



Helping Tenants Protect Their Possessions

A Guide for Social Landlords & Housing Officers

May 2022



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The UK insurance and long-term savings market and the ABI

The Association of British Insurers is the voice of the UK's world-leading insurance and long-term savings industry. A productive and inclusive sector, our industry supports towns and cities across Britain in building back a balanced and innovative economy, employing over 321,300 individuals in high-skilled, lifelong careers, two-thirds of which are outside of London.

Our members manage investments of nearly £1.7 trillion, collect and pay over £16 billion in taxes to the Government and supports communities across the UK by enabling trade, risk-taking, investment and innovation.

We are also a global success story, the largest in Europe and the fourth largest in the world.

The ABI represents over 200 member companies, including most household names and specialist providers, giving peace of mind to customers across the UK.



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

According to WPI Economics and Aviva, only just over a third (37%) of low-income households have home contents insurance.¹ This is compared to more than half of renters whose household income is above £25,000 a year. This is despite the fact that:

- One in three (33%) have had a potentially insurable loss in the last five years, rising to nearly half (47%) amongst 18-34 year olds.
- Renters with low incomes are more likely than other groups to suffer damage or loss of household contents from burglary, fire or flood.
- Seven in ten (73%) low-income renters say they would find it impossible to meet an unexpected bill of £500 without help from an external source.

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 to 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 Policy Forum, which was established in 2017 to bring together key actors within Government, financial services and civil society to provide strategic leadership and promote best practice in tackling financial exclusion.

Industry action

Through our financial inclusion work, the insurance industry is seeking to:


- Ensure that all social housing tenants and low income renters have access to home contents insurance.
- Increase the number of social housing tenants and low income renters buying home contents insurance.

Purpose of the guide

The insurance industry can't achieve our objectives alone. We need to engage those who work with social housing tenants and low income renters 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:

¹ <https://www.aviva.com/content/dam/aviva-corporate/documents/newsroom/pdfs/reports/contents-covered-report-by-wpi-economics.pdf>

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- 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 guide was originally developed in 2009 through a series of regional workshops with housing officers. The workshops 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.

Following review, this guide has been updated in 2022 through engagement with the Association of Retained Council Housing (ARCH), the National Federation of Arm-Length Management Organisations (ALMOS), British Insurance Brokers' Association (BIBA) and ABI members.

Format of the guide

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



Guidance for social landlords

Your role in improving access for tenants

There are already a range of home contents insurance products tailored for the needs of social housing tenants and low income renters. These products are offered to tenants through social 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 social landlords currently offer a contents insurance scheme. If you would like to offer a scheme or are unsure which product would be most appropriate for your tenants and their circumstances, you should speak to an insurance broker. The British Insurance Brokers' Association (BIBA) runs a 'Find Insurance' service, which can be contacted at <https://www.biba.org.uk/find-insurance> or 0370 950 1790.

Benefits of offering a home contents insurance 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, tenants' contents insurance can cover the costs of rehousing tenants in temporary accommodation, although this will be limited by the sum insured by the contents policy, removing some of the financial burden from landlords.

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

Social 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 home 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 home contents insurance; and the availability of any contents insurance schemes. The most effective way of doing this is through trusted peers, including landlords. This guide will hopefully provide advice that can help you.

Promoting insurance at all levels

Offering a contents insurance 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:

- Increase the number of previously uninsured tenants that take out a policy each quarter.
- Increase the number of previously uninsured tenants that each housing officer signs up each year.
- Raise the 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, so it is important to establish a baseline set of data against which to measure success.

Annual surveys of policyholders can help landlord's measure customer satisfaction, identify positive and negative opinions about the policy from a tenant's perspective. These exercises can 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 contents insurance. Here are some hints and tips to help housing officers challenge some of the most common tenant misconceptions.

Tenant misconception	Advice to housing staff
My belongings aren't worth enough	<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 valuables 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 13 to help them calculate how much their belongings are actually worth.</p>
Every time I make a claim it will push up my premiums	<p>Unlike mainstream policies, bespoke contents insurance schemes do not penalise the individual 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>
My contents are already insured by my landlord.	<p>It is the responsibility of tenants to arrange insurance for their 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>
I paid for insurance when I bought my television, etc. from the shop, so I am covered if something goes wrong.	<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>
Insurance is too expensive – I can't afford to pay the premiums	<p>Premiums for contents insurance schemes can be less than £1.50 a week.</p> <p>Work through a financial planner with the tenant – use the template in Appendix 1 as a starter – and help with a budget for all outgoings, including insurance.</p>
Insurers don't pay claims	<p>In 2020, insurers paid out over £2.1 billion in property claims to their policyholders, averaging £5.9 million per day.</p> <p>If a tenant is concerned about the value of insurance or that the insurer will not pay their claim, you should</p>

