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## **MONEY BOX LIVE**

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**LEWIS:** Hello. Insurance is in the news this week. A survey found that one in five of those questioned had saved money this year by cancelling or not renewing their home contents insurance. The Financial Services Authority has effectively banned some kind of Payment Protection Insurance. And Lord Turner, the chief City watchdog, has growled at the industry, warning it not to cut back on policies that protect your mortgage if you lose your job. So today Money Box Live is about insurance. Whether it's insuring your possessions against burglary or flooding, making sure your car's properly covered or buying a travel policy for that sporting holiday, the insurance is one thing - every one of us has bought at some time - but how can you make sure you get the cover you need, especially when you're looking for the cheapest deal? Will it pay out when you claim? And how do you complain when it doesn't? Whatever your question, call Money Box Live now - 03700 100 444. With me today to answer your questions about insurance: Peter Staddon, who's Head of Technical Services at the British Insurance Brokers Association; Malcolm Tarling from the Association of British Insurers; and, in Chester, Clare Francis who's Editor of the Internet comparison site Moneysupermarket.com. Our first question is from Linda in Aberdeen. Linda?

**LINDA:** Yes, hello. Thank you. We made a claim for some damage to our house under our house insurance and we were told we were under insured and, therefore, we were paid only three-eighths of the amount of money we were claiming. We told the company, the insurance company, that we are index linked and we thought that would cover the problem, but they said no, it's up to us to have an independent valuation every year. And of course that would cost us money. We then asked the brokers to increase our premium and they refused to do that

because we were not able to provide an independent valuation. So my question is: is this normal, is it acceptable? It certainly doesn't seem so to us.

**LEWIS:** So this was a claim on the cover of your building itself, not the contents?

**LINDA:** That's right, on the actual house.

**LEWIS:** So you had damage to the house?

**LINDA:** We did.

**LEWIS:** Okay. Well let's ask Peter Staddon first from the Brokers Association.

**STADDON:** I find this quite interesting. The problem here, Linda, is how long have you had the house? Have you had it for very long?

**LINDA:** Yes, 25 years.

**STADDON:** Right. Now one of the problems, as we all know - index linking doesn't always keep up with inflation when you start looking at the rebuild of a property. I find every year is a little too much. I mean every 3 years certainly. And when you talk of a valuation for three-eighths, there's obviously a serious problem. It also happens that people maybe build extensions, may put in fitted wardrobes and kitchens and bathrooms, and that puts up the price as well. I would say every 3 years certainly, but every year does seem rather excessive.

**LEWIS:** Yes, I'm sure it's something most of us don't spend money on though, isn't it Malcolm?

**TARLING:** Yes. I think the important point is that you're insuring a property for its rebuilding cost, as Peter mentioned, and not ... Don't get confused when you hear the word 'valuation'.

**LEWIS:** So this isn't the market value, the value you could sell it for?

**TARLING:** No, it's nothing to do with what you can sell it for or not, as the case may be. It's what it would cost to repair. And what you normally get are policies that are index linked to the index and rebuilding costs, which takes into account (amongst other things) the availability of raw materials and buildings costs. If you get that figure right to start with, then that should normally be sufficient; but, as Peter said, an annual rebuilding cost revaluation does on the face of it seem a little excessive.

**LEWIS:** Clare Francis, is this something you can look at through your comparison site?

**FRANCIS:** Well I think not specifically, that's the thing. Malcolm's site, the ABI, has some calculators that help you work out what the rebuild value is, but I think it underlines quite an important point that the danger of under insuring is that if you do have to make a claim potentially you won't get the full amount paid out to you.

**LEWIS:** And, Linda, have you complained about this? Have you tried taking your case further?

**LINDA:** We've actually started to compile a complaint to the Ombudsman.

**LEWIS:** Right. So you've been to the insurance company and they've said no, so now you're going to the Ombudsman?

**LINDA:** That is the case, yes.

**LEWIS:** Yes. And, Malcolm, that's really all you can do, Malcolm Tarling, if you disagree?

**TARLING:** Yeah. I mean obviously the first stage is to go to the insurance company direct and talk to their senior management. But if you don't resolve the complaint then, as you say, you can go to the insurance ombudsman and he will have a full and independent review of what's happened here.

