



Association of British Insurers

Helping Tenants Protect Their Possessions

A Guide for Housing Officers

December 2010

Foreword

Insurers protect millions of people from the financial consequences of potentially devastating risks. Hazards like fire, flood and burglary can cause significant damage and loss and, for the uninsured, recovery can be extremely difficult. Unfortunately, some of the most vulnerable people in society are often the ones who are least likely to have insurance and who therefore struggle to recover when things go wrong.

The insurance industry is committed to helping people access appropriate financial services. This isn't just about raising awareness of mainstream insurance products, but also responding to the different needs of vulnerable consumers with products tailored to their specific requirements. With this in mind, insurers have designed a range of home contents insurance products that meet the needs of social housing tenants.

We want all social housing tenants to be able to access home contents insurance, and to understand the benefits of having cover. But this isn't something insurers can do alone.

This guide has been developed to support housing officers who deal directly with tenants to promote the importance of home contents insurance. It provides an overview of home contents insurance, the different products available, and the benefits to tenants of being covered. It also sets out some of the 'tried and tested' ways of engaging tenants about insurance, which we've collated through a series of regional workshops over the past year. The feedback we've received from housing officers at these workshops has been invaluable and I would like to thank everyone who has contributed.

I hope you find this guide useful and welcome your views on how it could be improved in future editions.

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Introduction

The aim of financial inclusion is to ensure that everyone has access to appropriate financial services, enabling them to:

- manage their money on a day-to-day basis effectively, securely and confidently
- plan for the future and cope with financial pressure by managing their finances to protect against short-term variations in income and expenditure and to take advantage of longer-term opportunities; and
- deal effectively with financial distress.

Insurance is key to achieving this. Unfortunately, though, the people most likely to be uninsured are also those least likely to be able to recover financially when the unexpected happens.

Scale of the problem

Only half (56%) of low-income households have home contents insurance. This is despite the fact that:

- social-rented households are almost twice as likely to be burgled as owner-occupied households
- arson rates are 30 times higher in lower income communities than in affluent ones
- low-income households are eight times more likely to be living in tidal floodplains than people in more affluent households.

The story doesn't end there. Replacing belongings after a burglary, fire or flood can jeopardise a person's ability to pay rent or bills, or make credit card repayments. And some people may turn to unscrupulous lenders to help them meet those payments, leading a spiral of debt that can be almost impossible to get out of.

A Government priority

Promoting financial inclusion is a priority for the Government. Its work is steered by the Financial Inclusion Taskforce, an independent body appointed to advise the Government and to monitor and evaluate progress against its goals.

When it was first set-up in 2005, the Taskforce was focused on improving access to banking, affordable credit and free money advice. However, research commissioned by the ABI in 2007 identified a number of barriers to taking out insurance and highlighted problems associated with a lack of cover. Accordingly, the Taskforce expanded its remit, and asked the ABI to take forward work to increase access to insurance.

Industry action

Our 2007 research identified home contents cover to be simultaneously the most demanded yet least accessed insurance product among low-income households. Through our financial inclusion work, we are seeking to:

- ensure that all social tenants have access to home contents insurance
- increase the number of social tenants buying home contents insurance.

Purpose of the guide

We can't achieve our objectives alone. Rather we need to engage those who work with social tenants on a daily basis to help us – social landlords, housing officers and other stakeholders.

This guide is intended to help housing officers promote the importance of contents insurance to tenants by:

- setting out how home contents insurance works.
- tackling some of the misconceptions about contents insurance that deter people from taking out cover.
- providing examples of what you can and can't say when speaking with tenants.
- understanding what works and what doesn't when promoting insurance among tenants.

It is just one part of our programme of work with insurers, Government and other stakeholders to ensure that everyone is able to access the cover they need.

How the guide was developed

The ABI has co-hosted a series of regional workshops for housing officers over the past 18 months. The workshops have provided an opportunity for housing officers to exchange good practice about how to engage tenants about insurance, to discuss some of the challenges to running a successful home contents insurance scheme, and to let insurers know first-hand what additional support they need.

Based on feedback from those workshops, this guide pulls together some of the 'tried and tested' methods for promoting insurance to tenants. It also provides some useful information on how home contents works and what benefits it brings to tenants and landlords alike.

