

# Newsletter

summer 2006

Lyon Insurance Services Ltd  
2 Church Terrace  
Holyhead, Anglesey  
LL65 2HP  
Tel 01407 760914  
Fax 01407 763857

## I don't need Employer's Liability Insurance

We hear all the time! "I don't employ anyone in the Guest House / Bed & Breakfast / Holiday Let. Please take Employers' Liability off the policy"

**Our answer.** The employers' liability section is an integral part of the policy and as such cannot be removed. It is also found on standard household insurance, where it covers (among others) domestic servants and casual employees.

We referred to the Guide to Employers' on the *Employers' Liability (Compulsory Insurance) Act 1969* on the Health & Safety Executive website [www.hse.gov.uk/pubns](http://www.hse.gov.uk/pubns)

The guide states. "There are no hard and fast rules about who counts as your employee for the purpose of employers' liability insurance. It depends on the terms of your contract with them (which can be either written, verbal or implied). Even if someone is self-employed they may be classed as an employee, especially if they are supplying most of the equipment and materials to do the job."

The guide admits that "One difficult area is domestic help. In general, you will probably not need employers' liability insurance for such people as cleaners or gardeners if they work for more than one person. However, if you employ someone who works only for you, you may be required to take out insurance to protect them."



*Property for sale? Just send details and we will advertise it for you free of charge.*

### Holiday Cottage

### Bakewell Derbyshire

Attractive mid 19th century stone mid-terraced cottage, quiet position, views across Wye Valley. Holiday rental for 18 years with English Tourist Board 4 key highly commended. 2 spacious double bedrooms & large bathroom, gas cent heating  
£199,950

Mrs G Powell

01788 815 107

### Bed & Breakfast

### Settle North Yorks

Large imposing Victorian residence close to town centre 3 high class guest bedrooms & guest's lounge on 1<sup>st</sup> floor. 3 private bedrooms on 2<sup>nd</sup> floor. Large gardens, parking for 5/6 vehicles  
£475,000

Mr & Mrs Flitcroft

01729 823258

### Holiday Cottage

### St Michael's Mount Cornwall

Traditional 2 bed Cornish cottage with inglenook. Parking for 2 cars, fully equip & furnished. Usually let 40 weeks. Check website [www.chycor.co.uk](http://www.chycor.co.uk)  
£179,950

Giles Jackman

01732 862064

## Never endure on holiday, less comfort than you enjoy at home

How to translate a holiday let brochure.

Quaint	<i>Tatty</i>	Lovingly renovated	<i>Botched DIY job</i>
Traditionally furnished	<i>Old fashioned</i>	Working farm	<i>Mud everywhere</i>
Full of character	<i>Very old fashioned</i>	Unspoilt village	<i>Nothing to do</i>
Olde worlde	<i>Back to the 50s</i>	Tranquil hideaway	<i>Remote</i>
Homely atmosphere	<i>Scruffy</i>	Secluded & peaceful	<i>Middle of nowhere</i>
Compact	<i>Cramped</i>	Tucked away	<i>Hard to find</i>
Bijou cottage	<i>Small &amp; cramped</i>	Hidden down	<i>Very hard to find</i>
Studio Flat	<i>Small, cramped &amp; upstairs</i>	Nestling deep in the heart	<i>Impossible to find</i>
Spacious Victorian house	<i>Cold &amp; drafty</i>	Rolling countryside	<i>Take mountain boots</i>
Many original features	<i>Un-modernised</i>	Perched high above	<i>On a dangerous cliff</i>

Finally, watch out for the phrase "within easy walking distance of village pub" Take it from someone who's come out of a nice warm pub, onto a cold, wet, pitch-black country road, forced by thundering juggernauts onto the muddy verge, with a wife in new "heels" - who's being attacked by brambles.

## HOW MUCH SHOULD I INSURE MY HOUSE FOR?

Many of you are still puzzled as to what to insure your property for, and you're not alone; 35% of homeowners' in a recent survey, wrongly believed they should insure for the full market value. We therefore reprint the following article that appeared in our newsletter a couple of years ago.

Insurance aims to place you in the same financial position after a loss, as you enjoyed before the loss – either by repair or replacement. What someone will pay for your house is irrelevant. You insure for the *rebuilding cost*. i.e. the cost of rebuilding from scratch (plus extras for demolition, re-housing etc). Consider a house with stunning views in an up-market area; place the same house in a back street opposite the gas-works. Same rebuilding costs – but wildly different sale price.

Premiums are calculated on the sum insured. So to over insure is a waste of money, equally to underinsure is folly.

**A cautionary tale of 3 little pigs**, whose identical houses would cost £200,000 to rebuild, but sell for £400,000 in Toytown's buoyant property market.

**The first little pig** was a wise little pig; found the correct figure, insuring his house for £200,000. Fully covered if the big bad wolf calls, he pays the correct premium.



**The second little pig** was a lazy little pig; insuring his house for £400,000. He's also covered if the big bad wolf calls - but pays double for his insurance.

**The third little pig** was a penny-pinching little pig, only insuring his house for £100,000. Then one day, the big bad wolf huffed and puffed causing £100,000 of damage. "Phew!" said the third little pig. "Just what I'm insured for" "Not so fast!" cried his insurer, "We only insure half the house, so we're only paying half the claim - here's £50,000."



### Boring technical explanation

The third little pig's insurer applied the *average clause*, which states "The insured acts as their own insurer for the difference between the actual value and declared value" In this case the actual value (rebuilding cost) being £200,000 and the declared value (what it was insured for) £100,000. In effect the little pig was his own insurer for half the property – and so had to pay half the claim.

O.K. How do I find the correct figure? We recommend a survey by a member of the Royal Institute of Chartered Surveyors (RICS), Several clients have reduced their sum insured enough to pay the fee – Could go the other way of course, but at least you're correctly insured.

Alternatively log on to the Association of British Insurers website [www.abi.org.uk](http://www.abi.org.uk) and click on - information zone - for consumers – household re-builder calculation.

Good News! Establish the correct figure now, and your sum insured automatically increases annually using an index produced by RICS.

## CAR INSURANCE

Do you pick guests up at the station? Ferry them to or from local pubs & eateries? If so, **before** something happens tell your motor insurer. Most - do nothing, just note their records. Others - think you are running a taxi business (the fare part of the overall accommodation fee) and will charge more, or even cancel the policy. Should it come to light **after** an accident - the claim can be rejected for non-disclosure.

We no longer handle motor insurance. As a service to our Guest House/B&B and Holiday Home clients we insure rented properties (buy-to-lets etc), shops & offices, and standard household insurance

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