**LEWIS:** So I suppose there is a general principle people should be aware of - that if you do insure for too little, you get that fraction of the claim. It's the same with contents, Peter, isn't it; that if you don't have your contents fully insured and you're burgled, even though only one thing was taken, you're only going to get half the value if the total insurance only covers half the total value of the contents?

**STADDON:** Absolutely right. But the other side of that one, you could be over insured and there's no point in paying a premium for something that you can't claim on. So you do need to make sure that you set the figures correct.

**TARLING:** We are talking about significant amounts here. We're not talking about insurers trying to catch you out because you've failed to take into account that lighter you went down the shop and bought a couple of days ago. We are talking here about significant amounts of under insurance, so typically 50% of the total value of your property, for example. That's when under insurance is a big issue.

**LEWIS:** Yes. But somebody in Linda's case, presumably initially she may have had a mortgage, it would have been dealt with through the lender and it should have been properly insured then ...

**TARLING:** Yes, it should have done.

**LEWIS:** ... and from what you say, this buildings index should make sure it's ... Even 25 years on, it shouldn't be three-eighths of the value.

**TARLING:** Yes, absolutely. It should have been sorted out when Linda bought the property originally; and if the right index linking and policy was set up, this shouldn't have occurred. There may have been changes to the property, as Peter mentioned earlier. If an extension has been built or it's been modernised in some way, then obviously that can affect the original valuation.

**LEWIS:** So at that stage, you should have it re-valued. Peter, one brief point and then we

must move on.

**STADDON:** But there are other policies out there. There are what are called 'bedroom-rated policies', and a lot of these 'bedroom-rated policies' will have almost no sum insured on buildings. But again you need to know your valuation - so you need to talk to your broker, talk to the insurer, make sure you know how often they want you to value this property. But, as I say, every 12 months seems a bit excessive.

**LEWIS:** Right, so every 2 or 3 years and certainly if you make a big change. Anyway, thanks for your call, Linda. I do hope you get that sorted out. It sounds like a pretty worrying problem for you. Jill is next from Banchory. Jill, your question?

**JILL:** Hello. It's actually Tornabene in Aberdeenshire.

**LEWIS:** I'm sorry.

**JILL:** My question is what constitutes 'unattended'? I was travelling from Edinburgh to Aberdeen on a train last June and I had a rucksack taken. I noticed it was gone after Kirkcaldy. I reported to the transport police, who were extremely helpful and very supportive. I tried to claim for my travel insurance and they turned me down on grounds that it was unattended. The transport police backed me up in saying that it couldn't in the enclosed environment of a train be unattended because a three hour journey, you have to go to the toilet. And I didn't actually go to a buffet, there wasn't a buffet. But ...

**LEWIS:** So you might not have been looking at it every moment, but it wasn't unattended in the sense that you'd gone off down the shops or anything in a shopping centre.

**JILL:** No, no.

**LEWIS:** No.

**JILL:** And they turned down my claim the first time, and then I went back to the transport

police and they said that's absolute rubbish and they gave me all their details, their numbers, "go back to the travel insurance company". It was Saga, as it happened. And they turned me down again. And I haven't re-insured with any travel company because I've tried to get a description of what constitutes 'unattended' from them and it's a really, really grey area.

**LEWIS:** Malcolm Tarling?

**TARLING:** It's a good question and, as you've found out, it's a very difficult one to answer. I mean insurers should be practical and pragmatic about this. They should be looking at the individual circumstances. For example, if you've got - and this doesn't really relate to you, but it illustrates the point - if you've got a really expensive camera and you leave it on a beach towel and you go in for a swim and you come back, insurers are not going to pay out in those circumstances. If you've for example got a valuable piece of jewellery, they will expect you to keep it with you at all times and not necessarily have it in a rucksack or suitcase that's going to be unattended even for a minute. But I think in these circumstances, insurers, I would expect to take a long, hard look at the case and say well what would a reasonable person do in reasonable circumstances because, after all, that's what the Ombudsman would do and that's exactly what a court would do.

