

Quote, unquote: home is where the heart is

Shop around for the best household deal, says Andrew Don

FORGIVE me for feeling smug, but I've just saved myself £145 by switching my household insurance to another provider.

I found and signed up to the cheaper quote online within an hour – well worth digressing from my work, where I could not possibly hope to earn what I saved in the same time.

Some insurers in this £7 billion-a-year market quoted me more than £1,000 for combined home-and-contents. My new policy cost me £341 and I was careful to ensure it covered all my needs. But why such radically different quotes for the same house and the same contents?

'It's like buying a car. You will buy a different product if you buy a Rolls-Royce than if you buy a Ford,' says Jane Milne, the head of household and commercial insurance at the Association of British Insurers. Some companies like to manage their portfolios by attracting specific types of customer, she says. 'You will be offered a particularly good deal if you fit in with that.'

Individual insurers have their own perceptions of the risk inherent in a particular property and could have different information on those risks, such as the likelihood of flooding or subsidence. 'If they already have 10 houses on your street and you are in a flood-risk area, they may decide they don't want the 11th or they only want it if they get a really good price,' says Milne.

They might still quote a price but at a level to put the customer off. Milne says that with a bar of soap you know what everything costs. 'You don't know that for insurance.' Costs can also vary if you come through a trade union, a supermarket or the internet so Milne says it pays to shop around.

You might get a cheaper deal if you think you have a good idea of the value of your home contents rather than opting for an open-ended policy which, while giving you peace of mind, might be unnecessary. Milne says the combination of having

access to different information about a home and the application of the insurer's own underwriting policy can result in different quotes for the same property.

Richard Mason, director of price comparison website insuresupermarket.com, says insurers have ever more sophisticated ways of measuring risk attached to specific homes. They can look at crime levels, subsidence and flooding risk, often down to the very street you live in. All of this technology means insurers know more detailed

Insurers have their own perceptions of the risk inherent in a particular property

information about your personal circumstances and they can price their quotes according to whether they want to take you on as a customer.

More Than, for example, uses a sophisticated risk assessment tool that David Pitt, the company's head of insurance, says can pinpoint risk of flood and subsidence down to the individual address, where other providers only do it by post-code. This, he says, means customers are given fairer premiums. Quotes can also vary because some providers will calculate the premium based on the sum insured, whereas others might use the number of bedrooms as a means of calculating premiums.

RIAS, the specialist provider of insurance products for the 50-plus market, claims to typically save up to 35 per cent for its customers. It says the over-fifties pay £1.2bn a year for home insurance, a figure it believes could be reduced by one third if they shopped around.

The British Insurance Brokers' Association points out that a 5-10 per cent savings can be achieved when building and contents are purchased as a single policy.

Ray Facer, the head of technical services at Legal and General, says the price someone is charged for insurance is composed of several parts that will vary in cost from insurer to insurer, such as the cost of anticipated claims, their expenses for administering the policy and any commission paid to an intermediary.

Industry experts say that, to get the best deal, you should:

- shop around;
- read research and surveys;
- be sure to compare like with like;
- make sure everything you want covered is included and up to the desired value;
- buy online, giving you discounts of 10-15 per cent;
- check out comparison websites;
- think about opting for a larger excess;
- talk to people who have had to claim from the same insurer – how good are they at settling claims?



Burglar alarm: when quoting prices, insurers look at the level of crime in your area.

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Best deals

3 Bedroom Detached House Built 1974 Based in Coventry (CV3) Market Value: £175,000 Rebuild Value: £100,000 Contents Value: £35,000 £100 Voluntary Excess No Accidental Damage Cover

	Annual premium	Buildings excess	Contents excess
Supermarket Insurance*	£210.26	£100.00	£100.00
Key Connect	£212.39	£100.00	£100.00
Admiral	£218.65	£150.00	£150.00
Budget	£222.17	£100.00	£100.00
Zürich	£253.50	£100.00	£100.00
Elephant.co.uk	£262.23	£100.00	£100.00
Direct Line	£271.95	£100.00	£100.00
Halifax	£275.38	£100.00	£100.00
Tesco	£305.55	£100.00	£100.00
NHI (Homes over 20 yrs old)	£308.10	£50.00	£50.00
Norwich Union Direct	£314.99	£100.00	£100.00
Abbey	£356.56	Not Quoted	Not Quoted
Lloyds TSB Insurance	£374.35	£50.00	£50.00
Egg	£593.16	£100.00	£100.00

Source: insuresupermarket.com

*Own brand, exclusive to insuresupermarket.com