

Ipsos MORI

Financial Exclusion and Home Contents Insurance

**Research carried out on behalf of
The Financial Inclusion Taskforce**

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The views in this report are the authors' own and do not necessarily reflect those of the Financial Inclusion Taskforce.

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Publication of data

The Financial Inclusion Taskforce has engaged Ipsos MORI to undertake an objective programme of research. It is important to protect everyone's interests by ensuring that the research findings are accurately reflected in any press release or publication.

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Executive summary

Living on a low income

All of the participants were earning below £15,000 a year but within this there were differing levels of financial hardship. In particular, those on benefits believed they had very little 'spare' money and that there was little likelihood of the situation changing. This had an impact on the options participants felt they had when it came to insuring their possessions.

Estimates of the value of household goods varied according to the individual product model, as well as whether the items were new or second hand. When participants added the cost of various items together, they were often surprised at the value of their possessions, sometimes around £15-20,000 or more. However, there were some who believed they could replace all their possessions at a much lower cost, at around £5,000 or less, because they were content with second hand or donated possessions.

Perceptions of insurance

A number of participants cited the value of home contents insurance (HCI) as a safety net which reassured people that their possessions were protected should the worst happen.

There were also some negative images of insurance as 'a scam' and something that profits from people's insecurities. Some commented that the cost involved in taking out a policy is not worth the benefits it provides. Travel insurance and mobile phone insurance were singled out as particularly poor types of insurance due to the time often taken to resolve a claim. There was also some confusion around the difference between purchasing an extended warranty and insuring specific household items.

Attitudes towards insurance companies

Participants did not generally trust insurance companies. They were afraid of being caught out by small print and confused by the amount of information they were often provided with. Hence, they found it difficult to differentiate between insurance offers.

In addition, there were concerns that insurers would insist on some degree of proof (e.g. receipt of purchase, photographs) before paying out on a claim. Some had also had previous experiences where companies were perceived as 'wriggling out' of their responsibilities. Some participants' financial circumstances made it difficult for them to commit to paying an annual or monthly premium by direct debit. This made them feel excluded by insurance companies to some extent.

There were also a few positive reports arising from personal experiences where insurers had paid out relatively easily.

The benefits of HCI

Few benefits of HCI were cited; the main one was the peace of mind offered by the knowledge that any damaged or missing possessions could be replaced. This was of importance to participants who said that their low income would make it difficult for them to afford to replace household items; for many, such a situation would necessitate 'doing without' or getting into debt to replace their possessions.

Despite some positive experiences of HCI, a number of participants were not persuaded the benefits offered merited the additional expense of HCI premiums.

A lack of perceived need for HCI

There was a sense that HCI is less important in today's disposable society due to the rate at which technology develops. Some participants felt they could rely on friends and family to rally round should the need arise to replace items. Others said that ultimately possessions were simply material goods and the items they cared most about, such as mementos and photographs, would be more difficult to replace. Others cited unique items such as specialist sports equipment, home-built computers or antiques, which were felt to be uninsurable or ones whose true value would not be reflected in the cover value.

For those living in flats above the ground floor, in close-knit communities or in areas where flooding was less likely, the risks to possessions were felt to be very low; participants did not see the value in taking out a policy they were so unlikely to claim on. The majority of participants were in rented accommodation and some were uncertain which household goods were covered by their landlord's insurance, and which they were responsible for. There were also some concerns around factors such as the condition of windows or locks that were out of the tenants control but that could affect an insurance policy. Some examples were cited among those with HCI where insurers had refused to pay out or where participants had been required to take out multiple policies to cover a single item.

The summer floods did not appear to have had a great impact on participants' willingness to take out HCI. While they felt sorry for those directly affected, many participants continued to believe their area or home was unlikely to be affected.

The barriers to taking out HCI

Affordability was cited as a reason why many did not have HCI - people on a low income may find it more difficult to balance their spending commitments. However, some of the estimates as to the cost of HCI premiums were vastly inflated, indicating there is a gap between the actual and perceived cost of insurance for some. Some believed that the postcode-based approach of calculating HCI premiums penalised low earners, who were more likely to live in areas with higher crime rates.

There were also signs that some of the low earners could, if they desired, stretch to afford around £10-15 a month as a payment, if they **shifted other priorities**. However, a few indicated that their resources were so limited that any additional expenses would necessitate cutting back on essentials such as food, which meant HCI remained out of reach for them. Related to general affordability, some who lived in areas of flooding or in multiple occupancy homes said that the premium level for such circumstances was unfairly high.

Other issues were mentioned as well as affordability. **Lack of personal relevance** and **competing financial and lifestyle priorities** meant that many participants failed to see the value of HCI. There was also a **perceived lack of need** for HCI; some felt that the risk of anything happening to their home was too low to warrant paying regular premiums. Some believed they would be 'better off' putting a regular sum into a savings account to cover any such eventualities – which would allow them to access the funds whenever they desired. As discussed previously, some felt family and friends would assist them if anything happened to their possessions; others said they would rely on Council Community Care Grants to tide them over in the event of a disaster.

Lack of trust in insurers was another barrier, with a general belief that insurance companies were out to make as much money as possible and would 'wriggle out' of any payout that they could. Consequently, making an insurance claim was believed to be a long and trying experience. There were also concerns around understanding the **small print** or detail of any policy, specifically which items are covered and what loopholes exist. The concept of an **excess level** was not familiar to all; however, it led some claimants to lose faith in HCI as they would find it difficult or impossible to find such a sum. Such participants said that the excess made their policy less useful as they would not be able to afford it, so could not replace the item, even when the policy paid out.

Some participants **did not have a bank account** or were **not comfortable setting up standing orders**. They felt that this placed them at a disadvantage when it came to taking out HCI and making the most of any deals available. There were also concerns mentioned around the inflexibility of payment dates, which could lead to a policy being cancelled and so all previous payments going to waste. The effort of collecting and comparing different quotes, as well as lack of access to, dislike of using, or concerns about the **cost of internet or phone communications** were other barriers for some participants.

What HCI should cover

Some participants indicated they would welcome a more flexible HCI policy, allowing them to pick and choose which items are covered. However, others favoured a simple policy that would cover all their possessions, without exception. There was a general desire for risk cover including accidental damage, perceived as the most likely reason for many to put in a claim, as well as fire, theft and flood. Additionally, there was some desire for clarification around the definition of an 'Act of God'.

'With-rent' and 'arms length' insurance schemes, as offered or promoted by some housing departments or associations, were often well-regarded in terms of the flexibility of payments and timings. However some were concerned about the cover level of such policies; others felt such a policy was not that useful if it did not include accidental damage, high value goods or possessions outside the home, often regarded as important HCI attributes. Some were also not confident of the speed at which such a system would issue payments, as well as how accurate or fair an area-based premium could be.

Encouraging the take-up of HCI

A number of points were mentioned in relation to improving the HCI policies or services available. Some suggestions included:

- putting together a 'package' of insurance products such as car, contents, buildings insurance if relevant, to make the premiums more affordable for those on a low income. This would also make it appear simpler for people to access these products as it would only entail remembering to pay one premium regularly, rather than juggling different premium dates;
- combining payment of premiums with other regular payments, such as Buildings Insurance or Council Tax to make it easier for participants to remember to make payments;

- greater flexibility for individuals in specifying the household contents they wished to insure and the value of such items, rather than offering a generic list of contents that are covered which some may not own;
- some provision for an advisor to visit to advise on the value of contents – although they should not have sole say over the value of possessions, particularly more unusual items;
- a range of contact methods for those looking for quotes. Some were content accessing information online or from call centres but participants often mentioned a preference for face-to-face advice, either an ‘insurance centre’ on the high street or an in-home visit. There was a general sense that receiving information in person made it easier for the individual to take in the information and to clarify any uncertain and confusing aspects;
- possible targeting of ‘less likely’ insurance customers, such as younger people or those on benefits to persuade them of why HCI is relevant to them;
- information on insurance could also be available in other public places such as libraries, Jobcentre Plus offices, Citizens’ Advice Bureaux, ‘Which?’ magazines or Trading Standards offices. Other possible sources of information given were a newspaper financial section or supplement, a Neighbourhood Watch representative or local Police Officer or Community Support Officer. Such sources could discuss the relevance of insurance more generally, without necessarily referring to individual policies. Information from the FSA or ‘the Government’ about the importance of insurance and particular aspects to be alert for would also be welcome;
- using plain English in the policy and any support documentation as well as clarifying and cutting back on the small print. This would make it easier for the individual to know what a policy covers and what it excludes, which would give people more confidence in the system and their own policy;
- allowance for monthly – or more regular – payment of premiums, without losing out on any discounts available. Aligned with this, some degree of flexibility around payments so that if a payment is a day late, the entire policy is not invalidated;
- promoting methods other than standing orders or direct debits for making payments. Some participants did not have an account that allowed them to set up such processes; others simply felt more confident dealing in cash or using the PayPoint system, particularly if they already pay other bills this way;
- a greater range of cover levels should be offered, to allow people to insure their possessions even if they were only worth £5,000 – although other participants still wished to be able to access policies which covered a higher level of cover, above £20,000. There was a perceived problem of being over- or under-insured which was dissuading some claimants from taking out HCI;. They did not wish to pay out for a level of insurance that was worth a lot more than the value of their household possessions; equally however, participants needed to make sure that the level of cover was sufficient to cover the value of their possessions or they would not receive a large enough payout to replace items. For some participants, this was very much a real issue as they were paying for a level of cover above that necessary to replace their possessions.

There were also signs that others with more expensive possessions were not always aware of what the total cost would be if they needed to replace a number of items at once;

- similarly, people should be able to receive a monetary sum, rather than simply being sent replacement goods. This would allow the individual to choose a new item that they desire, rather than the old version which they might no longer care for. It would also allow customers to make use of less traditional avenues of replacing their possessions, such as second hand shops or EBay;
- a simple and efficient claims process was also important for participants. Telephone was generally felt to be the best method here, allowing for immediate and convenient contact with the insurance company. Some who were less confident dealing over the phone could be reassured through the provision of a dedicated 'handler' familiar with their policy and situation. Speed and lack of 'hassle' were important factors for participants if making a claim as they were aware that if they were to make such a claim they could well be upset and in fairly urgent need of some funds.

Introduction

Background

The financial services sector in the United Kingdom (UK) is one of the largest, most sophisticated and competitive in the world. It has reacted to the demands of a rapidly changing economy and provided a range of financial products to meet consumer needs. As consumers have become more sophisticated, products and services have evolved to match this, although these require customers to play a greater role in managing their finances and planning ahead for the future.

However, there is increasing evidence that this market model does not suit everyone's needs. A small but significant minority of the public find it difficult or impossible to access even the most basic financial services, such as bank and building society accounts, or mainstream credit and insurance products. As well as making it more difficult to manage finances on a day-to-day basis and hindering planning for the future, this exclusion from the financial mainstream can leave individuals more at risk of financial distress, which can lead to debt, poverty and hardship¹.

The Government is investigating how its financial inclusion policy can be extended to insurance. The Financial Inclusion Taskforce has been charged to find out more about the types of insurance financially excluded groups are most in need of; the barriers, including cost, to such customers taking out insurance products; and how such barriers can be overcome. Initial investigation has indicated that there may be some significant barriers to financially excluded people taking up Home Contents Insurance (HCI) products.

Study objectives

HM Treasury, on behalf of the Insurance Working Group (IWG) of the Financial Inclusion Taskforce, commissioned Ipsos MORI to explore further the barriers financially excluded people face or perceive they face to taking out HCI and how these barriers can best be tackled. The research focussed on:

- the attitudes of financially excluded people to mainstream HCI products and services;
- their experiences to date – and other factors that influence attitudes; and
- how to make HCI products and services more appropriate and accessible to financially excluded groups.

The specific queries this research sought to answer were:

- a) Whether financially excluded people currently use HCI – and why?
- b) What would be the elements of an HCI product attractive to financially excluded people?

¹ Financial Inclusion: the way forward: http://www.hm-treasury.gov.uk/media/7/B/financial_inclusion030407.pdf

Other issues tackled were:

- the extent to which the affordability of HCI is a real or perceived barrier – and how this compares to other barriers;
- how much previous experience participants have of dealing with insurance firms (for example, getting a quote for insurance; a complicated claims procedure; inaccessible information; a lapsed policy) – and what contributed to this prior experience not/no longer being translated into uptake of HCI and other insurance products;
- what participants want HCI products to cover – in terms of what they should insure against (fire, flood, theft) and how much cover is required (the value of contents);
- how insurance and advice on insurance can be made more accessible – for example, would they prefer face-to-face or telephone advice, or via their landlord with rent?

Methodology

The research adopted a qualitative approach consisting of six discussion groups with local residents, followed by nine depth interviews with some of the group participants.

A qualitative approach was most suited to this study as this is able provide insights into the attitudes and experiences of people, which could not be examined in as much depth using a structured quantitative questionnaire. Beyond this, group discussions are an appropriate way of researching potentially sensitive or complex issues. They provide people with a chance to say what is important to them and allows them to feel that they are being listened to. Group discussions also offer the opportunity for participants to discuss and debate issues and views and to give feedback on what others are saying. Conducting additional follow-up depth interviews allowed us to discuss the more personal aspects of household finances, as well as finding out how views may have altered once the group discussion matter is reflected on.

The six group discussions were held in four locations across the UK: two discussions were held in Sheffield and in London, with one group in Birmingham and a further one in Bewdley in Worcestershire. Three of the discussions took place in areas which had experienced flooding during summer 2007 (Sheffield and Bewdley), and the other three were in areas not affected by this. The group in Birmingham, and one in both Sheffield and London, contained local residents aged under 40; the other three groups were with residents aged 40 or above. All participants were from families with a household income of under £15,000 a year, and all were responsible for making at least some of their family's financial decisions. Some of them had HCI currently; others had never had HCI, or had taken it out in the past but did not hold a policy at the moment.

Participants had varied backgrounds. A mixture of Housing Association tenants and those in privately rented accommodation was recruited, along with a handful of home owners. Most participants were in single-occupancy homes, but there were also some in multiple-occupancy accommodation. Some lived on their own or with a partner; some had children, others did not. Some of the participants were working, but others were retired, or unemployed or claiming sickness benefit.

The group discussions took place between 7th and 12th November and each lasted around two hours in duration.

The nine follow-up interviews took place after the groups, on 20th and 21st November. Each lasted for about an hour. The interviews were spread across the four locations and were held with participants in a range of situations. For example, some had experienced flooding over the summer, others had not; some had HCI, others had not.

Both waves of this research were structured through the use of discussion guide (the group and depth version of the guides are included in the appendices). This allows for a strong degree of commonality between different groups, or different interviews by prompting the same core questions, but does not restrict, or prevent, the moderator from dealing with issues which may be arise during the interview or group.