**LEWIS:** Jill, can I ask you, have you put in a complaint about this?

**JILL:** No. I'm afraid after I'd gone through the process twice, I found it so dreadful and I gave up.

**LEWIS:** Lost the will to live. Peter, just a quick point.

**STADDON:** Very, very quick point. There is actually case law on what defines as attended and unattended, but it's quite complicated. I think, Jill, what you should do is not give up. Write to the Ombudsman. Say you think this is totally unreasonable considering where it was placed within the carriage and you were within an enclosed carriage, and ask them to review it.

**LEWIS:** Okay. Well thanks very much, Jill. I'm sorry we haven't been able to solve that for you, but it's certainly a problem many people I'm sure have had. A bit more on baggage actually. We've had emails on this. Tim has emailed us saying airlines try to evade their responsibilities. His luggage was damaged in transit. He reported it to the agent at Brussels Airport, but the airline didn't countenance the claim because no paperwork was sent within seven days. It's not really an insurance question, but they should cover it, Malcolm ...

**TARLING:** *(over)* Yes, I think it's called the Montreal Convention that sets out requirements of airlines and air carriers to provide a minimum level of compensation. It's a certain amount in euros, I believe. That's separate to a travel insurance claim. I mean if your baggage is lost in transit, then your insurance company, the travel insurance company would normally expect you to get some form of proof of loss from ... a loss report from the air carrier concerned.

**LEWIS:** But Tim's done all that. He just didn't get the paperwork within the right time. Clare, is this something you've come across?

**FRANCIS:** Yeah. I have to say although Tim is claiming direct through the airline, he could potentially have claimed through his travel insurance as well, and again the seven day rule applies on that. So I think it's one of these things that unfortunately it is a matter of checking the terms and conditions because it is quite a standard term and condition that is. And it's like reporting a loss or a theft if you're abroad. You know you have to go and register it with the police over there at the time.

**LEWIS:** But he did report it. He just says that the *paperwork* wasn't done within seven days. So that's not his fault, is it?

**TARLING:** I think that seems a bit hard actually, to be honest with you. I mean you know as long as he's done everything he can to comply with the condition of the policy, as you say. It's difficult because it's not his fault that the air carrier, the airline hasn't managed to provide the paperwork.

**LEWIS:** So again, if there's still time, another complaint maybe and go to the Ombudsman -

who did I think get a lot of insurance complaints this last year according to his recent report and upheld a great many of them.

**TARLING:** And that's probably because insurers were dealing with three times as many claims the last year.

**LEWIS:** Oh yes of course, of course. Another travel one before we move onto our next caller, Edith. Just bear with me Edith for a moment because we're still on travel. Somebody, John, writes to say 'I've been looking at travel insurance policies and some of the small print', as he puts it, 'takes me to the fair. Personal money covered for £500, but then you read there's a limit of £100 for cash and an excess of £75, so you're only actually covered for 25 quid'. Is this normal, Peter?

**STADDON:** Yes, it is normal to have a money cover and then an inner limit for cash, but normally the inner limit tends to be around £300. The excesses do vary. They vary between £30 and £100. What you need to do is look at your policy and say is this fair? If not, go and search some other policies. And remember, of course, there are a lot of companies out there that do credit cards or cards where you can take money out of the hole in the wall in the country and not get excessive charges for it.

**LEWIS:** Yes, though the charges are sometimes quite high. And, Clare, is this something when you do a search on your website, can you look for the excess you want or put in a higher one or a lower one so you're sure exactly what you're covered for?

**FRANCIS:** Yeah, it depends on the ty... In this case it's travel insurance, but similarly excesses apply to home insurance and motor insurance. So again I'd say, yes, most insurance policies have an excess, so it's knowing and understanding exactly what that excess is before you buy it.

**LEWIS:** Okay, thanks to Tim and John for their emails. And we move onto Edith now who's been patiently waiting. Edith, your question in Somerset?

**EDITH:** Hello, good afternoon. My mother-in-law died at Christmas and her semi-detached bungalow is now empty. It belongs to my husband and I. Yesterday I tried to re-insure it, building only, and no insurance company will take it on because the house is empty. Somebody quoted £1,000 a year or £300 for 3 months for a house that is only worth £150,000.

