Whatâ??s covered under your home insurance?

Description

What is Home Insurance?

A lot of finance bloggers have covered life / term / hospital / investment-linked / travel insurance policies, but I didnâ??t find much information on home insurance so I thought today Iâ??ll dedicate an article to this boring but important topic.

Home insurance policies are just about as exciting as watching paint dry, but theyâ??re an important concept to grasp for all homeowners. A home insurance policy will cover the physical structure of your home as well as your personal contents within the four walls. To be more accurate, some agents distinguish between fire insurance and home insurance, so hereâ??s a quick run-down of the differences:

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	Fire insurance	**Home insurance**
Status	Mandatory	Optional
Premiums	As low as a few dollars for a 5-year plan (eg. $5.50 for a 4-room HDB for 5 years of coverage)	Ranges from $40 â?? $400
Whatâ??s covered	Only covers damage to your home structure, replacement of any original fixtures or fittings by HDB / the rebuilding of your home for landed properties. Does NOT cover damage to home possessions in the event of fire.	Covers the contents in your home, together with a few other quirky stuff that you probably never knew.

In the event of any unforeseen incidents like a fire or burglary, your home insurance policy will cover any damage caused to both the physical structure as well as the belongings inside your house (eg. TV, credit cards, jewellery, etc). A more comprehensive policy will also cover you for alternative accommodation expenses during the period where

youâ??re unable to stay in your home due to such events.



While researching on this topic, I also realised there are a few unexpected and interesting areas that home insurance policies also cover!

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Unusual things and situations that your home insurance could cover for

1. Identity theft



Weâ??ve all worried about cyber security, and there are various home insurance policies that can cover theft of credit / debit card and personal documents. One such unique policy is the AXA SmartHome Optimum Plan, who has a Cyber Protector Rider to protect against identity theft, fraudulent internet transactions, disputes with online stores, and damages to virtual reputation. You could claim up to S$1,500 for legal expenses on private settlement and a maximum of S$15,000 for court cases!

Of course, whether your claim gets approved in such events is entirely up to the insurer, but this is definitely a new area of interest worth looking into especially if youâ??re looking to combine with your home insurance policy. Moreover, such an insurance is often offered as a separate policy, but AXA combines them into a single plan in this case. *For instance, Chubb has its Identity and Wallet Protection Insurance which only covers theft of credit/debit/ATM card and personal IDs, whereas AIG offers ID Guard which covers identity theft, credit card*

fraud, and online and email scams.

Read also: 4-Step Guide to Protecting Your Credit Card Information Online

2. Clothes, grocery expenses and other living essentials

I was pretty intrigued when I saw that Chubbâ??s Home Insure policy offers up to S$3,000 payout for expenses incurred on clothing, personal effects and other essential items if your home becomes uninhabitable for a period of time due to the unforeseen events. Pretty cool!

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3. Burst water pipes

Remember that story about the Singaporean family who came back to their brand new BTO flat only to discover it covered in crap due to a burst pipe? Well, home insurance protects your property against such tragic incidents as well.

4. Damage or loss of belongings of your household help and guests

Suppose your friend whoâ??s staying over at your place for the night accidentally breaks her pair of spectacles. Or, a gold ornament of your domestic help gets stolen from the house. These things are also covered by your home insurance or home contents insurance (of course, only if you have opted for them at the time of buying the policy). Bet you didnâ??t know this!

You will have to pay an excess of S$100 or thereabouts, and the cover usually ranges from S$500 to S$1,500 per item. Some policies offering these benefits are Aviva Home Plus Policy and NTUC Income Enhanced Home Insurance.

5. Your Bicycle



If youâ??ve invested in a good bicycle, chances are that youâ??ve probably worried about it getting lost or damaged. The good news is that if this happens when your (or your familyâ??s) bike was on your building premises, you can claim up to S$300 through insurance. Tokio Marine Flexi-Home Insurance and AIG Homes Advantage are some policies that offer this.

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Read also: **Singles Tell Us 6 Tips They Learnt as First Time Homeowners**

6. Groceries in your refrigerator

No, you canâ??t make a claim for that block of rotten cheese you forgot about because it was hidden for ages behind boxes and boxes of other frozen food. But if some food items in your freezer gets spoilt because of temperature fluctuation, power failure, lightning, or a technical problem in the refrigerator/freezer/chiller, you can claim up to S$500 per item as insurance. (You still have to pay an excess of S$100 though, so it only makes sense to make a claim for items that are actually very expensive to replace.) Usually companies approve such claims with ease when you havenâ??t been home for a few days â?? for example when you are on a vacation â?? rather than when you have been at home all the time.

Policies that offer this benefit include DBS HomeShield, ETIQA eProtect Home, and MSIG Home Insurance.

7. Pets



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Last but not least, most pet owners I know donâ??t actually bother to buy pet insurance, which is surprising considering the benefits they can get. Anyway, youâ??ll be surprised to know that your home insurance policy can also cover:

- â?• Accidental death of your pet
- â?• Theft of your pet
- â?• Damage caused by your pet to a third-party property

Iâ??ve no idea why, but usually only dogs are covered, although some policies insure cats as well. Generally, the maximum amount offered is around S$500 per pet, for a maximum of 3 pets. You can get this in plans such as EQ HomeGuard and American Express Home Insurance, or go directly and get a dedicated pet insurance policy instead.

What I found through this exercise was that each home insurance policy is customisable as per your needs, and not all plans offer the same benefits or the same cover. Contrary to what I had expected, thereâ??s a lot more that you can opt to get coverage for instead of simply the physical structure of your home and the contents in it. It is worth comparing across the different insurers to see which kind of coverage you would like to opt into vs. the premiums, so if you havenâ??t bought a home insurance plan yet, you can head over to get a comparison on

BankBazaar.sg before getting one.

If youâ??d like to get a personal loan or a credit card, you can also visit BankBazaar.sg to easily compare and apply for the best offers in Singapore.

Disclaimer: This post was written in collaboration with BankBazaar.sg.

With love,
Budget Babe

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Category

1. Property