This is intended to be a living guide: we will update and amend it as we continue our programme of regional workshops and talk to other stakeholders about their experiences of promoting home contents insurance to tenants.

Format of the guide

The guide is in two sections: the first provides tips for landlords on their role in promoting tenants content insurance (TCI); the second is aimed at frontline housing officers, who come into regular contact with tenants.

Guidance for landlords

Your role in improving access for tenants

There are already a range of home contents insurance products tailored for the needs of social tenants. These products are offered to tenants through landlords, rather than sold direct by insurers or through brokers. As such, as a first step, landlords need to identify which product is most appropriate for their tenants, and then subscribe to it. Unfortunately, not all landlords currently offer a scheme.

Benefits of offering a home contents scheme

1 It saves you money

When disasters such as burglary, fire or flood strike, insurance will replace damaged or stolen goods. Without insurance, tenants may fall into debt replacing their possessions and struggle to keep up other payments, such as rent. Home contents insurance can therefore help to sustain many tenancies that would otherwise be at risk. If properties are damaged by fire or flood and become uninhabitable, insurance can cover the costs of rehousing tenants in temporary accommodation, removing the financial burden from landlords. Where tenants' possessions are damaged as a result of a maintenance problem, home contents insurance will cover the cost of replacement goods, thereby reducing the landlord's liability.

2 It helps keep your properties in a good state of repair

Encouraging tenants to take a responsible attitude to their possessions is likely to help promote a culture of taking good care of the properties they rent.

3 It helps you meet your financial inclusion responsibilities

Landlords are all too familiar with the devastating impact on people who turn to unscrupulous lenders to help them replace stolen or damaged possessions following an unforeseen event. Promoting tenants contents insurance can stop this from happening. Financial inclusion is in landlords' interest: it helps build and sustain healthy communities that people want to live and stay in, fulfilling the ultimate objective of every landlord.

Secondly, make sure that staff are fully trained in how and when to promote the benefits of HCI; and the availability of any TCI schemes. The most effective way of doing this is through trusted peers, including landlords. This guide will hopefully provide hints and tips that can help you.

Promoting insurance at all levels

Offering a TCI scheme is an important first step, but it isn't the only one. If your tenants are going to take-up insurance, they need to understand the benefits of cover, and be aware of the products available to them. Landlords – and their staff – have a key role in achieving this.

While it's easy to see the role that frontline housing officers can play in promoting insurance to tenants, some landlords overlook the contribution that other staff can make in this area. For example, when repair teams go to fix a burst pipe that has damaged a tenant's furniture – are they able to mention the benefits of being covered in the event of another incident?

- Think about the roles of all staff that have direct contact with tenants and the support they need.
- Provide training on how products work and how to promote them to all staff.

Setting targets and measuring success

Setting realistic, achievable but challenging targets is key to motivating staff to promote contents insurance.

Tips for targets that could apply to any housing staff that have direct contact with tenants could include:

- The number of previously uninsured tenants that take out a policy each quarter.
- The number of previously uninsured tenants that each housing officer signs up each year.
- Level of awareness about your scheme through an annual survey.

It is important to measure take-up levels, but not all landlords know how many people have signed up to their scheme. This makes it difficult to measure the success of initiatives aimed at increasing take-up.

Annual surveys of policy holders can help landlord's measure customer satisfaction, identifying positive and negative opinions about the policy from a tenant's perspective. These exercises could also include tenants who have arranged their own cover and can provide information about the features needed from a policy by your tenants.

Guidance for frontline housing officers

Overcoming tenant misconceptions

Sometimes a tenant will have preconceived – and inaccurate – ideas about insurance that deter them from taking out tenants’ contents insurance (TCI). Here are some hints and tips to help housing officers challenge some of the most common tenant misconceptions.

