

Understanding Home Insurance

10 Questions about home insurance



1 Why should I buy home insurance?



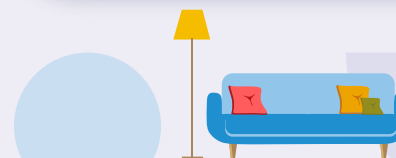
Taking out a home insurance policy allows you to shift responsibility to an insurer for any expenses arising from the loss of household possessions, including appliances, furniture, collectibles and jewellery, caused by theft and accidents, such as typhoons, flooding and fire. Home insurance also provides third-party liability protection for you and your household members, and even employer's liability for a domestic helper.

2 Do tenants need to purchase home insurance?



Home insurance is not solely for property owners. Both property owners and tenants can buy home insurance according to their personal needs to cover the loss of the possessions of policyholders and household members in an insured property, as well as third-party liability.

If a property owner buys a home insurance policy for an owner-occupied property, the policy covers any loss of the owner's household possessions. If the owner rents out the insured property, the policy protects the owner, but does not cover any loss of the tenant's household possessions or third-party liability in the event of an accident. Hence, tenants are recommended to take out a home insurance policy, as it covers the loss of household possessions and third-party liability for them and their household members.



3 Do I need to purchase home insurance if I have purchased fire insurance?



Fire insurance coverage is not the same as home insurance coverage.

	Fire insurance (also known as “building insurance”)	Home insurance
Policyholder	Owner Banks will require the owner to arrange fire insurance to fulfil the approval requirements for a mortgage.	Owner and tenant They can take out separate policies.
Coverage	Replacement, repair or rebuilding cost for damage to the building(s) (e.g. original floors, ceilings, doors, windows and walls) on a property.	Loss or damage to home contents in a property (e.g. appliances, furniture, collectibles and jewellery) and third-party liability resulting from an accident.

In case of a fire accident, for example, fire insurance covers damage to the building structure of a property, such as walls and ceilings, while home insurance covers the loss of home contents in the property (e.g. furniture and clothing), and third-party liability resulting from a fire. You should assess your personal needs and consider purchasing both products for comprehensive protection.

4 Does home insurance protect only home contents?



Home insurance covers the loss, destruction or damage of home contents in an insured property, including furniture, appliances, clothing, valuables (e.g. jewellery, antiques and art pieces) and interior decorations, in the event of an accident. Some home insurance policies now extend coverage beyond the home. The lost, stolen or damaged personal possessions of policyholders can be covered worldwide, including loss of money, unauthorized use of credit cards, and the replacement cost of personal documents. The coverage details depend on the specific terms of each policy.

Third-party liability insurance is also commonly included in home insurance policies. This insures the policyholder for liability and compensation for accidental death or bodily injury of a third-party or accidental loss or damage to a third-party property resulting from the negligence of the policyholder or household members.

Home insurance coverage varies from insurer to insurer. Some policies include additional protection, while others offer optional benefits for policyholders, such as buildings (commonly known as fire insurance), accommodation rental for temporary removal, and deterioration of frozen food due to a power outage. Insurers also provide optional benefits for landlords, such as loss of rental income due to tenant delinquency.



5 What is the third-party liability protection in a home insurance policy?



Third-party liability insurance, also known as personal liability insurance, is commonly included in home insurance policies nowadays. This insures the policyholder for liability for accidental death or bodily injury of a third-party or accidental loss or damage to a third-party property resulting from the negligence of the insured person. Normally, the products cover both indemnity and legal expenses of both the insured in defending or resisting third party claims and the successful third party. Common incidents that incur personal liability claims include damage to a neighbour's property due to water seepage, and damage to a third party's property if something falls from home.

Some insurers also offer worldwide protection in their third-party liability insurance. The coverage is not limited to the home; it covers anywhere outside the home, including liability and compensation for accidental death or bodily injury or accidental loss or damage to the property of a third party resulting from the negligence of the insured person.

6 Do home insurance policies normally have a benefit limit and deductible for insured items?



In general, home insurance policies have a maximum aggregate benefit amount per year. Insurers classify the covered items into categories such as valuables, wine, frozen food and outdoor property, and then determine the benefit limit for each category. In addition, some home insurance policies have a deductible for different categories of insured items. The deductible refers to the amount of each claim payable by the policyholder. The amount in excess of the deductible is compensated by the insurer.

7 Are losses related to broken windows caused by a typhoon always covered in a home insurance policy?



For the damaged window itself, if it is an unrefurbished window originally provided by the property developer, it is considered as part of the building structure and is covered by fire insurance. If it is not an original fixture but is a replacement or part of a refurbishment, it is considered an "interior decoration" and is covered by home insurance. For loss of, or damage to, home contents caused by a damaged window, the policyholder can make a claim under home insurance. If a broken window injures a third party, resulting in a claim for compensation by the occupier, home insurance covers the policyholder if third-party liability protection is included in the policy.

8 Is an unoccupied property covered by a home insurance policy?



Unoccupancy is a common exclusion. In general, the exemption period for an unoccupied property is 30 days. The property is not insured after it is left unoccupied or vacant for more than 30 consecutive days (e.g. if the policyholder is away from home for a long period of time or if a property is left unoccupied for renovation). The unoccupancy period is subject to the terms of each policy. Hence, policyholders must notify the insurer about the unoccupancy beforehand and the reason for travelling away from home or leaving the home vacant for interior decoration works, and so forth, and check with the insurer whether there is any adjustment to the premium and what the protection details are.



9 Are there any other general exclusions for home insurance?



Other than unoccupancy, generally the loss, destruction or damage of an item caused by natural wear and tear, such as pipe damage arising from wear and tear or deterioration because of inadequate maintenance, is not covered. Also, any loss or damage to the property of a third party or liability to injury of any person caused directly or indirectly by a criminal, unlawful or malicious act is excluded from the common coverage of home insurance in general.

Other exclusions include illegal structures on a property, pre-existing condition(s), war, terrorism, nuclear radiation, pollution, or any unexplained loss or destruction or damage. The coverage of each home insurance policy is not entirely the same, so the policyholder should read the policy terms carefully before taking out a policy.

10 What should policyholders be aware of when making a claim?



In the event of an accident, policyholders should stay calm and avoid getting flustered. They should take photos or a video immediately to record the situation involving the loss or damage (e.g. the extent of the damage of the item(s) or the interior condition of the property), and then submit the photos or video to the insurer for damage assessment. In addition, insurers may need to inspect the damaged item(s) when processing the claim. Therefore, policyholders should not dispose of the damaged item(s) before it has been inspected and confirmed by the insurer, or the claim results may be affected.

For a claim involving third-party liability, do not enter into any settlement agreement or compromise regarding a loss or admit liability to a third party to avoid any violation of the claim procedure, which may affect the claim results. Policyholders should notify the insurer immediately and refer the claim request to the insurer and other professional parties for handling. In the event of loss due to theft, make a police report immediately (within 24 hours in general), keep a copy of the police report with the reference number, and submit it to the insurer.

The above information is for reference only. For the coverage, benefit limits and premium levels of a specific home insurance plan, please refer to the relevant policy terms.

For more information, please visit the Insurance Authority's [dedicated webpage on home insurance](#).