Definitions, presentation and interpretation of the data

While qualitative research was the most appropriate methodological approach for this study, it is important to bear in mind that it utilises smaller samples that are chosen purposively to ensure representation of a full range of views within the sample. Qualitative research is designed to be illustrative and does not look to produce statistics and this needs to be taken into account when interpreting the findings.

Throughout the report we have made use of verbatim comments to exemplify a particular viewpoint. It is important to be aware that these views do not necessarily represent the views of all claimants. Furthermore, qualitative research is concerned with perceptions rather than facts. Therefore, in this document there may be views expressed which, technically, are unfounded. However, these perceptions are held by the participants themselves and therefore they are important to take into account along with the factors driving them.

Analysis

Each of the groups and depth interviews were recorded and transcribed for analysis purposes. This was supplemented by numerous discussions among the research team to explore the themes arising at different stages of the research process. This helped to channel the key themes arising from the research and direct the report towards a coherent structure.

Report outline

Following this introduction, the report is divided into 9 main sections:

- Living on a low income;
- Perceptions of insurance;
- Attitudes towards insurance companies;
- The benefits of HCI;
- A lack of perceived need for HCI;
- The barriers to taking out HCI;
- What HCI should cover; and,
- Encouraging the take-up of HCI.
- The final Conclusions section, which draws together the main findings from this research.

1. Living on a low income

All of the participants had a low household income, earning below £15,000 a year. Within this, however, there were differing degrees of financial hardship, with those whose income derived only from state benefits usually having less spare cash than participants who were working. In particular, those who were retired saw very little opportunity to increase their income in the future.

As you get older your capacity for earning goes down and you can't just earn, fetch money out of mid-air.

Male, 40+, Bewdley

The varied levels of income also related to the amount and type of household possessions an individual or family had, which had an impact on what they might be looking for in a HCI policy, as well as how affordable they found the policy.

When asked to gauge the cost of some items in their home, there was a variety of prices cited. Some participants did not own some of the goods asked about. For example, estimates of the cost of replacing household carpets varied from £800 to £3,000; a replacement sofa from £50 to £2,500; a replacement television from £30 to £2,000; a replacement stereo from £40 to £2-3,000; a replacement washing machine from £250 to £750. Of course this varied according to the product model that had been purchased, but also whether it was bought new, second hand or inherited. Others also pointed out that offers or discounted goods could reduce costs further. Some also cited owning computers, clothes or jewellery that would cost a lot to replace whereas other participants believed their goods could be replaced at very little cost.

You can spend £20 on something, you can spend £1,000 on it.

Male, 40+, Sheffield

It would be pointless me having contents insurance because I don't actually have any individual goods that are over probably £200 if I'm honest.

Female, 40+, Bewdley

When the estimates were added up, some participants were surprised at the high cost of their possessions and felt an insurance policy might be of more value than originally thought. However, others were confident they would be able to refurbish their home, should they need to, for a much lower cost.

It sounds quite cheap, insurance, when you look at it like that, that sort of figure [around £30,000].

Male, 18-40, Sheffield

The contents in my house, my flat was bare 12 months ago and I've managed to kit my whole house, kitchen, bedroom, living room, the lot, for less than £1,000. That's everything, TV, video...

Male, 18-40, Birmingham

Some of those with HCI policies admitted that they found it difficult to estimate the value of goods; a few had concerns that they might be under-insured, particularly if they initially took their policy out a number of years ago. Some would welcome an assessor visiting their home to help them estimate the value of their possessions, although others questioned the extent to which such an estimate might be fair. They worried that an assessor could under-value possessions to reduce the insurer's liability.

It is a bit overwhelming when you're doing it yourself. And when you're at home you wouldn't necessarily take into account the washing machine, the carpets, stuff like that... It would be better if somebody come out and did it all for you.

Female, 18-40, Birmingham

The problem is when you are actually valuing it, if you don't overvalue it then you obviously won't be covered if anything goes wrong. So then that means you're paying more insurance so it's like a catch-22 situation really.

Female, 40+, London

Naturally, the extent to which participants felt they had any 'spare' funds at the end of the week or month affected how financially able they felt to take out HCI. A number of participants said they 'used up' all their income on day-to-day living; others prioritised paying off student loans or debts over taking out insurance or saving for future expenses.

I get incapacity of £62 a week and £3.45 income support. I have to pay gas, electric, water rates, TV, whatever out of that... we get all the bargains, reduced food in Tesco's... my clothes come from Oxfam. So no, house contents insurance, this is going to sound awful but that would be a luxury to me.

Female, 40+, Bewdley

Probably going out and stuff like that comes way below [HCI in terms of importance] but things like my kids' college fund, paying the rent are a heck of a lot higher up.

Female, 18-40, Sheffield

Some of those who had had HCI previously admitted that HCI was one of the first items to be cut when funds became tight. However, others felt that outgoings in other areas could be slimmed down, if necessary. Examples given included phone expenses, social activities and clothes shopping.

I think that a little bit like don't got out to dinner as much, don't go out socially as much, don't buy as much clothes or as much nice foods and stuff like that. And then it all adds up together and then you wouldn't notice it at all.

Female, 18-40, Sheffield

It's a takeaway less a month.

Male, 40+, Sheffield

Maybe £15 to £20 a month would be something, one of those charges that at the beginning it would really annoy you but you'd soon forget about it and not even notice it.

Female, 18-40, London

As discussed later in this report, some of the depth participants explained that as well as the amount of money they were paying in premiums, how obviously the sum appeared on their bank statements was also important in their willingness to take out HCl. As an example, one participant thought £20 a month was too high a premium to pay, but she admitted that if this sum was added to her rent she probably wouldn't notice the difference.

Thus living on a low income clearly had an impact on participants' perceptions of their ability to afford HCl, as well as how their outgoings might be affected, were they to take out a policy. When it came to estimating the value of possessions a range of amounts was cited. There was some surprise regarding the combined value of some possessions, with a number of participants feeling that their own idea of the value of their contents was somewhat out of line with reality. The following chapters explore other aspects which affect how participants felt about HCl.

2. Perceptions of insurance

The majority of participants saw insurance schemes as a safety net; something to bring added security for them or their possessions in the case the worst happened. Furthermore, participants recognised the importance or desirability of HCI. For instance, some participants made comments along the lines of 'everyone knows they should have home contents insurance but...'. Others also reported 'playing off' different companies against each other to get a cheaper quote.

I think to safeguard against any eventuality... I think they'll look after you.

Male, 18-40, London

I think most people know they should have. You know you should have insurance, you're not daft. It's just affording it.

Female, 40+, Bewdley

That said, many were quick to cite negative connotations with insurance. There was as sense that it was a 'scam' and that it is a product which profits on people's insecurities. Others said it was something that 'worriers' purchased.

I think you lose no matter what and when you pay them out and then if you have to claim on anything you end up having to pay them back some way or the other. So what's the point in the first place?

Female, 18-40, London

The thing that worries me about these is you do pay out a lot of money and they probably find some sort of reason why you can't claim your insurance when something happens.

Female, 40+, London

There was a strong sense that the cost involved in taking out insurance is not worth the benefits that are received as a result. For example, those that had some form of insurance and had to make a claim on it stated that they had to wait so long for any kind of payment that it negated any positive impact that this product could have. Others commented that the risk of something actually happening was so small that it was not worthwhile making payments.

Say 20 years down the line and you're paying this money in and you haven't had to make a claim. Where's this money going to? It's dead money isn't it?

Female, 40+, Sheffield

It's quite a long process. You have to get the form, fill it out. When you've got to work and you want to try and live your life, it's not really up there with my priorities anyway. So that's why I don't bother with it.

Female, 18-40, London

There was some differentiation between different types of insurance. Car insurance was largely understood as being a legal requirement and, therefore, was seen as more important to have than other types. Furthermore, those with children were also more inclined to look favourably on life insurance as they believed it was important to, as far as possible, safeguard the financial future of close relatives in case of unforeseen circumstances. Some also said that insuring a house would be more important than the contents as if that was damaged it would cost a lot and would not be something that could be put off a couple of months while funds were accumulated (unlike, for example, if a TV was broken they believed that it is possible to live without a television for a few months).

In contrast, travel insurance and mobile phone insurance policies were viewed unfavourably. Regarding the former, some had had experience of making a claim as a result of an incident while on holiday (typically, lost luggage) and felt that the time taken to resolve their case was too long to be of any real use to them. They stated that, given they are on low incomes, they need to receive compensation immediately else they have to rely on credit to replace or repair their possessions which can then cause financial problems later on when it comes to repayments.

I just feel like you have to pay such a big excess [with insurance] and certain times it's even not worth having it. If you think I'll pay £30 a quarter [insurance] but then you have to pay £50 excess that's like a lot of stuff... Things are so cheap nowadays, just get a new one.

Female, 18-40, Sheffield

When thinking about mobile phone insurance, many again raised the issue that claims took too long to process by which time they had resolved the issue on their own. There was also a sense that this kind of insurance is no longer necessary, at least for some types of products. With regard to mobile phones, participants mentioned that it is often cheaper to simply buy a new handset rather than go through the claims process and pay the excess fee. The same was true of other products.

I don't know whether it would be worth it... Goods are so dispensable these days, they are so cheap. TVs, you can get them on the cheap can't you? Like 50 quid from Asda.

Female, 18-40, Birmingham

Regarding HCI, participants were often confused about what it covers and the different policies that an individual can take out. Some thought it more important to cover certain possessions, often those more expensive or electrical products, or domestic appliances which are used every day; whereas others desired the peace of mind knowing that everything was covered.

Just specific home contents like obviously push bike stuff like that and high value stuff like me ex's Rolex and engagement ring and stuff.

Male, 18-40, Sheffield

Furthermore, there was evidence in London in particular to suggest that participants did not understand the difference between an extended warranty (purchased at the same time as a product) and insuring specific contents in the home. There was a sense in a number of groups that as long as a product is under warranty, then all eventualities (including theft and accidental damage, for example) would be covered. There was also some belief that it would be easier to claim under a warranty than an insurance policy. Others commented that they preferred buying the extended warranty as this could be completed in one transaction, which was felt to be less 'hassle' and an easier judgement about affordability than on-going payments of smaller sums.

I buy the extended guarantee so I don't have to have the insurance... It's more convenient when you're in the shop... It just works out better, just a one-off payment isn't it. You haven't got to pay it again.

Female, 18-40, Birmingham

Participants believed there was a grey area between what was classed under HCI and what was covered by buildings insurance. For example, there was some debate about which of these types of insurance items such as built-in kitchens and bathrooms or fireplaces would be included under. Some participants were concerned that different insurers might use different definitions which they found confusing. It was felt that having some kind of 'standard' definition of what different types of insurance covered would be helpful for people trying to understand what different policies offered.

Now you are saying you can have carpets under one or the other I think that government legislation should state clearly what you're allowed to have under what [policy] just because I know that I don't really understand it and I'm in the wide world on my own and I should understand things like that.

Female, 18-40, Sheffield

Additionally, past negative experiences relating to HCI influenced their perceptions. These tended to relate to the length of time that claims took to process, although some other issues were also cited.

The business that we paid money to [for some flooring] had shut down and done a runner and the insurance company couldn't trace where the cheque was but they didn't want to know. They weren't that helpful, it was like 'well that was it, it's over, you've made the claim, now you can't claim again'.

Female, 40+, London

On the whole, participants had little trust in insurance companies. There was a sense that people, at times, had to be prepared to 'battle' with the company to receive the payout their premiums should automatically entitle them to. It was felt insurance companies would often try to come up with reasons why the insurance was not valid or why a smaller sum than anticipated would be paid.

I had some damage in my kitchen, this is home contents, and the damage in the kitchen affected other things around the house and I went to claim for some insurance. They were quick to write a letter and tell me 'oh we don't think so, it's not [covered]'. And I was like 'well why am I paying you, what am I paying you for? ... You've earned what you're going to give me back so what's the deal here?

Male, 40+, London

[When I made a claim] we was debating over the price... they was undervaluing my stuff, and I got another person out and he assessed it an extra five to six grand more.

Male, 18-40, Birmingham

Some said that if insurers were not willing to settle a claim on a fair basis, people would be better off saving money in their bank accounts because at least that way they would be certain they could access their money to replace goods, and in good time. They felt insurers should be fairer when assessing a claim and be more prepared to pay out, particularly given that claimants could be going through a difficult period. The timeframe of a claim was also a factor; some believed that insurers would try to 'drag out' the claims process for as long as possible in the hope of avoiding paying up.

In some of the depth interviews, some parents were of the view that HCI was of particular importance to them because they wished to make sure their children did not suffer. Some single parents also cited the fact that they could not rely on a partner's assistance or additional income to help repair any damage to their possessions or household furnishings.

Thus, although insurance was regarded as desirable, particularly among some of those with children, there were also concerns around the value of taking out a policy, at least for some products. Some participants felt they would be better served by buying an extended warranty; others cited concerns based on previous negative experiences.

In the brief you indicate a range of areas and specific questions that you wish the desk research to cover: the scope of flexible working; how flexible working practices vary across the UK economy; the benefits and impact of flexible working for employers and employees; the barriers to employers offering or individuals making (greater) use of flexible working; employer and employee attitudes towards flexible working; how flexible working operates in practice for employers and individuals, where are there difficulties and successes in implementation; influences on and

examples of best practice of flexible working among employers and employees; who makes decisions about whether or not a request can be acted on; any gaps in awareness in this area among various businesses and individuals; and how to best address any lack of information.

3. Attitudes towards insurance companies

Most felt that insurance companies are untrustworthy.

Paying out massive amounts of excess you pay that money on a monthly basis, interest that they will support you when something goes wrong yet often it's the case that you end up having to pay upfront when something goes wrong and you end up out of pocket. And you just think 'well why have I bothered paying all this money over the past year to have to end up paying another lump sum?'

Female, 18-40, Sheffield

Some insurance companies are just basically rip-off merchants aren't they?

Male, 40+, Sheffield

The insurance company are there to make money, they're not there to help you really. They're to help themselves, the same as any business.

Male, 40+, Bewdley

All you hear are the bad stories. They've not paid out, they've not done this, not done that. You never hear 'my insurance company was brilliant'.

Male, 18-40, Birmingham

Reasons for this were that insurance companies were not believed to communicate with people in a way that made its products easy to understand. Participants spoke of the complicated language used in communications and, in particular, the 'small print' which was felt to be appended on to them. They stated that not only did they not have enough time to read this but that, moreover, there was so much information included here that they ended up confused about what the limitations of the product that they were being sold were. There was also a sense that the small print was there to catch them out and that the company in question did not want to be upfront about what the precise product details are.