**LEWIS:** So this is unoccupied property and they won't insure it?

**EDITH:** Correct, correct.

**LEWIS:** Well let's ask the panel. Peter, can you get ...

**STADDON:** *(over)* In fact yes, you can. There's a company that's called Camberford Law, they're in South London, and they do unoccupied properties. There are conditions on it. The conditions tend to be you need to look at the services, they may need to be visited - the building this is - on a fairly regular basis, and it has to be secure, but they can be insured.

**EDITH:** Right. What is the name of the company again?

**STADDON:** Camberford Law.

**EDITH:** Lovely.

**LEWIS:** Camberford Law. We've had an email about this. I don't know if that would be covered by the same thing. This is from Richard. Bought a new house, needs refurbishment, so he needs to cover it for 90 days while still staying in his old house, so to speak, and he's found it very hard to get cover. Would that be covered by the same kind of thing?

**STADDON:** Again, yes, I'm sure the people down at Camberford Law would look at it. Also then he's going to have to do some work to the building, so there may need to be some insurances on that side as well.

**LEWIS:** And what happens, Malcolm, if someone goes into hospital? Sometimes people do have to go in for extended periods, don't they? If their house is left empty for 30 days or more, are they still covered by their policies?

**TARLING:** Most policies will have a un-occupancy condition, which means that you'll have limited cover if the property's unoccupied for typically 30 days or more. And the answer here is if you are going to leave the property for longer is you can tell your insurer and make arrangements for a trusted neighbour or friend to keep an eye on the property. The risk for an insurer for a furnished property like this is they're worried about the theft risk, they're worried about weather damage which would get worse if no-one's in the property to deal with it.

**LEWIS:** Yes. And so if you're going on a long holiday or going into hospital, anything - going to stay with relatives who might be unwell - then you should check with your insurer?

**TARLING:** Yes and I think again insurers would try and be as helpful as they possibly can if you can show that the property's being looked after, or at least a trusted neighbour or friend is keeping an eye on it. They would normally be able to keep the full cover going.

**LEWIS:** Okay, thanks very much ...

**FRANCIS:** Although I think it's probably worth noting ...

**LEWIS:** Sorry, Clare, yes?

**FRANCES:** Sorry ... that you might have to pay a slight extra in the premium depending on you know the length of time it will be unoccupied for. But, as Malcolm said, it's just worth calling the insurer.

**LEWIS:** Yes, you may have to pay a bit more. You can always insure things. It's the price you pay, isn't it? (*laughs*) Yes, okay Clare, thanks for that contribution and thanks very much for your call, Edith. And we're moving onto Mark now who also seems to have a problem

getting insurance. Mark?

**MARK:** Hello there. Yes, it's a buildings insurance and subsidence question. Our house had some subsidence about 11 years ago, which was fixed at the time. Of course the only company that would insure it then is the company that's left holding the parcel when the music stops and we pay a rather high premium to that company. I keep trying, even though we have engineers' reports saying that there's no further movement in that time, I keep trying to re-insure it and get competitive quotes from other companies, but nobody else will touch it as soon as you say the subsidence word. How long do I have to wait before I can get back into the regular insurance ....

**LEWIS:** Yes, does it ever run out? Peter?

**STADDON:** Yes, in fact, Mark, there's two things here. There's a company on the south coast of England called Bureau. Now they run a thing called PUPS - Previously Underpinned Property Scheme - and they have huge experience of this and they will be able to look at it, see what's been done, look at the value and actually work with you to arrange the insurances for you. It's called PUPS, P.U.P.S.

**LEWIS:** Right, so that's a specialist insurer ...

**STADDON:** It's a specialist insurance programme.

**LEWIS:** ... for Previously Underpinned Properties because it's been subject to subsidence. Clare, do you have any experience of this on your website? I mean do people come to you with these difficult cases of subsidence and so on?