Table 1 Overcoming tenant misconceptions

Tenant misconception	Advice to housing staff
<p>My belongings aren’t worth enough.</p>	<p>Many people underestimate how much it would cost to replace their belongings if they were stolen or damaged. As well as televisions and computers, there are also white goods, clothes and DVDs that would need to be replaced.</p> <p>Ask the tenant to look around their home and think about the real cost of replacing everything if it were stolen or damaged. You can use the chart on page 16 to help them calculate how much their belongings are actually worth.</p>
<p>Every time I make a claim it will push up my premiums.</p>	<p>Unlike mainstream policies, tenants’ contents schemes do not penalise the policyholder for making a claim.</p> <p>Premiums are based on all properties managed by the landlord, not an individual tenant. This means the insurer is able to share the risk across a larger number of households to bring the cost down. So a claim won’t affect their premium.</p>
<p>My contents are already insured by my landlord.</p>	<p>It is the responsibility of tenants to arrange insurance for their own belongings, not the landlord.</p> <p>Landlords need to insure the building itself and arrange cover for loss or damage to the structure and fittings (i.e. kitchen units and bathroom suite) – things that can’t be removed. They won’t insure a tenant’s belongings.</p>
<p>I paid for insurance when I bought my television etc. from the shop, so I am covered if something goes wrong.</p>	<p>‘Extended warranty’ insurance offers protection over and above a normal warranty, in the event of goods breaking down.</p> <p>Unlike home contents insurance, extended warranties will not cover damage resulting from water or fire damage, or cover the costs of replacing a stolen item.</p>

Tenant misconception	Advice to housing staff
<p>Insurance is too expensive – I can't afford to pay the premiums.</p>	<p>Premiums for tenant contents insurance can be less than £1 a week.</p> <p>Work through a financial planner with the tenant – use the template on page 16 as a starter – and help with a budget for all outgoings, including insurance.</p>
<p>It won't happen to me.</p>	<p>Tenants in social housing are twice as likely to be burgled as the rest of the population. The risk of arson is 30 times higher and likelihood of living on flood plain is 8 times greater.</p> <p>Using real-life examples of situations where people have been covered in the event of burglary, arson or flooding can be used to highlight the importance of being covered.</p>
<p>I live on a flood plain – no-one will insure my home.</p>	<p>Some tenants living on a flood plain may find it difficult to obtain insurance, particularly if they have already been a flood victim. However, this is not always the case and you should ask the provider to confirm the circumstances under which insurance is available.</p> <p>Some insurers specialise in providing cover to homes at risk of flooding. You can find cover by contacting a local insurance broker through the BIBA helpline (0870 950 1790).</p>

Promoting the importance of insurance

There is no one-size-fits-all solution to promoting insurance, but you can maximise the impact by adopting the principles set out below. The most effective marketing campaigns target particular groups with clear and relevant messages.

Table 2 Promoting the importance of insurance

What does work?	What doesn't work?
<p>Use satisfied customers in marketing to counteract concerns about rejected claims and to demonstrate the value of the cover.</p>	<p>Don't only highlight the negative consequences of being uninsured; some people respond better to positive reasons for taking out cover.</p>
<p>Link incentives to other organisations (i.e. free cover when opening a credit union account). For example, some landlords arrange ongoing discounts in local retailers for tenants who abide by the terms of their tenancy agreement.</p>	<p>Introductory offers (e.g. free cover for a month) can increase take-up in the short-term, but once they finish people often stop paying premiums.</p>
<p>Targeted communications can set out benefits of being covered to those tenants not currently in a TCI scheme.</p> <ul style="list-style-type: none"> • Consider different approaches for groups that are less likely to have insurance (i.e. care in the community and 16-18 year olds). • Reflect the priorities of specific groups that have different views on the importance of cover (i.e. young and old people). 	<p>Untargeted newsletters and mass-mailed flyers sent to everyone are unlikely to be read.</p>
<p>Ask tenants 'what are you doing to make sure that your belongings are protected?'</p> <p>Consider asking tenants to sign a document stating that they have made a conscious decision not to have TCI and know they are not covered for loss or damage to their own possessions too.</p>	<p>Don't be afraid to discuss the importance of insurance with a tenant. It is important that people are able to make an informed choice, and they need all of the facts in order to do so.</p>