There's such a bad image attached to insurance companies that it is very difficult to choose them... People just don't have the time to shop around... I've been shopping for car insurance and it's really difficult to decide which one to go for

Female, 18-40, Sheffield

They were too busy filling my head with this package of life insurance and so on, pension, all that. It were only until I got burgled and I made contact again that they then started coming out with other things, you didn't have an alarm in place and other things like that.

Male, 40+, Sheffield

You ain't going to read through all the small print. If it's £9, £10, you're going to say yes for it basically... They've just got loads of prices and lots of bands and etc. So I just looked at the first one and said 'oh £9 a month, that ain't too bad'.

Male, 18-40, Birmingham

Others said they found it difficult to know which policy to take out as they felt there were so many on offer, and it was different to know the difference. There was some feeling that people placed greater trust in the company 'names' that they were familiar with. However, there were also examples where even the well-known insurance brands were felt to have let customers down.

In the past if you needed insurance you went to specific people like insurance brokers or an insurance company. Now a whole range of different people are offering the same products. For example a supermarket might be offering household insurance. I'm a bit cautious, think 'ok, it was a good quote but am I going to still get like for like [policies] because it's not their specialist area?

Female, 40+, London

There was also a sense that insurance companies will try to 'wriggle out' of paying claims whenever possible, by referring to items in the small print – or may try to undervalue possessions in order to minimise payouts. For example, one example was cited of insurers who would only pay for re-plastering a wall of a flooded property up to the watermark, despite the fact that the damp had seeped upwards and the whole wall needed re-plastering. There were also criticisms of insurers who had taken a long time to pay out.

Because technically we didn't live in the house anymore and we were moving, we were in between houses for 12 hours, we didn't get covered. By the time my Dad had bought a new fridge... paid to remove the fridge, bought a new fridge, rang up a premium line to sort out the insurance, and the excess, it wasn't even worth having the insurance on it.

Female, 18-40, Sheffield

I was fobbed and fobbed and fobbed. I would say I got probably a third or a quarter what I should have got [for my bike] but I still waited seven and a half years for it [the insurance payout]... They don't want to give it to you.

Male, 40+, Sheffield

When you look at the fine print... when they say things are not covered, when they say 'fire', it's got to be more than one spark, it can't be this, got to be that, when they say smoke, it's got to be so much smoke.

Male, 40+, London

When I tried to claim [after the 2007 summer floods], because it was an on-going situation and this £150 excess... it was climbing Mount Everest, it was just unbelievable... [In the end] I didn't claim... I didn't envisage it turning out the way it did. I automatically assumed that I would be able to claim for the carpets, suite, etc that were damaged but every time I got in touch with them it was something different. 'Oh you can't do that because of this', 'you can't do that because of this'.

Female, 40+, Bewdley

There were other concerns around the burden of proof required if a claim is made; for example, proving that an individual did own an item or proving that it was a high quality item. Some claimants thought receipts would be required to support a claim. Others said they had taken photographs of goods. However, it was pointed out that in order to be truly secure, the receipts or photographs would need to be stored separately, either with a friend or in a bank deposit box.

So the thing is, if you haven't got receipts then they could still turn around and say 'well no, we're not paying you' and then you think, well I've just paid for a whole year and I'm not going to get nothing out of it.

Female, 18-40, London

Like jewellery or smaller items, just to prove you've got them is virtually impossible.

Female, 40+, Bewdley

You have to keep your receipt, hardly anyone keeps their receipts. So when the time comes when you claim it back, how are you going to claim it back if you haven't got the receipts?

Male, 18-40, Birmingham

The manner in which insurance companies market their products was also called into question. Many participants had experienced cold calling by an insurance salesman and felt this to be an intrusive way of trying to make contact with a potential customer. Older participants recalled how insurance salesmen used to go door-to-door. They believed that this enabled people to build a personal relationship with the company and afforded them the opportunity of discussing, in depth, any issues about which they were unsure. However, there were also comments from some who said they would never buy from door-to-door sales people as they were perceived to be less reliable.

Many also believed that there are too many companies offering insurance products. They stated that, previously, the sale of insurance products had been linked to only a few large, and well known, companies. These included, for example, Britannia and Endsleigh. However, participants mentioned that, recently, a number of other companies have started to offer insurance. These included the high street banks and building societies along with supermarkets such as Sainsbury's and Tesco. The issue here, particularly in relation to the supermarkets, was that participants were concerned as to whether the organisations running the schemes had the necessary experience and expertise to do so effectively. Furthermore, they recognised that credibility was, in part, a result of longevity in the marketplace and they were less inclined to trust an organisation that had only been offering insurance for a short period of time.

There was also a sense that insurance policies are set up to be paid annually or monthly by direct debit. While this suited some people, others had concerns that this could sometimes lead them to go into their overdraft, or worried about possible mistakes in the sums being taken. A number expressed a preference for making cash payments or using the PayPoint system; others said they were happy to make electronic transfers of the premiums each month.

I know the money's in the bank, it's coming out a set date every month... You don't have to worry about it.

Male, 18-40, Sheffield

You've got all this fast pay and these PayPoint points where you got and pay your water rates. All that would be handy [to make payments].

Female, 40+, Bewdley

In contrast, there were also some positive reports of insurance companies. Positive experiences were related to a feeling that the insurer had explained the policy to the individual in a straightforward manner, and that the method they had used to discuss the terms had been appropriate.

They don't mess it, the one [company] that I'm with. I'm quite happy with them. They don't mess you about, they don't talk jargon or owt like that and they will send someone out to sit and talk to you face to face.

Male, 40+, Sheffield

Participants' views of insurance companies tended to be fairly negative. Insurers were often perceived as using complex communications, which meant that customers were not aware of potential limits. There was also criticism of companies trying to delay or avoid paying claims or requesting a significant degree of proof before doing so. There were some positive reports of claims which had been paid fairly easily but these were not regarded as 'the norm'.

4. The benefits of HCI

Previously some of the participants had taken out insurance products, including mobile phones, life insurance, car insurance, buildings and contents insurance. There was also some previous positive experience of HCI.

Somebody's house got hit by lightening and it reverberated all around the houses and knocked out our TV... from the insurance that we had, we did manage to get a new TV... we did have to pay out but we're glad we had that insurance because otherwise we would have been stuffed.

Female, 18-40, Sheffield

Me son poured coke accidentally down the laptop so they had to pay. I had no problems at all. Rang up... I said the nearest repair shop, took it there, sent quote through, repaired it, they paid, took it home... took about three weeks.

Male, 40+, Sheffield

We had paint on all the carpets and they were round within a week and the carpet was back re-laid a fortnight later.

Male, 40+, Bewdley

For many participants, the benefit of HCI was, simply, peace of mind. This view was particularly prevalent among those that had HCI and, furthermore, those that had made a successful claim on it in the past.

I think peace of mind is about the only advantage that insurance has at all.

Female, 18-40, Sheffield

I've got quite a big screen TV and that's the only thing I've taken out insurance for... It really worries me because the size of it. I think if anything happens what do I do, so I've taken out insurance.

Male, 40+, London

You've got to bear in mind that you're paying that because at some point you're going to claim back from them.

Male, 18-40, London

This security was also of real importance to those on low incomes. They mentioned that, given how hard they find it to get by financially, the cost of replacing their home contents, in all likelihood, would have to be absorbed by either a credit card or a

personal loan. Many felt uncomfortable doing this as they believed it would cause them additional financial problems as they would only be able to make minimum payments each month thus adding to existing levels of debt. Others would just have to 'do without' which was not ideal.

I feel myself despite not liking how some of the insurance operates, I'm forced into keeping insurance going because I'm a homeowner on low income. I won't be able to find that money should anything go wrong all in one go. So I need some kind of safety net.

Female, 40+, London

Beyond this, many participants struggled to think of the benefits of HCI and therein lies one of the major barriers for participants. There was a sense that there was no reason to incur an additional expense for HCI when they could think of very few benefits that it would bring them. Some said they had only taken out HCI because their parents, partners or other family members had always had it or had advised them to do so.

My Dad always said to me 'do a job properly first time you don't have to do it again and it take you twice as long'... So I'm paying £7 a week which is like two packets of cigarettes. I just smoke a few cigarettes less a day so I can afford my insurance and I've got peace of mind knowing that if my door gets kicked off and I get my telly took I'm covered, just for that £7.

Male, 40+, Sheffield

I just took it when I was living with my partner. He had a lot of expensive stuff we thought it would be a good idea to take it and also with his salary we had the extra money... I wouldn't bother with my own stuff.

Female, 18-40, London

Some of those with HCI cited their bank as a primary reason for them having HCI. There were reports of institutions calling individuals in for a 'financial review', during which various aspects of personal finance were discussed. Others were given information about HCI while doing telephone banking or enquiring about other products, such as a pension. This led to the bank persuading them of the importance of HCI; such participants tended to sign up to the product their bank recommended, without shopping around or reading much of the small print, because they said they trusted their bank. Others spoke of calling up their bank to enquire about a quote, which resulted in them being sent paperwork the next day to arrange a standing order for the product. While some said they felt "bulldozed" by the bank into taking out the policy, others welcomed their bank's advice, as they believed it had treated them fairly in the past. This approach was also felt to 'make it easy' as the individual could simply react to the information provided, rather than being required to seek it out themselves. Ease of contact was also a reason why some students had taken out HCI; an insurance company included a leaflet in students' welcome packs and had an office on campus so was perceived as a convenient option.

It were initially for me pension. I wanted to start one up and then he started talking about life insurance and this and that... and then he turned round and said 'well I can do you a package of life insurance, pension, home contents, all this, that and the other. And I'll round it off and this is the figure you'll be paying a month and that's where it stemmed from.

Male, 40+, Sheffield

I've been with my bank since I've started work which was a long time ago so customer loyalty and all of that. I just took it [their HCI quote].

Male, 18-40, London

Because my bank's usually quite good. I've got a lot of things with them so I just normally go to them, they normally give me a good deal. So I got it [HCI] through them. But it's a lot of paperwork, which you don't really read... They talk you through it don't they? And I just thought it was a good deal.

Female, 18-40, Birmingham

There were similar stories of some who took out the HCI their Housing Association told them about because they perceived that they would have arranged a fair but cheap deal; such participants did not always read the small print but based their decision on the 'headline' information provided.

To conclude, there were some encouraging claims experiences and the reassurance HCI could provide was very welcome. However, on balance, many participants found it difficult to view HCI positively, given the additional expense it would entail. Indeed, some who had taken out HCI struggled to explain their reasoning beyond the fact that it had been presented to them by their bank or similar institution as a sensible step to take.

5. A lack of a perceived need for HCI

Unless they had direct experience of a major incident, participants tended to focus on the more limited scenarios of damage or loss of specific items when assessing the risk or reward of taking out HCI. In the mind of many, limited damage or loss of individual items, such as in the case of burglary, accidental damage or an internal leak, was more likely and easier to relate to than the entire contents of a home being affected by a catastrophic event like a fire or flooding.

Many felt there was less of a need for HCI nowadays. There was a strong sense among participants that products are not built to last these days and, instead, have a maximum lifespan of a couple of years. Furthermore, they spoke of the pace of change regarding technological goods in particular. They felt that things progressed so quickly that, in order to keep up, products like TVs and stereos needed to be replaced on a regular basis. Some participants welcomed the 'new for old' replacement policy as this would enable them to get a new item easily and know it would be of decent quality. However, not all believed that insurers offered this service, and thought a policy would only pay out the value of the used item. Others had concerns around how new for old would apply to antique or unusual items.

I would prefer them to pay me cash so that I could choose whatever I want.

Female, 18-40, Sheffield

You could get smaller or more compact or much more advance, you want the money to buy something new. You don't want it replaced do you?

Male, 40+, London

This new for old thing? So basically, say if your very old antique table's robbed they replace it with just something from Ikea?

Female, 40+, London

Some pointed out that those who are elderly or infirm might be less inclined to go out to seek replacements or to arrange for refurbishments themselves. Others preferred the idea of 'indemnity insurance', a 'like for like' replacement policy that would allow them to purchase a cheaper or second-hand item, as a way to reduce the level of premiums. This was particularly true for participants who relied on inherited or second hand items. For some the overall value of their contents was not felt to be high enough to warrant insurance. One participant recalled her mother being told that HCI insurance would cost more in premiums than she would receive in a payout, due to the low value of her possessions.

You'd be in a position where you'd want a lump sum of cash where you can go and buy everything off of Ebay again.

Female, 18-40, Sheffield

If somebody come in and nick my stereo [and] I've spent 300 quid for the year – I could buy another stereo for 300 quid. You kind of weigh up what you've got to do with your money.

Female, 18-40, London

Let's say your TV breaks down, you've probably bought that TV four times over if you put the money aside and if it breaks down buy another one.

Female, 40+, London

If something breaks down, say your TV breaks down. It's cheaper to just go and buy a new TV than it is paying for your insurance. And then having that length of time for the claim to come back in, you might as well just get yourself a new TV.

Female, 18-40, Birmingham

To illustrate how the pace of change renders goods outdated, participants referenced both televisions with built-in freeview services in preparation for the 2012 digital switchover as well as High Definition (HD) TV. Consequently, they believed it was less important to insure the contents of their home against things like accidental damage as, even if things did get broken, they felt that they would have needed to have been replaced soon anyway.

Many also relied on an informal network of friends, family and acquaintances to equip them with the things they needed in the home. They spoke of how when people they knew upgraded their home contents, they often asked their peers whether they would like any of their old possessions. Therefore, many were of the opinion that even if their goods were damaged or stolen, they could replace the essentials fairly easily.

If something got stolen or lost, I'd rather just replace it. I've not got much expensive stuff anyway, maybe a laptop. I'd rather just get a new laptop than have the whole hoo ha [bother] of stuff like that.

Female, 18-40, Sheffield

I've got a large extended family and I feel quite comfortable that in the event of anything big, not in the event of a flood or something huge but burglaries and so one, we help one another, that's what we do.

Female, 40+, Sheffield

Those living in more built-up areas felt there was less of a need to insure contents against theft and burglary. For example, a number of the participants lived in flats and were often not on the ground floor. They therefore felt that their contents were secure as any burglar would have to break in through not only the main door but also the entrance to their flat and/or scale a couple of storeys before climbing in through the window. Flooding was also of less concern to those not living on the ground floor, or

not near a river. Additionally, many spoke of how, while the areas they lived in were subject to higher rates of deprivation and crime, the local community was actually very closely knit, so neighbours would look out for anything suspicious if they were not home. Some also felt that burglars would target the more affluent areas as they would be more likely to have goods of value. Furthermore, many said their neighbours were retired or out of work so because of this, they felt secure in the knowledge that there would be someone present to keep an eye on their property and on their guard for any signs of suspicious behaviour at all times.

I live on a council estate and I grew up on another council estate and I've never known anybody on a council estate to have any problems with burglaries... I live on the second floor I'm not worried about floods.

