

To: Communities, Housing and Planning Policy Board

On: 26 October 2021

Report by: Director of Communities and Housing Services

Heading: Home Contents Insurance

1. Summary

- 1.1 This report seeks to update the Policy Board on a motion considered at the meeting of Council held on 13 May 2021 with regards to Compulsory Home Insurance as well as provide an overview of the Council's Home Contents Insurance scheme which is available to Renfrewshire Council tenants.
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2. Recommendations

- 2.1 It is recommended that the Policy Board
- (i) note the current home contents insurance scheme available to Council tenants, and the steps being taken to further promote the scheme.
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3. Background

- 3.1 A notice of motion was considered at the meeting of Council held on 13 May 2021 with regards to Compulsory Home Insurance. It was decided that the Council would write to the Scottish and UK Government with a view to introducing legislation making home insurance compulsory for all households.
- 3.2 At present home contents insurance is not mandatory within the UK, and there are currently no plans to amend existing legislation to do so. This was confirmed by response from HM Treasury to a written proposal from Renfrewshire Council as set out in the attached appendix. While no response was returned from the Scottish Government it is noted that there are no proposals relating to Home Insurance included in the Scottish Parliament's current programme of legislative changes.

- 3.3 Renfrewshire Council does however offer a low-cost home contents insurance scheme to Council Tenants. The current scheme is provided by Aviva Insurance Limited and came into effect on 1 January 2020 following a tender exercise.
- 3.4 The policy remains in place from the date of commencement as long as tenant(s) continue to pay the premium. Therefore, tenants when signed at the outset of their tenancy or in the course of their current tenancy need take no further action to safeguard their cover, other than maintaining payments.
- 3.5 Payments are deducted directly from the tenants rent account following sign up, in the hope that this makes payment straightforward. If a payment is missed the tenant is contacted and Housing Services staff will provide advice and support to tenants should any payment issues arise and also to make the tenant aware that their insurance cover may be at risk.

4. Current Position

- 4.1 The scheme is available for all Renfrewshire Council Tenants to join, like other schemes the costs vary. The costs range from 24p per week to £2.56 per week depending on the level/amount of cover required. The scheme is optional, and all new tenants are made aware of the scheme, however, there is low take up with tenants opting for other insurance schemes or continuing without insurance at all. There are 720 (6%) Renfrewshire Council tenants currently on the Home Contents Insurance Scheme.
- 4.2 The scheme is offered to all tenants when signing for their tenancy and information is included within the new Tenant Information Pack. There is also information on the Council's website, reminding tenants to take out home contents insurance either through the scheme arranged by the Council or through their own private arrangements. Many tenants may believe that the Council automatically insure their furniture, belongings and decoration against fire, theft, vandalism or water damage such as burst pipes – this is not the case. An application form and policy document are also available on the Renfrewshire Council website for tenants to view and access.
- 4.3 Aviva have now been the provider for over 18 months and discussions are ongoing in relation to other publicity opportunities using the Council's social media channels, the People's News and Renfrewshire Magazine, in addition to marketing material that can supplement the information currently provided and available to Council Tenants.

Implications of the Report

1. **Financial** – none
2. **HR & Organisational Development** - none
3. **Community/Council Planning** – none
4. **Legal** - none

5. **Property/Assets** – none
 6. **Information Technology** – none
 7. **Equality & Human Rights** - none
 8. **Health & Safety** – none
 9. **Procurement** – none
 10. **Risk** – none
 11. **Privacy Impact** – none
 12. **COSLA Policy Position** – N/A
 13. **Climate Risk** –N/A
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List of Background Papers

None

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HM Treasury, 1 Horse Guards Road, London, SW1A 2HQ

Ken Graham
Head of Corporate Governance,
Renfrewshire Council
(by email)

17 June 2021

Dear Ken,

Thank you for your letter of 4 June regarding proposals to make home insurance compulsory for all households, which I have considered with interest.

The Government recognises the important role of insurance products, including home insurance, in building the financial resilience of consumers. The Government is, therefore, committed to ensuring consumers have access to a range of insurance products that suit their needs and continues to keep the insurance market under review, working closely with the industry and the regulators.

There would be many significant challenges to consider in mandating home insurance, including the cost of cover to consumers. At present, the Government does not have any plans to add to current legislation.

However, the Financial Conduct Authority (FCA) is the independent body responsible for regulating and supervising the financial services industry and has taken steps to ensure the home insurance markets are functioning well for consumers. This includes rules requiring firms to offer a renewal price that is no greater than the equivalent new business price the firm would offer to a new customer purchasing via the same sales channel. More information can be found here:

<https://www.fca.org.uk/publications/policy-statements/ps21-15-general-insurance-pricing-practices-market-study>.

Organisations, such as Citizens Advice, also offer useful information for consumers regarding insurance products which can be found here:

<https://www.citizensadvice.org.uk/consumer/insurance/insurance/>.

Thank you for taking the trouble to make me aware of this proposal.

Yours sincerely,

JOHN GLEN