What does work?	What doesn't work?
<p>TCI can be relevant at any stage of a tenancy:</p> <ul style="list-style-type: none"> • At the start of a tenancy. • During the six-week review. • During repair works (i.e. through repair teams). • Following other significant events (i.e. fire or flood in the area) 	<p>Don't limit the promotion of TCI to one particular milestone. Insurance can become relevant at different times to different people and for a wide variety of reasons.</p>
<p>There are ways to help tenants maintain their insurance payments.</p> <p>Some landlords prioritise insurance premiums over rent payments to minimise the number of lapsed tenants help more people remain covered.</p> <p>People in rent arrears could have a separate account for insurance that helps them keep paying premiums.</p>	<p>Don't exclude insurance when you help tenants set a budget.</p> <p>Being covered helps to protect people from the financial shocks that accompany unexpected events like theft, fire or flooding.</p>
<p>Work with your regional Financial Inclusion Champion to promote the benefits of TCI. They are available to offer support and advice when you need it.</p>	<p>Don't only rely on insurer material to promote products.</p> <p>You have a direct relationship with the tenant and will know more about their individual circumstances and needs – think about how the engage their interest effectively using different approaches.</p>
<p>Use the logo and branding of your organisation to promote the scheme. This can help to build trust among tenants.</p>	<p>Don't forget to make sure that basic information the insurer providing the cover is also contained in promotional literature.</p>

Developing strong working relationships with other stakeholders

There is a wide range of Government agencies, voluntary groups and other organisations with an interest in financial inclusion. Developing a strong relationship and pooling your expertise and ideas can help to reach more people in different ways than you can working alone.

- Identify credit unions, Citizens' Advice and other organisations in your area with an interest in financial inclusion and work with them to promote the benefits of TCI.
- Make contact with the regional Financial Inclusion Champion who can help to support your work.
- Share examples of good practice with other landlords and organisations that work on financial inclusion.
- Promote your scheme through literature produced by other agencies (i.e. Police or Fire Brigade newsletters).

Dos and Don'ts: Staying Within the Rules

The Financial Services Authority (FSA) is an independent body that regulates the financial services industry in the UK. Its remit includes responsibility for improving financial capability, providing guidance and information that people need on the money matters that shape everyday life.

The insurance industry is working with the Financial Services Authority and Chartered Institute of Housing to produce guidance for housing officers and what you can and can't say when talking with tenants about insurance. We hope this will be finalised in early 2010.

Some common examples of questions the ABI has received from housing officers are set out below.

Table 3 Dos and Don'ts: Staying Within the Rules

What you can do	What you can't do
<p>If you are discussing insurance and someone asks whether he or she can take out a policy despite living in a high-crime area, suggest they consider a Tenant Contents Insurance policy and give them a leaflet about the policy.</p>	<p>Don't tell someone they can only take out a TCI policy because no-one else will insure people living in their area.</p>
<p>If a tenant wants to take out insurance cover but is unsure how to fill in the application form, you can help by explaining the various terms.</p> <p>You can also suggest where they might find the information and show them how to set out the answers.</p>	<p>Don't fill out a form on behalf of the tenant without fully explaining what each term means.</p> <p>Remember: the tenant must always sign the form.</p>
<p>You can recommend your own TCI policy to a tenant if you know about the policy or product features.</p> <p>If you don't operate a scheme suggest that people look around to get the best deal and encourage them to look at different types of provider.</p>	<p>Don't recommend a particular product to the tenant if you don't know about the policy or product features.</p>
<p>Talk about the product features of one or more policies (i.e. premiums, excess and payment methods).</p> <p>If you know for certain about the features of a product that is mentioned when talking to a tenant, you can bring this to their attention.</p>	<p>Don't make claims about a policy or product features if you aren't certain they are correct.</p>

Want to find out more?

You can find more detailed information about our work on the ABI website:

www.abi.org.uk/access_to_insurance/access_to_insurance.aspx

Calculating the value of your personal belongings

	Lounge	Dining Room	Kitchen	Totals
Floor coverings				
Furniture				
Soft furnishings				
Electronics				
Appliances				
Eating & Drinking				
Valuables				
Sport & Leisure				
Garden & DIY				
Linen				
Clothes				
Subtotal				

	Main bedroom	Bedroom 2	Other bedrooms	Totals
Floor coverings				
Furniture				
Soft furnishings				
Electronics				
Valuables				
Sport & Leisure				
Linen				
Clothes				
Subtotal				

	Loft	Hall, Stairs & Landing	Other	Totals
Floor coverings				
Furniture				
Soft furnishings				
Electronics				
Valuables				
Sport & Leisure				
Garden & DIY				
Linen				
Clothes				
Subtotal				

Overall total	
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