Female, 18-40, London

Furthermore, for those living in rented accommodation there was much confusion as to what would be covered by the landlord's own insurance policies. This was especially the case for those renting furnished accommodation; as furnishings belonged to the landlord, participants felt that the landlord would need to cover the cost of replacing items if necessary. Some participants were confident that their landlord would live up to their responsibilities but others felt it could take some time for their landlord to replace any damaged or stolen item.

There was also an assumption by some that building insurance (designed to cover any structural issues) would also cover contents. Some students also assumed that while living in rented accommodation, they would be covered by the parent's own HCI policy. Linked in with this, those living in furnished rented accommodation believed that any problems relating to expensive equipment (e.g. the boiler, sofa, cooker or washing machine) would be sorted by the landlord and was not their responsibility.

We're all renting and if we get a broken washing machine, who cares?

Female, 18-40, London

A number of claimants were living in rented properties with single-glazing or less secure locks and bolts on doors and windows. They pointed out that the state of windows and locks in a rented property affected the cost of premiums directly, in some cases making the policy invalid. However, as tenants, they had no power to make the necessary changes to the property to make their home more secure, and so make premiums more affordable.

My back door's only a two-lever mortise lock with the Housing Association so the insurance is completely invalid against theft. So why was I going to continue paying for it [insurance] until they sort the lock out.

Female, 40+, Bewdley

Finally, there was a real sense among many participants that while, of course, it would be costly to replace goods that have been stolen or damaged, ultimately, they are just material possessions. What mattered to many of the participants we engaged with

was protection of the things that cannot be insured, such as personal mementos and photographs. In addition, they queried how a value can be placed on items on computers, such as work or homework, the loss of which could have a great impact on their lives.

My accommodation is actually furnished. I don't actually own an awful lot in there, the most important things to me in my flat are my photographs and you can't put a price on them. So that's why I've not bothered [to get HCI].

Female, 18-40, Sheffield

The things that really count to me the most are my memories and my photos and things like that, maybe the odd piece of jewellery that again you couldn't replace because it's family stuff.

Female, 18-40, London

Some participants also cited specialist sports equipment, home-built computers or antique items, that they had discovered were or would be excluded by HCI policies (for example, professional fishing tackle). There was also some sense that they would not be quoted a fair value for such a unique item, which would mean in the event of something happening, they would not in any case be able to recoup the true value of the product so they could see no point in insuring it. For example, one participant's mother had some antique furniture that was damaged in the summer floods. When the loss adjuster visited, he did not value the furniture as antique but simply second-hand which the family felt did not reflect the items' true value. Others were not sure that individual lower-cost, smaller items such as clothes or handbag contents could be covered by HCI. Some also raised queries around the possibility of insuring items in a garden, such as fences or plants.

You've had a LIN amplifier damaged and you want LIN or a Denon or something equally as good back. You don't want some [rubbish] like, well, Sony or something.

Male, 40+, Sheffield

I think there's a definite gap in the market... if you've lost sheds, fences, gardens? I lost my entire garden, it just disappeared. You can't insure it because...they only want your buildings and as soon as they know you're in rented and the building is taken care of, your landlord should be responsible for the gardens, fences, outbuildings, but you can't get any insurance for it. So you lose it.

Female, 40+, Bewdley

There were also some claimants who believed that HCI should cover an element of pain and suffering, or the cost of the individual's time in arranging repairs or replacement goods.

If someone asked me how much something was worth I would say more than maybe what it is worth in the shops because I'm adding on like the time as worth and sentimental value and stuff like that.

Female, 18-40, Sheffield

There were also some negative examples cited in relation to participants' experiences of claiming on their HCI policy, with insurers refusing to pay up on claims.

The reason why I'm not insured at the moment is ... when I had some damage in my kitchen, this is home contents, and the damage in the kitchen affected other things around the house and I went to claim for some insurance they were quick to write a letter and tell me 'we don't think so'. And I was like 'well why am I paying you, what am I paying you for?'

Male, 40+, London

The impact of the summer floods on participants' perceptions of HCI was varied. Some had heard positive stories but others remembered more negative impressions of the assistance provided by insurance companies.

My friend's got a shop on X and his entire basement was flooded through and they paid out within a month.

Female, 18-40, Sheffield

And they gave you those machines that dry you[r home] out... and they had run out of those and stuff like that. Some people are paying insurance and it didn't even help them.

Female, 18-40, Sheffield

And you find at the end of the day what you want to claim for isn't covered. You just take it in good faith that everything [in your home] is covered.

Female, 40+, Bewdley

It was felt that lessons had been learnt by the insurers, in terms of being better prepared to deal with a disaster on this scale, but also some of the public, about the importance of having insurance. However, for others, the floods had had little, or only a negative, affect on their willingness to take out HCI.

It doesn't change my personal view. I just feel sorry for the people who have been affected by it and the people who are trying to be cautious in future are just going to be hit by these massive price hikes.

Female, 18-40, Sheffield

I think people have started thinking now because insurance is getting to be a must to everybody nowadays... people just want more information.

Male, 18-40, Sheffield

A number of participants did query how much need there was for HCI. This was linked to the fast pace of technology that required regular updating of some products. Some also had unique goods that they did not believe would be covered by a general HCI policy. Others were not confident that the insurance company would pay out the full 'new' value of a possession; although correspondingly others said they would prefer a cheaper 'like for like' HCI policy. Some participants had also been disheartened by the failure of previous claims. These impressions were not influenced to any great extent by the summer's flooding in some areas of the country, even among those living fairly close to the affected areas.

6. The barriers to taking out HCI

In light of the general views about the value of insurance and the service provided by insurance companies, this chapter explores in detail the reasons given by participants for why they were reluctant to take out HCI.

Affordability

Affordability was, of course, an issue for many of those we spoke with. They were on low incomes and, as such, the additional payment for HCI was often seen as an additional expense that they could not afford. Instead, payments to credit card companies, the rent/mortgage, utility bills and general living expenses took precedence. While they realised that they were taking a risk in not insuring the contents of their home, participants believed that this was one worth taking given the additional expense that HCI would incur.

I think people just have the feeling that it's not going to happen to me. Everyone just thinks 'oh yeah, I should get it but...'... Sometimes it has to happen to you before you decide I actually need to go and get this.

Female, 18-40, Sheffield

Furthermore, some participants felt that those on low incomes were unfairly penalised regarding HCI. They perceived that payments were calculated on the same basis as that of car insurance (i.e. dependent on the postcode of where they lived). Given they were on low incomes, they often spoke of the problems that afflicted their locality such as high rates of burglary, for example. Their perception, real or otherwise, was that it was unfair that those who need HCI most have to pay the most for it, thus making it even more unaffordable for them. One woman cited her own experience as an example. She made a successful insurance claim when she was living in her own (owner-occupied) home. When she moved to social housing, due to a change in circumstances, she found it much more difficult to make a claim on her insurance, following the summer floods. She ended up cancelling the insurance policy once her claim was paid because she believed HCI was more trouble than it was worth.

However, a few participants felt that less affluent areas were less likely to be targeted for burglary as they were less likely to have goods of value.

When it came to discussing the potential levels of premiums, some participants without HCI indicated that it might be possible for them to cover paying around £10-15 per month. However, some of these were conscious that paying HCI premiums would be likely to require more cautious spending in other areas and a shifting of priorities. Indeed, a number of those who had taken out HCI indicated that this was around the level of payments that they made at present. There were some who paid a little under this level although also some who paid around £30. This is likely to be linked to differing levels of cover. There were also indications that estimates of the cost of HCI premiums could be vastly out of line with the reality; some participants believed that it would cost around £100 per month to insure an entire house worth of possessions.

However, not all of those with HCI found it easy to meet the monthly payments. There were also some participants who indicated that they struggled to cover all their outgoings and often 'ran out' each week or month. Their budget was so stretched that paying out HCI premiums would require cutting back on essentials such as food or electricity.

Higher premiums

The issue of shared houses/flats was also a barrier. Many of those felt that the cost of insuring a shared house was prohibitively expensive but, along with this, resented the changes that they would need to make to their property secure in order for their contents to be covered. These included, for example, putting a lock on every door – including those to the bedrooms. One example of where it was felt those in shared housing were unnecessarily penalised was students who stayed in a shared home after graduation. A few participants in the Sheffield groups had taken out HCI when they were students. While they were generally content with the policy they had taken out then, they said that when they graduated, the premiums rose so much as to make it no longer affordable. Other students thought they might be covered by their parents' HCI.

We haven't got contents because it's a shared house. I don't know if you've looked at the premiums on shared house contents insurance, it's obscene. And if you're a student, there's special stuff for it, but as somebody who's out in the working world, who shares a house, [the price of] contents insurance is ridiculous.

Female, 18-40, Sheffield

I rent a room in a shared house. I think we were quoted something like 340 quid a month for contents insurance just for very basics... only like carpets and curtains and nowt else, basics didn't cover any electrics, didn't cover fridge, didn't cover TV.

Male, 40+, Sheffield

There were also some participants whose HCI premiums were exorbitant as their home had recently flooded. Such participants felt they had little option when it came to HCI but to go without, as the premiums were perceived to be unaffordable.

I was told it was impossible, you had to pay a really extortionate rate.

Male, 40+, Bewdley

Perceived lack of relevance

However, it should be noted that affordability and the level of premiums were by no means the biggest barriers. A number of participants said that it had never occurred to them to think about HCI as they did not believe it was relevant to them. Following the group discussions, some said they were more inclined to look into HCI as it had been drawn to their attention. There was a sense that the importance and relevance of HCI needed to be made clearer to those in rental accommodation; some felt this was

something only home-owners needed to worry about, or thought that HCI only operated in tandem with building insurance.

Low priority

It was felt to be easy to prioritise other issues or expenses over HCI. Some participants mentioned that taking out HCI was something that they always meant to get around to do but, somehow, other issues always took precedence. In this sense, we can see the importance of lifestage in determining an individual's spending priorities. For instance, after graduation, many were preoccupied with paying back student loans and, once this was resolved, they then started to prioritise rent/mortgage payments. Therefore, in comparison with other outgoings, HCI never assumed a high enough level of importance – especially when set against the perceived minimal benefits gained from owning a policy. However, the low priority of HCI against other outgoings was also apparent among some older participants.

Really it's [HCI] way below most things on my list, way below... It's along with my charity payments really.

Female, 40+, Sheffield

You don't prioritise it, you don't get round to it. You've got your bills, you're working, you've got everything else going on every day in life.

Female, 40+, London

As mentioned previously, for some with children, HCI became more important so that their children would not suffer in the event of something unforeseen occurring.

Perceived lack of need

Many participants felt that they did not need HCI and that the cost was not worth what they perceived as being a very unlikely benefit. It was thought of by some as paying out for something they the individual might never get anything tangible back from. This was particularly the case with those that had previously held HCI policies but let them lapse as a result of them not claiming for years. Others perceived their area to be less at risk than others with higher crime rates or homes on a flood plain. There were also some differences in how at risk individual homes were felt to be, with those living in flats above ground floor level or people with more secure entry points to their homes believing that they had less requirement for HCI. Others believed their current living arrangements were only short-term so HCI was not worth taking out as their situation could change again imminently.

We've got double locks, double glazing, we've got security, x, y, z. Now the little old lady down the street... she's got a single pane of glass, no security systems... I am less likely to get robbed.

Female, 18-40, Sheffield

If you're living in a bedsit flat, things like that, you're not planning to be there for a very long time... then [it's] not really [important]. But if it's a base and you've settled and you're going to stay there for a while then I think [it's different].

Male, 40+, Sheffield

One of the depth participants commented that in the event of her possessions being destroyed or stolen she could apply for a Community Care Grant which would cover the cost of replacing her possessions. She therefore felt that HCI would just duplicate this, at additional cost to herself.

Lack of trust

Additionally, there was also a sense of mistrust more generally around financial products and HCI in particular. There was little conception that insurance companies are there to protect individuals. Instead, many held the view that they are there to simply make as much profit as possible. Evidence for this was cited in the perceived tardiness it takes for claims to be processed to the customer's satisfaction, or 'petty' points such as the insurer only agreeing to pay for re-plastering half a wall. Some participants felt that a claim should be settled within a fortnight, or at maximum, a month. There were experiences, personal and by hearsay, of claims that had taken months to settle and required a degree of 'battling' by the customer. This made some unwilling to take out a policy as it was perceived to require so much effort to claim any money, and it would not always be paid in a useful timeframe. Others felt that insurance companies might be slower to pay out on a claim in a less affluent area, although this was disputed by other participants.

They word it so slyly don't they? ... We all know there's little letters somewhere to give them a case for not paying.

Male, 40+, Sheffield

Like someone in X could get burgled and some in Y could get burgled and they will pay the person out in Y when they haven't paid them out in X.

Male, 40+, Sheffield

Some participants pointed to how quick insurers can be to terminate a claim if a premium is missed by only a day or two, and felt there was no allowance made for having a good previous record (i.e. a 'no-claims bonus') or having paid premiums for a number of years. Thus all the previous premiums paid were felt to count for nothing.

A fear of the small print

A lack of understanding as to the language used in communications regarding HCI also acted as a real barrier. Some of those we engaged with had low levels of literacy and/or numeracy and, therefore, were unsure as to what products were on offer. More generally, low levels of financial literacy along with a lack of confidence in their ability to complete and understand the paperwork prevented participants from taking out HCI. This was particularly linked to fear of not understanding or not picking up on

minor points in the small print that would then limit the insurer's payout in the event of a claim being made.

It's a quagmire. I'm a professional administrator and it's is a nightmare to go through some of these policies... [they] contradict paragraph to paragraph where they've been edited over the years.

Female, 18-40, Sheffield

Others admitted that they simply did not have the will or inclination to tackle what were perceived as onerous documents. Participants were unanimous in their desire for simpler, clearer documents which they believed would be fairer to customers than requiring them to work their way through complex, cross-referenced ones. They expressed a strong preference for clearer, more straightforward phrasing and for 'plain English' to be used in policy documents and by advisors.

I do think they should make it clear and simple for people... I'll sit there and agree 'yeah yeah fine' and I'll sign and then when it's done, 'what did he just say, what's that mean?'

Male, 40+, Sheffield

The effort of finding out about policies

There was also the perception that it could be 'a hassle' to find out about and set up a policy. Some examples of online comparison sites were mentioned but some participants thought that such 'search engines' might quote higher than would be the case if they contacted a company direct. There were also criticisms of the time it could take to turn a quote around, although others said they felt using such a website was quicker than contacting them all individually.

It [comparison website] was useful because I found out what they were covering, went into the company to find out more details, then just binned it and onto the next one, until I found it [my policy].

Male, 40+, Sheffield

You just do a net search, you can spend days going through. You'll find that half the companies own each other any way. You come to a dozen core companies. They'll take between three and five days to get your quote then but they want to know all of your details and then you're on their mailing lists.