**FRANCIS:** Yeah, I have personal experience of subsidence. (*laughs*)

**LEWIS:** Oh you've got personal experience. Even better.

**FRANCIS:** Yeah a flat I used to own in London, because obviously London's quite high risk

for subsidence, there was a crack on the front of it. And although we never had to make a claim, it was really difficult to get insurance and we had to go through a specialist sort of Lloyds of London syndicate. And I think it is an increasing problem and obviously flood damage, flood areas are another problem area that people are facing. And obviously, as we've just heard, you're stuck in a lot of cases with the insurer, so I think it's just a matter of doing everything you possibly can to research the market and to call specialist brokers, check online and see if you can save any money and if any other insurer will take you on.

**LEWIS:** Yes, it is a problem. And, Malcolm, we often criticise insurance companies - or at least I do, you never do of course - but insurance companies, the insurer you're with has to keep insuring you. But of course, as Mark said, they will put the premiums up even though they've paid for the work to secure your home.

**TARLING:** Well they've paid for the work to secure your home, but they can't guarantee that subsidence is never going to reoccur. And part of the problem here is the way in which subsidence used to be dealt with. Decades ago a typical response to subsidence was to start to underpin the property and flood the foundations with concrete, and that provided very quick repair but it didn't guarantee that subsidence wouldn't reoccur in the future and I think there are cases where underpinned properties subsequently suffered subsidence. And the way it happens now is that insurers are much more likely to monitor the period over ... the property, sorry, over a period of time to ascertain exactly what the problem is and what is the best type of longstanding permanent (as far as it can be) repair work that can be carried out. Not much consolation to you, Mark; but, as Peter said, Previously Underpinned Property should be able to help.

**LEWIS:** Yes. Clare?

**FRANCIS:** One thing some people might be willing to do - and again it depends on your individual circumstances and your sort of attitude towards it - but you might be willing to accept a higher excess on that insured risk or even accept no cover for subsidence and reduce the premium that way if you think that you know the subsidence problem is no longer an issue, feel confident that it won't happen again. But obviously there is that risk attached, so ...

**LEWIS:** Yes. And I suppose insurers, like everyone else, are getting more risk averse nowadays.

**TARLING:** We're looking at innovative ways to keep on insuring people, but risks are going up in some cases. We're not getting risk averse, but we're having to set premiums to reflect the risk.

**LEWIS:** Fair enough. Now we've had an email from Karen who says, 'I live my life never feeling I can claim on insurance because every time I do a renewal, I'm quizzed whether I've ever claimed'. And that means, she thinks, that the premiums will go up and one firm said they won't cover her if she's claimed in the last 3 years. And this is a question several people have raised with us, Malcolm. You have a no claims bonus - not always on property but certainly on car insurance - and you feel if you claim the premium will go up anyway, so what's the point of having a no claims discount?

**TARLING:** Well the point of having a no claims discount is certainly it would help to limit any potential premium increases. Premiums rise for two reasons basically - firstly to reflect the claims, the number and amount of claims you may have made in a year. Now if you haven't made a claim in a year, you'll feel pretty aggrieved if your premium goes up; and if it does go up, it's because other policyholders have made claims. That's the way insurance works. The claims of the few pay are paid for by the good fortunes of many, I'm afraid - which, as I say, is the way insurance works. But on this particular point, insurers do need to know about your previous claims experience and there'll be some insurance companies out there that say well we can offer you very competitive, dare I say cheap insurance, providing you haven't made a claim within the last year. Equally other insurers would be willing to insure you if you *have* made claims. But if you've made three or four claims in the last year, the insurers are going to want to know exactly *why* you've made those claims.

**LEWIS:** So when you make a claim, you have to consider whether that will put your premiums up. Clare?

**FRANCIS:** Yeah, absolutely, you've got to consider that. You've got to also consider the

excess that you pay and you know obviously the value of the claim and whether it's worth it. If you've got a £50 excess of a £100 claim, you might decide it's just worth paying the extra 50 quid. But the other issue, I think, is the one that Jill raised earlier on when she had her rucksack stolen. It's the way that sometimes insurance companies handle complaints when you're on the phone to them. And I think a lot of people, increasingly we hear stories about people who feel that almost they've got to prove that it wasn't their fault and they're made to feel ... you know they're put under such pressure that the whole claims process is very stressful that they're put off ever doing it again.

