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Home Insurance Jargon Buster

Understanding the ins and outs of home insurance is crucial to ensure you are properly protecting your home and belongings. This jargon buster aims to demystify common terms you might encounter, making it easier to choose the right cover.

A-Z of Home Insurance Terms

— Accidental Damage

Accidental damage refers to sudden, unexpected events that cause harm or damage to your property. It is typically an optional add-on to standard home insurance policies, providing peace of mind by covering incidents like spills, breaks and other unforeseen mishaps. Given that accidental damage is one of the most common types of home insurance claim, it is worth checking to see whether it is included in your policy.

— Act of God

This term refers to natural events beyond human control, such as earthquakes, floods or storms.

— Alternative Accommodation

If your home becomes uninhabitable due to an insured event, alternative accommodation cover pays for temporary living arrangements until your home is restored. This ensures that you and anyone you share the property with have a place to stay during the repair process.

— Buildings Insurance

This type of insurance is designed to protect the physical structure of your home. It covers the costs of repairs or rebuilding due to events like fires, floods or other disasters. Buildings insurance is usually required by mortgage lenders, ensuring that your (and their) investment is protected against significant damage.

— Contents Insurance

Contents insurance provides cover for personal belongings within your home. This includes everything from furniture and electronics to clothing and jewellery. It ensures that in the event of theft, fire, or other damage, you can replace your possessions without financial strain.

— Cooling Off Period

This is the period after you purchase an insurance policy during which you can cancel it without penalty. The cooling-off period typically lasts 14 days (although you should check the specifics of your own policy to verify this), allowing you to review the policy terms and decide if it’s right for you.



— Escape of Water

This covers damage caused by water leaking from pipes, appliances or other water systems within your home. Escape of water is a common claim on home insurance policies and can provide vital financial cover for damages caused by burst pipes, leaking roofs or faulty plumbing.

— Excess

Your excess is the amount you agree to pay out of pocket in the event of a claim and can be made up of two parts – a compulsory excess (an amount you must pay) and a voluntary excess (an amount you choose to pay). A higher excess often leads to lower premiums, but it's important to choose an excess that you can comfortably afford in case you need to make a claim.

— Exclusions

Exclusions are specific events, circumstances or items that an insurance policy does not cover. Understanding a policy's exclusions is crucial to ensure you have the cover you expect.

— FLEA Cover

This acronym stands for Fire, Lightning, Explosion and Aircraft damage. It refers to the basic level of coverage provided by some insurance policies – usually for long-term unoccupied properties – ensuring protection against these specific risks.

— Heave

This is when the ground beneath your home moves upward, causing potential structural damage to the property.

— High-Value Items

High-value items are personal possessions that are worth more than a certain amount, as defined by the insurer. These items, such as jewellery or antiques, often need to be listed separately on a policy to ensure full cover.

— Home Emergency Cover

This type of cover provides immediate assistance for urgent issues in your home, such as a boiler breakdown, plumbing issues or electrical failures.

— Inception

In the simplest terms, it's the start date of your insurance policy.

— Liability Insurance

Liability insurance protects against claims if someone is injured or their property is damaged on your premises. It covers legal costs and compensation, providing essential protection for homeowners against potential lawsuits.




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— Mid-term adjustment (MTA)

A mid-term adjustment is where you amend your policy before the end of the policy. For example, if you purchased a new high-value item and would like it covered, you can change the policy to have this included rather than cancelling it and taking out a new one.

— New for Old

New for old policies replace damaged or stolen items with new equivalents, regardless of the depreciated value of the original items. This type of cover ensures you aren't left out of pocket when replacing essential belongings. For example, let's say your broken or stolen laptop is now worth £200, but an equivalent new laptop would cost £500. A new for old policy would cover the full £500, meaning you wouldn't be £300 out of pocket.

— No Claims Discount (NCD)

A no claims discount rewards you with lower premiums for each year you don't make a claim. This can accumulate over time and offer significant savings, as insurers view customers with fewer claims as lower risk. It is important to remember, however, that your insurance premium is calculated using a wide range of factors, meaning that a rise in claims payouts or an increase in Insurance Premium Tax (IPT) could result in your overall premium rising, even when a no claims discount is applied.



— Non-Standard Construction

Homes that are built with materials or methods outside of traditional brick or stone, such as timber frames or thatched roofs, are considered as non-standard construction. These homes may require special insurance policies due to the increased risk associated with the materials used to build them.

— Personal Possessions Cover

This cover extends beyond your home, protecting valuable items that you carry with you such as watches, phones or laptops. It provides cover against loss or theft, ensuring that your personal belongings are protected wherever you are.

— Policyholder

The policyholder is the person (or people) named in the insurance policy who owns the cover and is responsible for paying premiums. The policyholder has the authority to amend the policy and is the one who will receive any payouts from claims.

— Premium

The amount you pay for your insurance policy monthly or annually.

— Rebuild Cost

The rebuild cost is the estimated expense of completely reconstructing your home from the ground up. It's crucial to have adequate cover based on this cost, rather than the market value of your property, as these figures may differ.

— Renewal

Renewal refers to the continuation of your insurance policy at the end of its term (typically one year). Insurers usually send a renewal notice with details of any changes in cover or premiums before the policy is renewed, whether automatically or with your approval.

— Subsidence

Subsidence occurs when the ground beneath your home shifts, causing the structure to sink or collapse. This can lead to significant structural damage and not all home insurance policies cover it. We can help you to find a comprehensive buildings insurance policy that covers against subsidence.

— Sum Insured

The sum insured is the maximum amount your insurer will pay out for a claim. It's important to ensure that this amount accurately reflects the value of your home or possessions to avoid underinsurance.

— Trace and Access

This cover pays for the cost of locating the source of a leak or other problem within your home, as well as the repairs needed to fix it. Trace and access cover is essential for dealing with hidden issues like water leaks behind walls.

— Underinsurance

Underinsurance occurs when your cover is insufficient to meet the actual value of your belongings or home. This can lead to reduced payouts or even claim denials, making it essential to regularly review and update your insurance policy.

— Underwriter

An individual or organisation that calculates the risks of covering a person with an insurance policy.

— Wear and Tear

When the value of an item declines due to natural deterioration and damage over time.

Finding home insurance – how we can help

We work with carefully chosen insurers and recommend the most suitable policy for your circumstances.

— Independent advice: We provide unbiased advice on a range of products from various providers, ensuring you get the most suitable deal for your individual circumstances.

— Market insight: We have in-depth knowledge of the home insurance market and can help you understand the pros and cons of different policies.

— Application support: We prepare and submit your application, ensuring everything you need cover is included.

As with all insurance policies, conditions and exclusions will apply.

It is important to take professional advice before making any decision relating to your personal finances. Information within this document is based on our current understanding and can be subject to change without notice. No part of this document may be reproduced in any manner without prior permission.



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