Female, 18-40, Sheffield

It just comes back down to the same group of people at the end of the day. So it's quite confusing because it's like they're offering you different alternatives but really they're all the same.

Female, 18-40, Sheffield

Access to the internet was cited as a barrier for some in this respect, whilst others believed the internet to be a useful way to find out about HCI policies. A number of those we engaged with, especially in the older groups, did not have access to the internet at home. To purchase HCI online, they would need to go to either an internet café or a public resource such as a library. There were other participants who were not that confident regarding their IT skills. Secondly, there was some scepticism as to the security of submitting personal financial details online.

Dislike of internet or phone communication

This reluctance to enquire or take out policies over the internet caused frustration among some participants; they were of the perception that taking out HCI online often qualifies the policy holder for a substantial discount. They did not think that they should be penalised – when they were the ones that could least afford HCI in the first place – simply as a result of the channel of communications that they prefer with the insurance companies. There were also some concerns about taking out a policy online as it could be more difficult to access help when it was required, than through a telephone helpline.

You see, I always lose out because there's no way I'm going to be tapping my credit card number in [online].

Female, 40+, London

I know someone that done an insurance internet based because the claim's cheaper because it cuts out the middle person but then when you have a problem, you have to email them instead. So when you're there and for example your boiler's gone and you're emailing them and you're just sitting around waiting for them to email you back or something, it's not practical at all really.

Female, 18-40, Sheffield

Phone lines were also mentioned as an issue in taking out HCI. Many participants lived in mobile-only households and did not have access to a landline. However, they also mentioned that the majority of insurance help-lines are 0845 numbers which can be very expensive to call from a mobile – especially when the individual is operating on a pay-as-you-go contract rather than a monthly rate. Others believed that helplines used premium rate phone numbers. Some also mentioned dislike of automated systems and said they wished to speak to an individual instead. Ideally, some wished for a specific caseworker to handle their policy or a face-to-face service. However, some said they would feel more confident that a comprehensive comparison of offers had been conducted if they undertook this themselves; however personal advice might be welcome to discuss the finer detail of quotes.

I'm not going to pay extra money so I gets out the phone book, I phone all the free numbers so they're paying for the call to start with and I'll listen to what they say.

Male, 40+, Bewdley

I think some people don't mind paying a little bit more to know that there's someone at the end of the phone that's going to speak to you... it's so much easier than extension line number three, two, and then the next day you have to tell the whole situation all over again.

Female, 18-40, Sheffield

Banking and payment issues

Some felt that insurance policies cater for people with bank accounts – it was more difficult for those without to set up policies or they had to rely on using a friend's account (which could leave them vulnerable to the friend using the money for another purpose). It was generally felt to be unfair that people not paying by direct debit had to pay additional processing charges, as such people tended to be the ones with less money to spare in the first place.

Even for those with suitable bank accounts, standing orders or direct debits could be a concern. Some liked the fact that by setting up standing orders they did not need to remember to make payments and that it was all taken care of automatically. However, for others, the inflexibility of insurers around payments dates was a concern, as missing one by even a couple of days could invalidate a policy. There were also concerns in case a direct debit took an account into the red, which usually incurred financial penalties they could ill-afford. For those whose income arrived on a fortnightly or four-weekly cycle, it could be difficult to work to payments on a monthly basis and a monthly sum could appear much larger than four individual weekly payments. There were also comments that it was unfair that those paying in instalments (monthly or otherwise) tended to be charged more than those able to afford to pay annually.

If you've got that lump sum of home insurance broken right down into fortnightly payments it isn't a big scary sum at all, it's negligible.

Female, 40+, Bewdley

I think it's the same with all insurance... if you pay it altogether, it's cheaper. If you pay 12 monthly instalments, it comes more expensive.

Female, 18-40, Sheffield

'If you pay up now we'll give you an extra 20% off or you can pay it over 12 or 10 months', whatever. I think that's ridiculous and you're paying more. Why should you pay more just because you can't pay it all up front?

Female, 40+, London

Dislike of the excess level

Not all participants were familiar with the concept of an excess level. When the concept was explained, a number were put off by the idea of an 'excess' on their HCI policy. They felt they would find it very difficult to find the first £50 or £100 to put

towards replacing their contents, if something happened. Participants said if they bought HCI, they would want it to cover all the cost of replacing possessions.

They take the Mick. The fact that you've paid your insurance and then you've got to pay another fee to claim. What's that all about?

Female, 18-40, London

We've got no excess [on our HCI policy]... ok we've paid the extra for it but for us peace of mind is better than having to find out at the end that we're not insured for something.

Male, 40+, Sheffield

If you're insured on something and something breaks, I'd expect all that [value] back. I wouldn't expect to pay something towards it myself if you know what I mean.

Male, 18-40, Birmingham

I'd rather them pay a reduced price than be given the full price but then have to pay excess on it.

Female, 18-40, Sheffield

However, some did understand that an excess level was a facility which lowered their premiums and so accepted it. Some who had experienced flooding had only realised the extent of the damage after a few weeks. Mould spores and under-floor sewerage were cited as reasons for this delayed awareness. However, making two claims meant they had to pay two amounts of excess which they did not feel was fair.

It's a good way of keeping people's premiums down though. People who hardly ever claim or never claim, you can keep your insurance policy [payments] down by having a big excess and it's a good way of saving money.

Male, 18-40, Sheffield

Thus, a number of reasons were mentioned by participants as to why they did not have HCI, or did not believe there were any real grounds for them to take out a policy. Along with these explanations, some examples were given of what people on low incomes might be looking for in contents insurance, and these are discussed further in the following chapter.

7. What HCI should cover

This chapter looks at the factors participants believed should be covered by contents insurance policies.

Specific items

Many were keen that HCI policies be more flexible and that they can, in a sense, pick and choose what items are covered in their home. For many, the most pressing item that should be covered was the boiler. Boilers were felt to be very expensive to repair/replace and, furthermore, had a tendency to break down. Other more expensive individual items were sometimes insured as a priority, as the participant was aware that in the event of something happening they would not have the resources to replace them.

I just got a £1,200 credit at the BrightHouse and I just got a 42 inch TV with a stereo and a PlayStation 3 and that's why I want insurance for that. So for them three per month I pay £12.50 a month.

Male, 40+, Sheffield

Beyond this, participants in unfurnished flats or those that owned their own property were keen that HCI also covered white goods (fridges, freezers and washing machines) along with larger electrical items (stereos and televisions). For those in furnished rented accommodation, it was the latter of these two categories that was most important to them.

Additionally, among those that wore glasses, HCI that covered either spectacles and/or contact lenses was particularly important given the expense of repairs/replacements. Those with children often cited their children's possessions, such as computer games or sports kit, as being their highest priority.

Comprehensive insurance

Participants generally wanted a simple policy that covered all of their household possessions. The simplicity of this approach would be reassuring, rather than having the concern that only some items would be replaced. Some suggested a list-based approach could be helpful to pin down for customers which items were covered. There was also a general wish to insure possessions when taken out of the home.

You're insuring your possessions, not necessarily that they have to be under that roof in their specific place.

Female, 18-40, London

It should be what it actually means, home contents from inside the door to back door, so everything.

Male, 40+, Sheffield

The real insurance [i.e. not warranties] should cover everything and don't ask you no questions... It should be what it says.

Female, 40+, London

There was a general sense that which eventualities were and were not covered, and which aspects of home contents were and were not included in a policy, should be made clearer. Participants perceived that insurance companies were often keen to sell their product and to arrange for payment of premiums; however, it was believed that they rarely took sufficient time to familiarise the customer with the product. Participants thought insurers should volunteer to talk customers through the policy at the point of sale, giving them clear information about which items were included and which were not, as well as the circumstances under which the company would and would not pay out. This would allow customers to make an informed decision about policies, and they would be clear about which of their possessions were covered.

If you don't ask them, they won't volunteer that information to you.

Female, 40+, Sheffield

In terms of risks to insure against, many were keen that along with standard cover (fire, theft, accidental damage etc) HCI should also cover what was often referred to as 'Acts of God'. This included flooding and also more 'unusual' events such as tornadoes. Even among those not affected by the flooding in the summer of 2007, there was a general consensus that the climate in the UK is changing and is becoming more unpredictable. To illustrate this, many of those in the London groups mentioned the tornado that affected Kensal Rise earlier in 2007, or another one that struck Birmingham recently. Consequently, they wanted an insurance policy which protected them from these events, as well as clarification of what is or is not included as an 'Act of God'.

What do they mean by 'acts of God'? You can't claim them because that's an 'act of God'? What's that all about?

Male, 40+, Sheffield

The bottom line is insurance is supposed to provide peace of mind. Ok. So if it doesn't cover things like earthquakes and floods and stuff, your life could be completely devastated.

Female, 40+, London

This was particularly important to participants. They felt that they had no control over such events and, therefore, it was even more important to be protected against them as they could not protect themselves. Perhaps unsurprisingly, those in Sheffield or Bewdley that had either been victims themselves of the recent floods, or knew of others who had, held this view more strongly. Some also pointed out the need for policies to cover secondary flooding [caused by sewage pipes backing up) as well as primary flooding. In London and Birmingham to some extent, there was a sense that the Government may help those affected by natural disasters such as these thus negating the need for HCI. However, others disagreed, saying that if people could afford to buy an item they should also be prepared to pay to protect it, rather than relying on the state.

I think that with natural disasters, really that's what the government should pay for. And if they're paying benefits for people then they should be paying for natural disasters for them too.

Female, 18-40, London

If you've got money to spend on products you don't have to buy other things, you can look after the things you've got.

Male, 18-40, London

Terrorism was also cited in London as being a new challenge for the insurance companies. While no one presumed that their homes would be a direct target, there was some concern that there might be damage to their property as a result of a terrorist attack. Again this was seen as being an event that the participants themselves had no control over and, as such, they wanted to be sure that they were covered for this eventuality.

With-rent and arms length schemes

Participants were given some broad-brush information about the 'with-rent' and 'arms length' insurance schemes promoted by some council housing departments and housing associations. These were regarded fairly positively by participants as providing a relatively 'hassle-free' way for people to take out insurance. The flexibility of payment methods and timings was well-received.

Something similar to that [kind of policy], I certainly wouldn't mind.

Female, 18-40, Sheffield

I think a single payment, it would be easier though, because you know you've paid it off, it's finished.

Female, 18-40, London

There were some concerns about how fair it was to have premiums worked out on an area basis as opposed to individual homes. Some were also worried that the 'arms length' scheme might prove difficult to access if a claim needed to be made. Others felt that such schemes which did not cover accidental damage, high value goods or possessions outside the home were not useful. Some participants believed that the cover level on such policies was not high enough to include all their contents.

I'd be wary because it's not a central system so if anything does go wrong you're having to go through various agents... you're going to have trouble getting in touch with people.

Female, 18-40, Sheffield

With hindsight the people who have those very, very basic policies have found out that they're so under-insured. They've literally got a token payment and that's it really, I wouldn't say it was worth the £50-odd a year. You need to have a bit more than that really.

Female, 40+, Bewdley

There was a clear need for more flexible HCI products for this audience; some wished to insure specific items, whereas other participants just wanted cover for all their possessions, without exception. They generally wanted clarification as to which situations their policy would pay out, and any in which it would not. While the flexibility of 'with-rent' and 'arms length' policies was welcomed, some participants criticised other aspects, such as the reduced risk cover, and the relatively low level of cover offered.

8. Encouraging the take-up of HCI

In the main, participants believed that to increase the take-up of HCI the products themselves need to be re-examined along with how they are communicated to different audiences.

Setting up a policy

Some participants valued the reputation of the insurer, saying they would ask friends or family for recommendations of insurers. For others, the product available and its terms and conditions were of more importance. Some participants felt that by combining home contents with other forms of insurance into a single package, a discount could be offered. This would make the cost of premiums lower and also make it simpler for the customer.

Isn't there a way of putting it all together into one? So instead of dealing with your home contents and your car insurance and whatever, and your life insurance all missed up, isn't there a way that you can put it altogether to make it even easier?

Male, 18-40, Birmingham

Focussing on HCI products, there were a number of calls for increased flexibility. Participants wanted a product where they could choose what it was in their home that they insured. Furthermore, many wanted assistance in the form of inspections to help them determine the value of their contents. However, others had some concerns that an assessor might not always reflect what they felt to be the true value of their possessions.

They'll give you the name of like three companies you can get this item and they'll give you a voucher for £2,000 and it's got to be used there or there or there, not matter what. It should be of your choice really.

Male, 40+, Sheffield

Like that's a 52 inch plasma screen TV, that's two grand and they go 'no it's a second hand TV at 75 quid.

Male, 40+, Sheffield

When discussing the type of risk they would wish to be insured against, participants tended to wish for cover in all circumstances (i.e. including accidental damage). Even where they pointed out that there was little risk of flooding, participants tended to be in favour of an 'all or nothing' policy. There was a small minority who did not wish to pay additional to cover accidental damage.

It's only in the event that something happens that you've not paid for that you realise that you should have paid for it.

Female, 18-40, Sheffield

[When I was looking into HCI] this document arrived from my bank and it said did I want insurance to cover accidental damage? Now to me, that's a fundamental part of household insurance, but automatically the basic policy they were trying to sell me was just theft, fire and what was it? Flood.

Female, 40+, Bewdley

In terms of how the product is paid for, there was an overwhelming preference for monthly (or even more frequent) payments. Given the fact that these participants were on a low income, they found it difficult to accumulate the necessary funds to pay for HCI for the whole year in one bulk payment. Others felt that smaller, more regular payments were less intimidating than the larger annual sums. Participants did not think that they should be penalised for not paying annually; they recognised that discounts are offered to those who pay for the year up front and thought that, again, this works against the interests of those who need HCI the most. Some also said they would welcome some degree of flexibility around the timing that payments are made.

I'm self employed so I'd rather pay when I've got the money. As long as I pay within a 30 day period, I think I should be alright.

Female, 18-40, Sheffield

Many also spoke of the difficulties they had in managing multiple payments each month. Therefore, there were suggestions that it would perhaps make it easier for them were HCI payments amalgamated with others, or at least could be paid at the same time. Common suggestions here included Building Insurance and Council Tax payments. The latter of these two suggestions was derived from discussions around the with-rent insurance schemes. While awareness of these schemes was low, the fact that the HCI payment was combined with the rent payment was particularly attractive to some as they considered that not only would it make it easier to manage their monthly finances but, moreover, they felt it would draw less attention to the increased amount of money that was going out of their account as they would only notice one, rather than two, debits.

Participants also mentioned how those on low incomes can be financially excluded in that they do not have access to a bank account. As such, many were keen that HCI products take account of this. Suggestions for overcoming this issue included the ability to make payments via PayPoint in local Post Offices, which was cited by many as being convenient and accessible.

