windows. They may also require that these locks are put into operation whenever the house is left unoccupied, or you have retired to bed at night.

There are warranties for 100s of eventualities, whether a home policy or commercial business. It could be warranted that you leave the central heating on a certain temperature during winter months. That you clean and maintain your ducting/extractors if you operate deep fat frying kitchens i.e. Chinese or Indian restaurants. That you drain water tanks when your home is unoccupied for a given number of days. The list goes on and on. There is a warranty for everything.

Problems arise when a warranty is not complied with, and it matters not why. Non-compliance will normally lead to insurers **declining your claim**, whether or not compliance or otherwise would have made any difference to the claim occurring in the first place.

How can this be? Well, for many years insurers have been able to argue, that they only insured you, based on your confirmation that you complied with the warranty. Had they known you didn't comply, they would not have insured you!

Key tip # 4

DON'T LEAVE IT TO CHANCE. MAKE SURE YOU KNOW AND FULLY UNDERSTAND WHAT WARRANTIES APPLY TO YOUR POLICY AND MAINTAIN METICULOUS RECORDS.

Years ago, I dealt with a theft from an Indian restaurant. The intruders broke in by smashing their way through the back door. Now the locks on that door were way above what was actually required by the insurer. In fact the damage was so severe that the thieves clearly would have got in irrespective of the locks. But, because the locks were not 100% compliant with the warranty, insurers declined the claim. How very reasonable!

The topic of warranties is massive and could fill an entire book. The new Insurance Act 2015 is also supposed to redress the balance here somewhat, but it does not come into force until 2016, and no doubt will be subject of much debate and trial in the courts.

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Secret # 5. Never accept insurer's first offer

I guess this should be more a matter of common sense, and yet **common sense is not very common.**

If you think about it, insurers aren't in the business paying your maximum entitlement. They want to pay what they feel they can get away with. For all their branding, slogans, puffs and promises, I've never yet come across an insurer that truly cares about their customer at the claim stage. I mean truly care, and doesn't quibble or make a fuss and try and weasel out of paying a claim or reducing it. Now clearly there will be instances and individual cases, where claims are met and paid in full, but I have to tell you straight, in my experience it is a rare thing.

Key tip # 5

GET THE OFFER IN WRITING. IF YOU FEEL IT IS NOT ACCEPTABLE, RESPOND IN WRITING SETTING OUT YOUR VIEWS AND GIVE THEM A TIME FRAME TO REPLY.

All too often Insurers will make an offer and keep their fingers crossed that you will simply accept it and go away. Chances are, you are so fed up with the entire claims process that has tied you up in knots, and you will simply accept the first offer they make. My advice is not to. Now if you have little or no negotiation skills, this could be a problem for you. Few of us like to get into an argument, but if you feel the offer is not acceptable, you must put your views in writing and give them a reasonable time frame to reply.

Don't forget insurers will not tell you what you can claim for, but they will very quickly let you know what you can't claim for. So you may be selling yourself short. Also, there has been a trend in recent times to pass your claim to a back office. This means that the claims handler you are dealing with may never have been out on a claim in their lives, and will certainly not be personally familiar with your claim. They are emotionally detached, whereas you are emotionally tied up with your claim. **You are coming at the same problem from polar opposites.**

I cannot tell you the amount of times I have argued a case for a client, where insurers insist they will not pay more that x, but end up paying x+y. Why is this? They are either incompetent and don't know the facts of the claim, have incorrectly interpreted the policy cover, or are simply bloody minded and like to make life tough for you. It matters not. If you have a rational case, you should argue it out, or you are leaving your own money on the table. Many times we have increased our client's original offer by a significant %

Our mantra is that we will get you **'Every Penny You Deserve'**- because that is your entitlement.

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Secret # 6. Loss Adjusters are not independent

Let's get one thing straight at this stage. A **Loss Adjusters** is a claims expert appointed by the insurance company to deal with claims on their behalf, and to represent their interests.

A **Loss Assessor** on the other hand, is a claims expert who act exclusively for the claimant. Simples!

I have been both, and I can tell you right here and now, that the Loss Adjuster cannot with hand on heart claim to be impartial and independent, which is what he/she should be.

So when you have need to make a claim, your insurers will invariably (depending on the size and complexity of your claim), appoint a Loss Adjuster to act for them.

Who do you think pays their fees? - Insurers
Who do they report to? – Insurers
Can you see their reports? - No they are confidential.

Key tip # 6

YOU WOULDN'T GO TO COURT WITHOUT REPRESENTATION IF THERE WAS A BARRISTER ON THE OTHER SIDE, SO WHY WOULD YOU MAKE A CLAIM WITH ONE ARM TIED BEHIND YOUR BACK.

So everything you say to a Loss Adjuster, will be taken down and probably used in evidence against you. They are experts. You are not. They deal with insurance contracts and claims every day. You do not.

Several years ago, they were known as **'smiling assassins'.** They would turn up on a claim, give the impression they were friendly and there to help. Meanwhile back at the office they would scour the policy wording, and where there was an issue would report back to insurers for instructions to decline. I should know. I was one.

I used to prepare Loss Adjusters files for audit by Insurers**. Some of the things they would look at would disturb you**. They would want to see, how many claims had been declined, the level of savings achieved against amounts claims, the number of claims referred to a special investigator as potentially fraudulent, leakage (i.e. where they may have paid too much). The Adjuster would get Brownie points for declining claims. Not a whole lot in there on customer satisfaction I can tell you.

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Summary & disclaimer

The information presented in this white paper is generic by nature and is not intended to be relied upon in relation to a specific claim. Insurance claims are subject to legally binding contracts and tend to be very complex especially as the law is changing. The **'Six Secrets'** presented here, are typical examples of issues that we deal with every day. They are certainly not exhaustive, but provide a flavour of the complexity of this topic.

NB: We do not act for everyone or anyone, but if you would like a confidential consultation, then please email lazarus@theclaimsdesk.co.uk and we can schedule a time when we can discuss your issues, and advise if we can assist.

The Claims Desk

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