**LEWIS:** So, yes, that's a way of perhaps saving money ...

**FRANCIS:** Yes.

**LEWIS:** ... Malcolm?

**TARLING:** Yeah, I think that's a valid observation that Clare's made. I mean ...

**LEWIS:** Insurers are toughening up on claims acceptance.

**TARLING:** Well insurers are toughening up on fraud, but they should by the same token be treating genuine claimers. And the vast majority of people who claim every year are genuine. They should be treating those people fairly and they should be making sure that they get the monies that they're due as quickly as possible. After all, that's the whole point anyone takes out insurance.

**LEWIS:** It's hard to separate them sometimes, isn't it? Well thanks very much for your email, Karen, and thanks to Mark who called earlier. I'm just going to take one more quick email. This is also about excesses, which Clare mentioned. And somebody has taken motor cycle insurance. He selected 'no pounds' for his voluntary excess. When the policy came through, he discovered that there was a *compulsory* excess, which he says - this is Ivan - was more than the total cost of his motorbike. I'm sure Ivan knows who he is who's listening. Clare, is this right - that you can have compulsory excesses as well as the one you might

decide to choose, which puts up the premiums or brings them down?

**FRANCIS:** Yeah, absolutely, and it's something I think people need to be increasingly aware of; that you have to look and double check. Because often you're asked what's the voluntary excess because you might opt for a higher excess because it'll bring your premium down; but if this is a compulsory excess on top of that, then rather than you opting for a £250 excess, you might find it's £500 or more. And I think the key thing here is perhaps with Ivan's case, because of this high compulsory excess, the premium might have been significantly lower. So if a premium stands out as being a lot cheaper than others, you know look for the catch.

**LEWIS:** Peter Staddon, is this something you should know at least before you say "I'll have that insurance"? I mean from what Ivan says in his email, he didn't know about the compulsory excess until he got the documents; after arranging the insurance, he says.

**STADDON:** Oh absolutely. The insurance industry over the last 2 or 3 years have been working with a thing called 'contract certainty' - i.e. I've got a contract and I know what it's saying.

**LEWIS:** Before you pay for it?

**STADDON:** Before you pay. Before you actually attach the cover. And I think to know what the excess is is absolutely fundamental and goes to the core of the insurance because, as Ivan's identified and we don't know what the excess is, but it could be quite a ridiculous amount of money. We mustn't also get hung up about the value of the actual vehicle, whether it's a motorbike or car, because the injury to third parties could be substantial.

**LEWIS:** Sure.

**STADDON:** Not to know the excess, I think is wrong.

**LEWIS:** But, as Ivan says, there's no point in claiming for theft or fire because the excess would be more than the value of the bike. (*laughs*)

**STADDON:** Absolutely right.

**LEWIS:** So he's protected if he knocks someone down and ...

**STADDON:** *(over)* Yes indeed, that's right.

**FRANCIS:** And he may well have opted for a different policy if he'd known that excess beforehand. He probably would have done.

**LEWIS:** Absolutely.

**STADDON:** Again it means going in and speaking to a broker, getting him to look at it and explain everything that's going on about the contract.

**LEWIS:** Or checking the terms very carefully on the website.

**STADDON:** Oh absolutely, the devil is in the detail.

**LEWIS:** Okay, thanks for your email, Ivan. We're going to go onto Ken now. Lots more calls coming in. Ken in Billericay, your question?

**KEN:** Yes, good afternoon. I've got two questions relating to motor insurance policy refunds. On 7<sup>th</sup> September 2008, my 86 year old father renewed his Zurich Insurance motor policy for 12 months at a cost of £724.53, which included insurance premium tax. Sadly he passed away on 1<sup>st</sup> February this year, and in early March I tried to cancel the policy but was told I couldn't do so until grant of probate. I was told that the policy could be transferred to my name, so that I could move his vehicle. On 26<sup>th</sup> March, I received notification that I'd receive a return of premium of £65.07 and I've never received that. And then following grant of probate, I wrote to Zurich to cancel the policy and ask for a refund on the unexpired portion of the cover, amounting to 6 months of the premium. I therefore expected to receive a refund in the region of £362, less the inevitable administrative charge. This morning I've received a letter stating I'm entitled to a rebate of only £122.97 ...