Then you just go in yourself and you pay and you know it's done... You know you've got the money there and then so just go in and pay it.

Male, 18-40, Birmingham

Looking at the claims process, many felt that it was preferable for the insurer to give a cheque or have the money transferred into an account rather than arrange any repairs or new items. This attitude was largely driven by the perceived pace of technological change; participants trusted themselves to buy the most up-to-date items with the best

specification more than their insurance company. Elderly or infirm customers might, it was pointed out, have different requirements in this respect. Furthermore, and as mentioned earlier, many of those we engaged with had access to an informal network of people that were able to supply them with goods at discounted prices. They thought that by tapping into this, they could make their money from their HCI claim go further. As discussed earlier, some were content to have second hand items rather than new replacements. It was felt that such options should be offered in HCI as a way to keep premiums affordable for those on low incomes.

If you get the money there you can banter with the other person because you can just get the cash and say 'look I'll give you £300' and nine times out of ten, they'll say 'yeah'. I don't want it now I want it cheaper.

Male, 18-40, Birmingham

I'm willing to pay more... but if you're happy to get less then I think you should be happy to pay less.

Female, 18-40, Sheffield

Others said they felt a 'no claims' bonus on HCI would be better than an excess and it would also encourage them to keep up a policy once it had been begun. However, others were worried that this would penalise people who had to make more claims under their insurance. Some also made the point that many HCI products have a minimum cover level of £15,000 – this amount was felt to be a lot more than the value of their household possessions. If a lower minimum value of possessions was catered for, around £10,000 or lower, which would mean lower premiums while still covering the value of their contents, it would be welcomed. This was particularly the feeling of those who bought many of their possessions second hand, or were given them by friends or relatives. It should be noted that there were others in the groups who desired a cover level of £20,000 or higher.

I haven't got a telly, even before the flood. If I wanted contents insurance for my own personal self, five grand would actually cover me. The kitchen is the Housing Association's, the bathroom is, and everything else in there probably wouldn't come to five grand.

Female, 40+, Bewdley

The minimum to insure is £15,000... I haven't found one [policy] lower and I have phoned round because I'm saying 'well I want one sub-five [thousand cover] and one bedroom bungalow, single occupant and no I don't want buildings'.

Female, 40+, Bewdley

Some participants said they would want a policy that covered everything in their home, with no excess level. This was valued for its simplicity and the fact that this should not entail any wrangling with insurers over what they would and would not

cover. However, once it was pointed out that this may result in higher premiums, some participants felt such a policy would be unaffordable for them.

Everything basically, accidental damage, your theft, break and entry damage, you can claim on storm damage. Everything that you could think, covered.

Male, 40+, Sheffield

One group came up with the idea of a very basic 'core' policy that covered basic household possessions. People could then choose to insure some or all of their possessions as individual 'bolt-on' items. They could also choose which aspects they did not wish to include, for example, credit card insurance or a television or computer if the individual did not own such items, in order to lower premiums.

£1,000 worth of cash is insured [under my old HCI policy]. I am never going to have £1,000 worth of cash in my house so don't bother about that...

Female, 40+, Bewdley

I don't have a mobile, don't have a computer, the only electrical item I've got is the kettle and the stereo and that's it.

Female, 40+, Bewdley

Make it more flexible... if you wanted to add something to be covered or if you wanted something to be taken off, if you think you're paying too much, so it's easier.

Male, 18-40, Birmingham

What's the point of insuring your wallpaper? I can't see the point in that.

Male, 18-40, Birmingham

This type of product would provide clarity and reassurance about what was and was not covered, as well as informing policy holders about the impact of including different items on their premiums. There could also be some 'premium' aspects that could be bolted on to the core policy, for example, covering alternative accommodation, legal representation or an independent loss adjuster, if required, and the individual could make the decision as to whether they wished to include that in their policy. Legal representation would be able to help fight the claimers' corner and interpret small print. Accidental cover could also be included as an additional 'bolt-on' option, with fire, flooding and theft cover included in the core policy.

The speed at which claims paid out was also an aspect that was important to participants, as they did not wish to be without their possessions for a long time.

That it goes though as quickly as possible so you can get your money to replace the goods... I reckon within 14 days.

Female, 18-40, Birmingham

Participants generally felt they would rather receive the monetary value of their lost possessions, rather than replacement goods, as this would allow them the freedom to choose products. There were some participants who were in favour of 'new for old' policies, but others preferred to insure their possessions for their current value, i.e. the value of the used product. As long as they could afford a second hand version of the item, participants often said they would welcome this way of reducing premiums. It should be noted that some of the views were based on fairly hazy perceptions of the value of their possessions.

Second hand suites, they're still valuable to us. A TV that's seven, ten years old, ok... I'd be quite happy with just some money to go towards something, I don't want a £3,000 suite.

Female, 40+, Bewdley

Plain English was mentioned as an important factor; participants wanted a policy that stated clearly what was covered, and in what situations, without the legalese shrouding the meaning and giving insurance companies the opportunity to avoid responsibility. There was a concern that people could be paying premiums for years, only to find out when they made a claim that they were not covered because of some small factor they had not been aware of.

So if someone came to you and said 'right your carpet is worth £400. If it gets a burn or anything on it then you're going to get £400 back. So we'll cost you on that, and that is not insured.

Female, 18-40, Sheffield

I think there's a clear case for them to be more transparent about what they're actually offering in the first place so that then when it comes to make a claim, then you're not fumbling in the dark... We want to know what we're buying and when we sign a piece of paper we want to know what we're signing.

Female, 40+, Sheffield

Perfect insurance for me would be if an insurance guy comes out and wants to sell me an insurance policy. I want him to be clear about what I am actually insured for and not come halfway down when I'm making a claim for something turn around and say to me 'oh well you can't claim for that because you only have this covered'.

Male, 40+, Sheffield

Customer service and communications

There were some participants who were satisfied with the idea of taking out HCI over the phone or online. More generally, participants wanted more of a personal approach when dealing with an insurance company. While the internet was thought to be a useful source of information for, in particular, a comparison of deals and prices on offer many felt that, by virtue of them not having access to a computer, some customers were excluded from this channel. Even for those happy to use the internet, comparing offers available was thought to be time-consuming. Therefore, other ways of engaging with customers were important. Some suggested that a face-to-face approach would be applicable; it was thought that this would enable people to clarify any issues of which they are unsure. To this end, some participants thought that an 'insurance centre' on the high street may well be a useful way forward. Others envisaged an in-home visit by a representative to talk through their policy in more detail.

It's like if you have the information on the internet you can sit at your own time and go through the details and know what the insurance is all about, what is covered, in your own time and then make a decision. I think the website would be a very good source of information.

Female, 18-40, Birmingham

It would be nice to sit down at the table with somebody, wouldn't it? And actually talk and go through these things with you, like saying 'well this TV, say £500 [value], you'd like £500 back'. It's as simple as that, so you could talk face to face with somebody in your house.

Male, 40+, Sheffield

They should have a shop where you can go because sometimes it's so annoying talking to people on the phone, because they don't understand what you're trying to say.

Female, 18-40, London

You can get through to any call centre and call centres aren't local are they?... I'd rather go in and speak to the person.

Female, 18-40, Birmingham

Alternatively, information on insurance could be provided in other places that people visit regularly, for example, libraries and Jobcentre Plus offices. Others cited the Citizens Advice Bureaux or Trading Standards office as a place they might go for advice on HCI and different policies. Some also suggested including some basic information on insurance in the financial section or newspaper supplement. Younger participants in particular cited parents as a key influence as to the importance of HCI, as well as a way to find out about how to take it out and which policies might be best. Many stated that building an awareness of the importance of HCI would be crucial if uptake is to be encouraged. To help here, some thought that their local

Neighbourhood Watch representative could provide this in their doorstep calls round their area. Other suggestions were for police officers and community support officers to be made aware of the benefits of HCI and what products are available to those on low incomes. They could then pass on such advice in the relevant situations.

Assuming the government or whatever's going to be involved in some way, it's going to be some sort reputable.

Female, 40+, London

They [CAB] look into everything and they know the nooks and crannies, the ins and outs of everything and they don't put you wrong... I think that's your first port of call because they really do look into things and help you all the way.

Female, 40+, Bewdley

Focusing on the content of any communication, there was felt to be a need for clear, simple advice. It was also suggested that future communications are less about advertising and more advisory. Many did not like to feel like they were being 'sold' something like HCI – they wanted to feel as though the insurance company was on their side and working in their interests. Therefore, some believed that there was scope for public service broadcasting, or similar, on the issue of HCI, why it is important, and how it generally works. One suggestion was to set up some FAQs leaflets or webpages for advisors to talk through these issues with customers to help make them aware of any gaps in their cover or ways their cover could be improved. In contrast to what some had said, others recommended the use of advertising, to show the positive side of having HCI (generally, rather than showcasing individual products or companies) and how it was relevant to different types of people, perhaps through the use of case studies.

The top ten things people dispute about when they're not getting their monies should be explained to you at the time of getting it.

Male, 18-40, London

It should be stated what they're going to ask you for [when making a claim] at the time of signing your contract, so that you're clear.

Female, 18-40, London

I think it would be good to use some life situations so some of the people that have flooded maybe last year.

Female, 40+, London

It was also believed that the Government – or at least the FSA – should assume a more high profile stance in future communications about HCI. While many did not trust Government, it was more trusted than financial companies. Participants wanted to be reassured that they were paying premiums to a reputable company that would not let

them down in case the worst happened. Therefore, informing people about financial regulation was considered to be important here. Some were not familiar with terms such as 'regulated by the Financial Services Authority' and did not understand the reassurance that this authority is meant to provide. There was also some confusion over the role of 'underwriters' which was felt to muddy the waters further when it came to companies accepting responsibility.

There's that many people going into liquidation and you don't know where to put your money really do you? You go to the one that's been around for a long time.

Female, 18-40, Birmingham

It would be useful if the information came from the financial services authority and the financial ombudsman or whatever and there was not necessarily a political edge to it but more of a public service announcement type thing so it's coming at a less biased angle.

Female, 18-40, Sheffield

Even though I don't trust governments as well, if it [a policy] was backed by government, you would feel that the buck stopped somewhere.

Female, 18-40, London

Linked in with this, the credibility of independent sources of information was cited. This was particularly the case in Sheffield where participants mentioned 'Which?' magazine as being a useful source of data. Because of its independence, the information contained in this was felt to be more trustworthy than that received from insurance companies themselves. Similarly, Citizens Advice Bureaux were regarded as a good source of independent advice that was accessible to those on low incomes. Another suggestion was to provide information at the point when people are looking to buy or rent a property, for example, having information at estate agents' offices or passed on by the landlord.

I would specifically trust 'Which?' because they're proven, that kind of source of information. Well if it was some other company, they wouldn't have Which?'s reputation.

Female, 18-40, Sheffield

Many participants, particularly those in the younger groups, felt that insurance products were not marketed at them. They felt that such topics should be taught in schools; others thought that HCI should be advertised as prolifically as it was felt car or credit card insurance was.

The magazines I read, there's never a magazine with an insurance ad in it is there? Or never a simple one. And the TV channels I watch, they don't have insurance adverts there. Insurance companies don't target my kind of market and that's why people like me and all my friends don't understand it and just think... if nothing happens, that's a waste of money.

Female, 18-40, Sheffield

I think there's a big gap in education where kids can be taught about financial matters including things like home insurance, savings and stuff.

Female, 18-40, Sheffield

I don't have anything that great I can't replace but if I did own my own house, which I aim to when I'm older, then I would be in this category [who wish to take out HCI].

Female, 18-40, London

Furthermore, there was evidence from the group to show that those that had had experience of HCI from a young age were more likely to continue taking out policies into adulthood. To illustrate, some of those we engaged with had been at University and, while there, had taken out HCI. Due to potentially higher burglary rates on campus, these individuals often had to make a claim and had their contents replaced fairly easily. This good experience at a young age encouraged them to continue taking out HCI after they had left University and had moved into their own home. However, as mentioned earlier, some premiums increased once graduates left university accommodation, which had led to some policies being cancelled as the premiums were perceived to be no longer affordable.

With home contents insurance, I had that at uni and you can easily get your money back on the smallest thing that gets damaged.

Male, 18-40, London

Speed and simplicity were important factors for making a HCI claim. When it came to putting in a claim for insurance, there was a general sense that this would take place over the phone, as this was likely to be most convenient and quick. Some wished to see a dedicated 'handler' for each customer. Form-filling was not a prospect many relished, particularly as the experience could be quite traumatic. Whereas, face-to-face contact could take some time to arrange and would take up more of the customer's time. Some home owners expressed the desire to be able to make a claim for building and contents insurance in a single claim.

You should be able to phone them up and say 'right x, y, z's gone, this damage to the door. I've had it valued at this, I want to go into town now, pick out me new things, phone up or email you with the prices and where they are, give them the crime report number from the police, all the evidence'. Which should be good, do, do, do, enter it right and then the money goes in the bank. That's how it should work, in an ideal world, but it don't work that way.

Male, 40+, Sheffield

I think you just want it to be simple as possible. Here's a list of blah, blah, blah and here's what happened to it. This got stolen, this got burnt, this got this and send it to them and they phone you back and go 'yeah you can have this and you're going to get this much'.

Female, 18-40, Sheffield

The process of claiming on the insurance should be as easy as it was to take it out.

Female, 18-40, London

Until you actually need it, you've been paying out for it and until you actually come to claim on it, you automatically assume that everything's going to be straightforward – and it isn't.

Female, 40+, Bewdley

The speed at which a claim was processed and payment was received was also important. It would depend on the goods being claimed for but there was a sense that it should not take longer than around two weeks to sort out, although some cited shorter time frames and others were willing to wait up to a month. There was some acceptance that more expensive claims would take longer as they would need to allow for an assessor to visit and value the damage. Some type of acknowledgement should be sent in the case of claims taking longer to process.

You are upset at the time and they're the professionals and you want them to just go 'right, it's ok, we're going to sort it out, you're going to get the money and it's going to be sorted in five days'. You want them to take that weight off you.

Female, 18-40, Sheffield

Participants mentioned a number of aspects of HCI which they felt needed to be addressed; some of these may be easier than others to introduce, if desired. There was a general consensus around some factors, such as simplification of terms and conditions of policies to increase customer understanding and greater guidance from government and advisory groups about insurance; however agreement was lower in other areas, such as the cover level or whether a comprehensive policy was favoured

or one which involved customers specifying items. There were also some who, even if changes were made to HCI, did not believe they would ever be in the situation where they would take out such a policy.