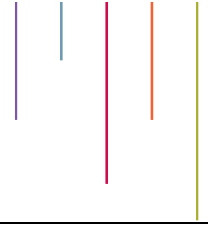


	<p>provide tenants with real life examples of successful claims and satisfied customers. Your insurer or broker may be able to assist with providing these.</p>
<p>Insurance has too many terms and conditions. I don't have time to read all these and cannot understand the insurance jargon.</p>	<p>Speak to your insurer or broker to ensure you understand the terms and conditions of the contents scheme and are comfortable explaining these to tenants. Insurers and brokers will be happy to explain any terms or language used in their policies.</p> <p>To try and improve public understanding of property insurance products, the ABI has produced a household insurance guide which includes information for a wide range of consumers. The ABI has also produced 'The Insurance Experiments' which aims to help consumers understand as much as possible about insurance, to ensure that they are buying cover which will work for them should they need it.</p>
<p>It won't happen to me.</p>	<p>Tenants in social housing are more likely than other groups to suffer damage or loss of household contents from burglary, fire or flood. Using real-life examples of situations where people have been covered in the event of burglary, arson or flooding can be useful to highlight the importance of being covered.</p>
<p>I live on a flood plain – I can't get contents insurance.</p>	<p>The insurance industry recognised the difficulties some households had experienced in accessing affordable insurance so the industry and Government designed and developed Flood Re. This scheme has meant that thousands of tenants who were previously unable to obtain affordable flood cover for their possessions, now can. Landlords can check if their property qualifies for Flood Re here: https://www.floodre.co.uk/can-flood-re-help-me/</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.

What does work?	What doesn't work?
Use satisfied customers in marketing, or your own experience with insurance, to counteract concerns about rejected claims and to demonstrate the value of cover.	Don't only highlight the negative consequences of being uninsured; some people respond better to positive reasons for taking out cover.
Link incentives to other organisations. For example, some landlords arrange ongoing discounts in local retailers for tenants who abide by the terms of their tenancy agreement.	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>Targeted communications can set out benefits of being covered to those tenants not currently in a contents insurance scheme</p> <ul style="list-style-type: none"> • Consider different approaches for groups that are less likely to have insurance (e.g. 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). 	Untargeted newsletters and mass-mailed flyers sent to everyone are unlikely to be read.
Ask tenants 'what are you doing to make sure that your belongings are protected?'. Consider asking tenants to sign a document stating that they have made a conscious decision not to have contents insurance and know they are not covered for loss or damage to their own possessions too.	Don't be afraid to discuss the importance of insurance with a tenant. It is important that people are unable to make an informed choice, and they need all of the facts in order to do so.
<p>Contents insurance 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) 	Don't limit the promotion of contents insurance to one particular milestone. Insurance can become relevant at different times to different people and for a wide variety of reasons.
<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 and 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>	Don't exclude insurance when you help tenants set a budget. Being covered helps to protect people from financial shocks that accompany unexpected events like theft, fire or flooding.
Work with your regional Financial Inclusion Champion to promote the benefits of contents insurance. They are available to offer support and advice when you need it.	Don't rely on insurer material to promote products. You have a direct relationship with the tenant and will know more about their individual circumstances and needs – think about how to engage their interest effectively using different approaches.



<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 from the insurer providing the cover is also contained in promotional literature.</p>
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Developing strong working relationships with other stakeholders

There is a wider 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 contents insurance.
- 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) and through a range of multi-media channels (e.g. email, social media, etc).

Dos and Don’ts: Staying Within the FCA Rules

The Financial Conduct Authority (FCA) 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.

Some common examples of issues related to the FCA rules the ABI has received from housing officers are set out below.

What you can do	What you can’t do
If you are discussing insurance and someone asks whether they can take out a policy despite living in a high-crime area, suggest they consider a contents insurance policy and give them a leaflet about the policy.	Don’t tell someone they can only take out a contents insurance policy because no-one else will insure people living in their area.
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. You can also suggest where they might find the information and show them how to set out the answers.	Don’t fill out a form on behalf of the tenant without fully explaining what each term means. Remember: the tenant must always sign the form.
You can recommend your own contents insurance policy to a tenant, if you have regulatory permission to do so, if you know about the policy or product features. 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 providers.	Don’t recommend a particular product to the tenant if it does not correspond to the customer’s demands and needs.
Talk about the product features of one or more policies (i.e. premiums, excess and payment methods). 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.	Don’t make claims about a policy or product features if you aren’t certain they are correct.

Want to find out more?

Association of British Insurers

<https://www.abi.org.uk/>

<https://insuranceexperiments.org.uk/>

British Insurance Brokers' Association

<https://www.biba.org.uk/>

Flood Re

<https://www.floodre.co.uk/>

Financial Ombudsman Service

<https://www.financial-ombudsman.org.uk/>

Financial Inclusion Policy Forum

<https://www.gov.uk/government/collections/summary-of-financial-inclusion-policy-forum-meetings>

National Housing Federation

<https://www.housing.org.uk/>

Association of Retained Council Housing (ARCH)

<http://www.arch-housing.org.uk/>

National Federation of Arm's Length Management Organisations (ALMOS)

<https://www.almos.org.uk/>

Appendix 1 – Calculating the value of your personal belongings

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

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

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

Overall total