**LEWIS:** Right.

**KEN:** ... and my question to these: one, were Zurich entitled to prevent me from cancelling the policy without grant of probate even though I could have provided the death certificate?

**LEWIS:** Quickly if you would, Ken, because we're coming to the end of the programme.

**KEN:** And, secondly, before I complain, can the panel give me some idea of what are reasonable administrative charges, which by my reckoning appear to be £239?

**LEWIS:** Malcolm?

**TARLING:** Yeah, very quickly, what's happened here is that when you cancel a policy, you might normally expect to get pro rata refunds. You're not going to normally get that because insurers will take into account the admin charges in setting the policy up. They'll also have to take into account the time that run on risk. Now the level of those charges will vary between different insurance companies, so I can't really comment on the level of refund that you've been offered, only that the principle is that, yes, I'm afraid there will always normally be a deduction where you cancel a policy halfway through the term.

**LEWIS:** But it should just be for reasonable administrative costs, not ...

**TARLING:** It will always be for reasonable administrative costs but also for the cost of cover.

**LEWIS:** (*over*) Ken's saying that's too much. So again, Ken, you could complain to the company in writing and then go to the Ombudsman. I think that's the procedure. I'm going to rush on because Louise is also on the line. Louise, your question?

**LOUISE:** Oh good afternoon. I have got a question with regard to my 20 year old daughter's car insurance. The car is insured in her own name and she owns it. She passed her test 18 months ago and she's got 3 points on her licence for speeding, which the insurance company

are aware of. She has now just been caught speeding again and has sent her licence off and it's going to be endorsed by another 3 points, and obviously her licence will now be cancelled because being a young driver she's only allowed to get the 6 points on her licence.

**LEWIS:** So she has to retake the test before she can drive again?

**LOUISE:** She will.

**LEWIS:** Can I ask you for your question quickly, Louise, because we're running out of time?

**LOUISE:** Yes, my question is at what point do I have to tell the insurance company this has happened because what I just discussed is all in process, so at the moment the magistrates courts which deal with these speeding fines are sending her licence onto the DVLA; and they when they get it, which apparently will be a couple of weeks time, will then send a letter to us. Legally is she still insured? What should I do?

**LEWIS:** Right, legally is she insured? Can anyone answer that quickly? Malcolm?

**TARLING:** I think ... I think that she is legally insured up to the point when she receives the official notification. The key point is that if she's involved in an accident and she in... - you know obviously let's hope this doesn't happen - but if she's involved in an accident and she injures someone or damages their property, I think that she'll probably be covered until she gets that notification. But I think what I would do with something like this, with something as important as this, is play safe and tell the insurer now.

**LEWIS:** Peter?

**STADDON:** I think you're absolutely right, Malcolm. You *must* tell the insurance company because on your proposal form it says 'do you have any convictions or any *pending* convictions?' So I think there's a fait accompli here, so you do need to pick the phone up and speak to your adviser.

**LEWIS:** So best to tell them as soon as possible?

**STADDON:** Absolutely.

**LEWIS:** We haven't got time to talk to Amanda, but very briefly Amanda wants to know ... She's been burgled. She's been given vouchers instead of money for the contents. Can that happen? Clare?

**FRANCIS:** It can happen. It's just like some insurers will replace new for old. But I don't know where the vouchers are for, but it's important that she's obviously able to use the vouchers to buy what she needs.

**LEWIS:** Peter?

**STADDON:** If the vouchers will not give you capability of replacing your items, then you need to go back to the insurer and say, "No, I'm sorry, you need to replace the items".

**LEWIS:** Okay, thank you very much for your call. That was Louise earlier and Amanda who we didn't actually hear from. That is all we have time for. As you can tell, we've run out of time. Thanks to Peter Staddon from British Insurance Brokers Association; Clare Francis of Moneysupermarket.com; Malcolm Tarling of the Association of British Insurers. Thanks for all your calls and emails. We didn't get through a fraction of them. Find out more about insurance from the Action Line - 0800 044 044 - our website, [bbc.co.uk/moneybox](http://bbc.co.uk/moneybox). I'm back at noon on Saturday with Money Box and to take more of your calls on Money Box Live next Wednesday afternoon. The subject then will be long-term care.