Conclusions

The extent to which financially excluded people currently use HCI

The concept of HCI was fairly easy for many participants to grasp, although some did have difficulty distinguishing it from buildings insurance. Others could not always see the difference between extended warranties for specific products and HCI. HCI was recognised generally as something desirable which reassured the policy-holder that if disaster struck they would be able to replace their possessions. There was a number of participants who had had HCI in the past or currently held such policies. Participants cited the influences of parents or partners in persuading them to take out or continue paying into a policy. Others had been persuaded by their bank or housing association that HCI was something they should have and so purchased the policy that was recommended to them. Some had also been prompted by previous damage to possessions.

Some parents had purchased HCI with the specific aim of protecting their children's possessions; some others had particular items such as computers or expensive jewellery that they wished to insure. There were also participants who simply wished to protect their household possessions in general. Few of those who had HCI were aware of the detail of their policies, and there were often comments about the small print being too complicated to understand properly. There were some cases where the policy-holder had mistakenly thought contents in a shed or garden were included in their HCI.

However, there were also participants who did not currently or had never had HCI. It was not always the case that participants with the lowest income – those on benefits – were the ones without HCI. There were instances of people on benefits with HCI and those who were earning without HCI policies.

Barriers to taking out HCI

The cost of HCI was often cited as a barrier, particularly for those on benefits, although when prompted other reasons were also given. Cost was a particular factor for some who had been flooded previously or who lived in multiple occupancy homes.

Some participants said that the risk of their possessions being damaged or stolen was so small as to not be worth paying the premiums. Others, particularly those in furnished rental accommodation, believed that they owned few items of any particular value so they would be relatively easy to replace, and many of these could be replaced gradually in any case.

There were also issues of trust in insurance companies, as there was a sense that insurers resisted paying out on a claim wherever possible, referring to details in the small print that individuals never read or understood. Other participants were disconcerted by the idea of an excess. They felt they would struggle to make this initial payment and so not be eligible to claim their insurance payout.

Lack of internet access made it more difficult for some to find out about the various insurance products; others disliked entering personal information online. Some had concerns about the cost of calling to register for insurance or disliked automated

phone systems. There were some calls for the opportunity to discuss a policy face-to-face so that individuals could be confident about what their policy covered and if any possessions were excluded, as well as in what circumstances payments would be made and which risks were not covered.

Some participants found it difficult to distinguish between different policies available, which held them back from taking out a policy; they would welcome the chance to discuss different options or factors with someone impartial. There were also some who did not possess a bank account which made it more difficult for them to set up an insurance policy; others resisted setting up standing orders as this had in the past caused them to go into their overdraft, which resulted in additional fees.

Elements of HCI

The main benefit cited for taking out HCI was the peace of mind that having insurance brings. People often said it was something they would like to have, if their finances allowed it. Participants were more likely to trust a company recommended by a friend or family member; there was also a sense of customer loyalty as a number were content to take out a policy recommended by their bank, without shopping around.

There were indications from some participants that £10 - £15 as a monthly premium (£2,50 - £3/ week) would be affordable although it might require a little more caution in other spending. Some even suggested they were able to afford an even higher premium. However, others felt they could only stretch to around £5 a month (£1 a week). There were also some who said that no premium would be affordable as they never had any money left over at the end of the month; that their budget was so tight that paying HCI premiums would require cutting back on essentials such as food or electricity.

Some participants felt that the level of cover HCI policies offered (around £30,000) was a suitable level required to cover all their possessions. However, there was a number of claimants who thought that the minimum level of cover was too high. They felt that a lower level of £10-£15,000 or lower would be adequate to cover replacing all their possessions. This was particularly the case for people who bought goods second hand or were given them by relatives. Participants generally said they would rather receive the monetary value, rather than replacement goods, to give them the freedom to choose their products. Although some were in favour of 'new for old' policies, others said they would be happy to receive the value of the used product, if it meant lower premiums, as they could purchase a second hand replacement. It should be noted that some of the views were based on fairly hazy perceptions of the value of their possessions.

When it came to estimating the value of their possessions, there was a divergence of views around how useful an independent assessment would be. Some felt they would be able to make a more accurate estimate but others worried that the assessor would err on the side of caution and estimate a lower value, particularly in the case of unusual or antique items. Participants tended to want cover for accidental damage as well as fire, flood and theft; for many, this was seen as the most likely risk to their possessions and so they wanted this possibility to be included. There was some sense that risk assessment should take place on a home-by-home basis, to allow for differing levels of risk to individual properties, such as homes with double glazing or

more secure locks, or those living in flats on the first floor or higher. However, those who had previously been flooded felt this put them at a disadvantage; people in rented accommodation also pointed out that security adaptations were generally not within their remit, but were their landlord's responsibility. There was also a tendency to wish for possessions to be covered outside the home.

Not all participants were familiar with the concept of an 'excess' level initially. It was regarded by some as a way to reduce monthly premiums, although others viewed it as a way to 'double charge' the customer. Some believed a £50 or £100 excess level was acceptable, but to others, particularly those with lower valuations of their possessions, this was too high. They felt that they would struggle to find this initial sum, and so would not be able to claim their insurance money; they preferred a policy with a lower or no excess.

There was a strong sense that those paying monthly premiums should not be penalised for not being able to pay the premium annually. Many of those in the groups felt able to meet monthly premiums, although some felt it would be easier to handle weekly payments, which would also feel less expensive. Some desired greater flexibility around the date of payment – they were concerned that if they missed a payment, even by a day, it could invalidate their policy and so 'waste' all the money that had been paid previously. Related to this, some participants welcomed the ability to pay premiums by standing order; others preferred using cash or PayPoint as this allowed them to keep a greater handle on their money. Some participants did not have an account that allowed them to set up standing orders. There was also some support for amalgamating payment of the premiums with other regular payments, such as Council Tax or Buildings Insurance, as this would make it easier to manage and mean they would be less likely to forget a payment.

Communications

When finding out about HCI options, some participants regarded the internet as a good way to find out information and a useful tool for comparing different policies. However, others did not have access to a computer, or felt more comfortable receiving information in other formats. The face-to-face approach was generally held in high regard as a way to get information across to the customer and allow them to clarify any points easily. Some participants were content with calling up helplines to get quotes for comparison, but others found this off-putting, and said they did not know how to go about finding out contact details or comparing quotes. There were also some who thought that contacting insurers direct left the customer vulnerable to sales techniques. Sources such as public libraries, Jobcentre Plus and Citizens Advice Bureaux were cited as possible avenues of impartial advice about HCI. Others suggested that Neighbourhood Watch representatives and police officers and community support officers might also be a useful means of raising the issue of HCI with local residents.

Participants had some concerns about understanding the content of their policy, particularly the small print which was felt to provide insurance companies with opportunities to 'wriggle out' of making payments. There were calls for greater use of plain English so that policy-holders could understand clearly which goods were covered, and in what circumstances.

In the event of making a claim, participants tended to feel telephone would be the most convenient method, and one which allowed them to clarify points with the advisor. A simple to use, 'hassle free' claims process was rated highly, as was one that paid out promptly, without arguing aspects of the claim with the customer.

Appendices

A. Discussion guide (groups)

Research objectives

- To explore the barriers financially excluded people face or perceive they face to taking out Home Contents Insurance (HCI) products and how these barriers can best be tackled.
- To understand how perceptions of affordability in relation to Home Contents Insurance relate to how advice and products are accessed, payment methods and payment levels.

NB. It is important to note any differences by factors such as area; age; home-owners/renters; furnished/unfurnished renters.

The specific aims are:

- To examine the attitudes of financially excluded people to mainstream HCI products and services;
- To understand the experiences of financially excluded people with regard to insuring home contents (and other forms of insurance), and other factors that influence attitudes;
- To explore how to make HCI products and services more appropriate and accessible to financially excluded groups.

Outline of the research programme

- 6 discussion groups
- 10 follow-on depth interviews
- Interviews taking place 5 November – 16 November 2007
- 2 groups per evening, 6-8pm, 8-10pm.

INTRODUCTION AND BACKGROUND		
5 mins	<p>Introduction</p> <ul style="list-style-type: none"> ▪ Welcome and thank participants for coming ▪ Introduce self, Ipsos MORI, the Financial Inclusion Taskforce and explain aim of the discussion group: <i>to find out what kind of need there is for Home Contents Insurance, what people think of Home Contents Insurance and what they would like it to offer or cover.</i> ▪ Role of Ipsos MORI – research organisation, gather all opinions: all opinions valid, no right or wrong answers ▪ Discuss/Explain confidentiality – client bound by this as well/participants to respect confidentiality of each other ▪ Outline how the discussion will work –give everyone the opportunity to speak; have a right to change your mind; no right or wrong answers ▪ Explain that there will be brief questionnaires to complete at the end of the group discussion. ▪ Digi-recorders/note takers ▪ Fire regulations/mobile phones/toilets 	Introduces participants to the discussion and the 'rules' of operations
5 mins	<p>Warm-up</p> <p><i>First names, what do day to day, where they live, who they live with, how long lived in area, if own or rent home, if they rent – furnished or unfurnished</i></p>	Introduces participants
10 mins	1. Perceptions of insurance products and HCI_	
	<p><i>What do you think of when I say:</i></p> <ul style="list-style-type: none"> • Insurance • Car insurance • Mobile phone insurance • Home contents insurance <p><i>How important do you think it is to insure your possessions? Why do you say this?</i></p> <p><i>What experience have you had of insurance companies? What about family and friends? PROBE POSITIVE/NEGATIVE EXPERIENCES</i></p> <p><i>IF NO EXPERIENCE – what do you think they'd be like? Why do you say this?</i></p> <p><i>What do you know about home contents insurance products? EXPLAIN IF NECESSARY: by home contents insurance I mean insurance policies that you can buy to protect items in the home. Often you pay a regular (monthly) sum to the insurer and if the items in your home are damaged or stolen, the policy pays you money to buy replacements.</i></p> <p><i>What is good about home contents insurance? Why do people buy it?</i></p>	<p>Discussion about participants' spontaneous perception of what HCI is, who uses it, why?</p> <p>This session allows for an initial 'get their whinges off their chest'</p> <p>NB. This is a very simplistic description.</p> <p>Flip chart</p>

	<p><i>What is less good? Why might people not want to buy it?</i></p> <p>MODERATOR: GATHER VIEWS ON FLIP CHART, FOR CONTEXT, RATHER THAN A VERY DETAILED DISCUSSION ON SPECIFIC ISSUE, ALTHOUGH THE DISCUSSION OF SPECIFIC ASPECTS MAY BE USEFUL TO ALLOW PARTICIPANTS TO THINK ABOUT THEIR 'GUT REACTIONS'. SOME REACTIONS WILL BE MISPERCEPTIONS. WE ARE JUST EXPLORING PARTICIPANTS' KNOWLEDGE AND OPINIONS.</p> <p>NOTE DOWN ANY MENTION OF RECENT FLOODS BUT DO NOT PROBE IN DETAIL HERE</p>	
15 mins	<p>2. Experience of accessing or attempting to access insurance and HCI</p>	
	<p><i>What experiences have you or family and friends had dealing with an insurance company before? PROBE FIRST FOR GENERAL EXPERIENCE OF GETTING INSURANCE EG CAR, PHONE, HOLIDAY/TRAVEL, BIKE, LIFE, HEALTH, PET</i></p> <p><i>Getting a quote? From who?</i> <i>Complicated claims procedure?</i> <i>Accessing information?</i></p> <p><i>What was good, or positive about the process you went through to get home contents insurance? What was less positive?</i></p> <p><i>What would make it easier for you if you were to go back to get another quote tomorrow?</i></p> <p><i>And have you ever made a claim on any of your insurance policies? IF YES: Can you tell me a bit about what happened? [BRIEFLY UNLESS HCI-RELATED]?</i></p> <p><i>Have you ever tried to get Home Contents Insurance?</i> IF NO: <i>For what reasons have you never tried to get Home Contents Insurance?</i> IF YES: <i>Can you talk me through step by step what happened?</i></p> <ul style="list-style-type: none"> o <i>E.g. why did you decide you wanted to get Home Contents Insurance? Was it your decision or someone else's?</i> o <i>What happened? Who did you approach? How many companies? How did you find their details?</i> o <i>Info gave? Info received? Level of understanding?</i> o <i>Outcome of quotes? If took any up? Why/not?</i> 	<p>Perceptions and views of insurance and HCI in particular</p>

25 mins	3. Aspects of HCI and what participants are looking for in a product	
10 mins	<p><i>What do you think HCI products should cover?</i> PROBE FIRE, FLOOD, THEFT FROM HOUSE - THEFT IF YOU TAKE THINGS OUTSIDE THE HOUSE E.G. MOBILE PHONE, PURSE ETC, MULTIPLE OCCUPANCY</p> <p><u>NON-FLOODING AREAS</u> <i>How have the summer floods in different parts of the country affected how you feel about Home Contents Insurance? Why do you say that?</i></p> <p><i>Would you say you feel more or less keen on Home Contents Insurance now than at the start of this year? Why? Where have you got information from about this?</i></p> <p>IF NECESSARY: SOME PEOPLE HAVE SAID THAT THEY ARE KEENER TO GET HOME CONTENTS INSURANCE NOW IN CASE SUCH FLOODS HAPPEN AGAIN. OTHERS HAVE SAID THEY ARE LESS LIKELY TO TAKE OUT OR KEEP THEIR HOME CONTENTS INSURANCE AS THE PREMIUMS HAVE INCREASED SINCE THE SUMMER FLOODING. <i>How would you say you feel?</i> <i>Have you looked into getting Home Contents Insurance recently? PROBE FOR ANY DIFFERENCES WITH PREVIOUS EXPERIENCES OF GETTING HCI QUOTES</i></p> <p><u>FLOODING AREAS</u> <i>I understand that there was some flooding around here over the summer. Were any of you affected? PROBE FOR PERSONAL EXPERIENCES OR CLOSE FRIENDS/ FAMILY (BRIEFLY)</i> - WHAT HAPPENED TO THEIR HOME, - WHETHER THEY HAD HCI OR NOT - WHAT THEY WERE ABLE TO CLAIM FOR/ WHAT WAS COVERED (ONLY SOME ITEMS IN HOME, FURNISHINGS + CARPETS) - HOW SOON MONEY/ REPLACEMENTS CAME THROUGH - HOW WELL THEY FEEL THE INSURANCE CO. DEALT WITH IT - HOW MUCH FEEL COUNCIL/ GOVT SUPPORTED</p> <p><i>How have the summer floods affected how you feel about Home Contents Insurance? Why do you say that?</i></p> <p><i>Would you say you feel more or less keen on Home Contents Insurance now than at the start of this year? Why? Where have you got information from about this?</i></p> <p>IF NECESSARY: SOME PEOPLE HAVE SAID THAT THEY ARE KEENER TO GET HOME CONTENTS INSURANCE NOW IN CASE SUCH FLOODS HAPPEN AGAIN. OTHERS HAVE SAID THEY ARE LESS LIKELY TO TAKE OUT OR KEEP THEIR HOME CONTENTS INSURANCE AS THE</p>	

<p>15 mins</p>	<p>PREMIUMS HAVE INCREASED SINCE THE SUMMER FLOODING. <i>How would you say you feel?</i></p> <p><i>Have you looked into getting Home Contents Insurance recently? How was your experience? What made you want to look into this? PROBE FOR ANY DIFFERENCES WITH PREVIOUS EXPERIENCES OF GETTING HCI QUOTES</i></p> <p><u>ASK ALL</u> <i>If you were going to design a Home Contents Insurance product/package, how would you want it to work? What would it consist of?</i></p> <p><i>PROBE:</i></p> <ul style="list-style-type: none"> - <i>How would people find out about the product?</i> - <i>How would they go about setting up their insurance? Who would they contact, what would they need to do, how would they organise payments?</i> - <i>What kind of items would you want it to cover?</i> - <i>And what kind of incidents: e.g. fire, flooding, burglary, accidental damage (in home/ outside) would you like covered? Is it better to estimate the risk of these events happening on a house by house basis or to have a wider area-based estimate? Why?</i> - <i>What sum of money would you want to pay out in the case of an incident? Or would you rather receive replacement goods?</i> - <i>What level of regular payments do you think is reasonable for this? And how regularly would you want to pay? How would you want to pay?</i> - <i>How about excess payments? Would these be welcome as a way to reduce monthly premiums or not – why?</i> - <i>And if something was to happen, how would you want the claims process to work? What would be the most important factors to you? E.g. speed of settlement, provision of interim goods or accommodation, value of settlement, customer service?</i> - <i>What else would you like this product to offer?</i> <p><i>How easy do you think it is to work out the value of the goods in your home? What kind of items would you be thinking of? GET PARTICIPANTS TO GIVE ROUGH ESTIMATE</i></p> <p><i>SHOWCARDS: WASHING MACHINE, TV, STEREO. IF RENT UNFURNISHED: CARPET, SOFA. If it broke or was accidentally damaged, can you give me an idea of how much it might cost you to replace X in your home? How about Y? WRITE UP SUMS MENTIONED ON BOARD AND TOTAL UP</i></p> <p><i>How do you feel about this total cost of these items? Does it surprise you or not how much it would cost to replace these things? Why do you say that?</i></p> <p><i>If you were making a claim for Contents Insurance, would you want assistance in working out the value of your contents (i.e. someone to visit your home to give you an estimate of the value of contents) or would you prefer to estimate this yourself? Why?</i></p>	
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	<p><i>How do you judge what makes a suitable Home Contents Insurance product? What kind of things are you weighing up, what are you thinking about?</i></p> <p>PROBE SPONTANEOUS ANSWERS</p> <p><i>If you were getting HCl, which of these would be most important? Why?</i></p> <p><i>Price</i> <i>Minimum and maximum levels of cover</i> <i>Types of risk insured - ESP FLOODING</i> <i>Excess levels</i> <i>Regularity and method of payment</i> <i>Simplified risk assessment procedures – working out how likely your contents are to be damaged or stolen</i> <i>Simple straightforward claims procedure - money/replacement goods within x days.</i> <i>Anything else?</i></p> <p>PRIORITISE EACH ASPECT</p>	
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25 mins	4. Barriers to accessing HCI and how they can be overcome	
10 mins	<p><i>Do you have Home Contents Insurance – why / why not?</i></p> <p><i>Have you ever had Home Contents Insurance (ie. had it in the past)?</i> IF YES:</p> <p><i>Why did you decide to take out Home Contents Insurance at that time? PROBE IF SPECIFIC EVENT OR REASON; PROBE IF WAS THEIR DECISION OR SOMEONE ELSE'S; PROBE FOR WHAT VALUE THEY FELT THEY GOT (IE HOW 'WORTH IT' WAS IT?)</i></p> <p><i>How did you go about setting up that policy? ASK THEM TO TALK THROUGH ACTIONS BRIEFLY AND HOW FELT AT DIFFERENT STAGES. EG WHO DID THEY CONTACT, HOW MANY, RANGE OF QUOTES, WHEN MADE DECISION TO GO AHEAD, HOW DECIDED WHICH POLICY TO TAKE, HOW PAID PREMIUMS, ANY PROBLEMS. WAS IT THE FIRST TIME THEY HAD HCI OR HAD THEY HAD NUMEROUS POLICIES IN PAST?</i></p> <p><i>Did you ever make a claim under that policy? IF YES, PROBE FOR EXPERIENCES AND IMPACT OF THOSE EXPERIENCES ON FUTURE POLICIES</i></p> <p><i>Why did you stop having this policy (ie. did they cancel the policy or just let it lapse)? PROBE CONSCIOUS DECISION OR NOT. Did you make this decision on your own or did you discuss it with anyone? Who?</i></p> <p><i>What were your reasons for doing this? PROBE: CHANGE IN CIRCUMSTANCES (EG MOVE HOME, CHANGE IN WHO LIVE WITH OR IN HOUSEHOLD FINANCES); FELT IT WAS UNLIKELY TO BE NEEDED; FELT COULDN'T AFFORD IT ANY LONGER; INSURANCE COMPANY WOULDN'T RENEW THE COVER; COST OF COVER INCREASED SO COULDN'T AFFORD ANY LONGER</i></p>	Exploring reasons why individuals do not have HCI
5 mins	<p>ASK REST OF GROUP: <i>What do you think of X's experiences here? PROBE IF THEY WOULD HAVE MADE THE SAME DECISIONS (WHY?); DO THEY THINK THE TREATMENTS WAS FAIR ETC</i></p> <p><i>Thinking now about the cost of buying Home Contents Insurance, what do you think is affordable? Why is this? And when you think about how you spend your money, what do you see as being more important than Home Contents Insurance? Why do you say this? PROBE FULLY SO WE CAN SEE HOW PEOPLE PRIORITISE HCI.</i></p> <p><i>And what do you see as less important? Why is this? IE WHAT WOULD THEY 'DO WITHOUT' TO BUY HCI</i></p> <p><i>Other than cost, what are other barriers that stop people from getting HCI?</i> <i>Lack of need</i></p>	

10 mins	<p><i>Lack of comprehension of the system or of products</i> <i>Feeling of intimidation of forms, finances etc</i> <i>Process perceived as complex</i> <i>Lack of financial account necessary to pay regular premiums</i> <i>Lack of permanent accommodation</i> <i>Condition of my house/the house I live in</i> <i>Previously been refused insurance</i> <i>Not getting round to doing so</i> <i>You have to pay some of any claim anyway</i> <i>They always seem to find a way of not paying</i></p> <p><i>What do you think could be done to help tackle these issues?</i> PROBE FULLY ESP. IMPROVED WAYS OF FINDING OUT ABOUT PRODUCTS, IMPROVEMENTS TO ADVICE, CHANGES TO PAYMENT METHODS (CASH, POST OFFICE PAYMENTS), CHANGES TO PAYMENT LEVELS (LOWER, MORE FREQUENT?)</p> <p><i>What advice or support do you need? What would help you get around this problem?</i></p> <p>CASE STUDY EXERCISE. SPLIT THE GROUP IN TWO AND GIVE A POSITIVE CASE STUDY TO ONE GROUP AND A NEGATIVE ONE TO THE OTHERS (BOTH CASES FOR THE SAME FAMILY). ASK PARTICIPANTS TO READ THROUGH AND THEN DISCUSS WHAT THEY WOULD SAY TO THE INDIVIDUAL. IN PARTICULAR:</p> <ul style="list-style-type: none"> - WHAT SHOULD THEY DO OR NOT DO - WHAT IMPACT THIS MIGHT HAVE - WHERE THEY COULD GO FOR HELP <p>AFTER 5 MINS OR SO, THEY SHOULD FEED BACK TO EACH OTHER AND COMMENT ON WHAT THE OTHER GROUP SAYS. THEN GIVE ANOTHER PAIR OF CASES OUT, SWAPPING ROUND WHICH GROUP DEALT WITH POSITIVE AND NEGATIVE CASES BEFORE.</p>	
25 mins	5. Awareness and understanding of HCI	
5 mins	<p><i>How much do you feel you know about Home Contents Insurance?</i></p> <p>PROBE UNDERSTANDING OF TERMS AND EXPLAIN IF NEC: PREMIUM – <i>The regular payment made to the insurance company. Often made on monthly, can often be paid in cash, cheque or card or direct debits or bank transfers.</i> EXCESS – <i>The amount which the claimant is required to pay before the insurance cover begins. For example, with a £50 excess, if £200 worth of damage occurred to their home contents the claimant would receive £150 from their insurer. The level of excess varies; generally the higher the excess level, the less the premium, and vice versa.</i> COOLING-OFF PERIOD – <i>The ‘thinking time’ a person has after signing up for a policy. If they choose to cancel a policy within this period, they can usually do so without incurring any charges or penalties (and all funds paid returned)</i> RISK COVER – <i>Insurance cover is available despite a home</i></p>	Write up on flip chart if struggling with terms. Adopt the language and phrases used by participants if these are easier for them to understand.

<p>15 mins</p>	<p><i>(or item) perceived as being at risk.</i></p> <p>HIGH RISK ITEM LIMIT – <i>Some items are only covered up to a certain level (for example, some expensive computer items might have a maximum payout of £1,000)</i></p> <p>ACCIDENTIAL DAMAGE – <i>Items are covered for when they are broken or damaged unintentionally (ie. in an accident). Some items may be covered as standard but others may require additional insurance</i></p> <p>NEW FOR OLD COVER – <i>Replaces a damaged item with a new one (or provides the funds to buy it) – rather than offer you what the used item was worth before it was damaged</i></p> <p>UNDER-INSURED VALUE AND HOW THIS CAN REDUCE WHAT YOU GET IN A CLAIM – <i>Where the sum household items are insured for (ie the estimate of what it would cost to replace them) is lower than it would actually cost to replace the items. This may mean that an individual is not able to replace all the items in their home because they have not given a realistic estimate of the value of items (when bought as new)..</i></p> <p>What do you know about HCI products?</p> <p><i>What are the different kinds of HCI products? Are there lots of different types available? How different are the products on offer do you think? IF NECESSARY: IT'S NOT A TEST, I'M JUST TRYING TO SEE WHAT PEOPLE THINK THE SITUATION IS</i></p> <p><i>What is good about these products? What is less good?</i></p> <p><i>Do you think you can just insure some of your contents or is it 'all or nothing'?</i></p> <p><i>Is it important to insure ALL the contents in your home or just some of them? IF JUST SOME: Which ones? Why these?</i></p> <p>PROBE IMPORTANCE OF INSURANCE COVERING WHITE GOODS, FURNITURE, WALLPAPER, LIGHT FITTINGS, PIPES, ETC AS WELL AS ITEMS LIKE TV, VIDEO, STEREO</p> <p><i>And what is less important to insure? Why do you say this?</i></p> <p>Imagine you want to buy Home Contents Insurance.</p> <p><i>Where do you think you might go?</i></p> <p><i>How would you find out who to approach?</i></p> <p><i>How would you speak to them (eg phone, in person, send off for form, internet) – why?</i></p> <p><i>What kind of questions would they ask you?</i></p> <p><i>What kind of things do you think they would want you to tell them or what would you need to show them?</i></p> <p><i>What do you think the outcome would be of any discussion?</i></p> <p><i>How would you feel when you finished the discussion or sent off the form or got an answer back from the insurance company?</i></p> <p><i>What differences do you think there might be, if any, when trying to buy Home Contents Insurance compared to other forms of insurance? Why do you say that?</i></p>	<p>Just use these 2 schemes as ways to get discussion moving about what they want out of HCI.</p> <p>IF ASKED: The Local Authority is paid commission by the insurance company for administering the payments. This is covered by the tenants' premiums.</p> <p>Those on full Housing Benefit are still eligible to join this insurance scheme – but the benefit of the single rent/insurance payment will not apply.</p> <p>IF ASKED: Figures suggest around 5-8% of tenants with a 'with-rent' in some areas have had their insurance cancelled.</p>
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	<p><i>Have you heard of Local Authority 'with-rent' schemes that are available in some parts of the country? Or have you heard of Housing Association 'arms length' schemes?</i></p> <p>HAND OUT SHOWCARD A AND EXPLAIN: 'With-rent' insurance schemes are run by some Local Authorities and open to people living in Local Authority housing (aka. Council housing). Tenants are able to make a 'top-up' insurance benefit at the same time as paying their rent (i.e. they only make the single payment and this covers rent and insurance).</p> <ul style="list-style-type: none"> - Payments can be made weekly, fortnightly or monthly as needed to align with rental payments and can be made by direct debit, at Post Offices (cash or swipe card) or at shops with PayPoint. - Such schemes tend to offer low premiums (the regular payments) and do not have excess payments (the level below which the claimant needs to cover the costs themselves). - Premiums are usually similar throughout the Local Authority, with no minimum security requirements. They do not usually cover accidental damage but this can often be taken out in addition, if desired. - BUT those in rent arrears are not eligible to join – and tenants who go into arrears may have their policy cancelled (or may need to pay their insurance premiums separately). - BUT the maximum level of cover can be as low as £25K – which may not cover all the household contents - BUT not all schemes cover accidental damage, high value goods or possession outside the home <p><i>Does anyone recognise this scheme? Have you ever used anything like this? IF YES, PROBE FOR EXPERIENCES</i></p> <p><i>How does this sound to you? Is it something you'd be interested in taking out? Why/ why not?</i></p> <p><i>What are the benefits of this scheme for you? What aspects worry you or make you not want to take it up?</i></p> <p><i>How might this kind of scheme be improved? For you? And for others?</i></p> <p>HAND OUT SHOWCARD B AND EXPLAIN: 'Arms length' insurance schemes are run by some Housing Associations. Unlike the 'with rent' schemes, Housing Associations do not administer claims or collect premiums, they just promote the scheme to their tenants. Instead the insurer employs a separate agent who administers claims and collects premiums.</p> <ul style="list-style-type: none"> - Payments tend to be monthly and can be made by direct debit or at Post Offices (cash only) BUT are separate transactions to paying the rent. - Such schemes tend to offer low premiums (the regular payments), particularly for those over 60, and do not have excess payments (the level below which the claimant needs to cover the costs themselves). - There are 3 area-based levels of premium, depending on the individual and where they live. 	
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5 mins	<p>- Minimum cover could be around £6K for those over 60, £9K for those under 60, with maximum cover is £30K. These policies do not usually cover accidental damage.</p> <p><i>Does anyone recognise this scheme? Have you ever used anything like this? IF YES, PROBE FOR EXPERIENCES</i></p> <p><i>How does this sound to you? Is it something you'd be interested in taking out? Why/ why not?</i></p> <p><i>What are the benefits of this scheme for you? What aspects worry you or make you not want to take it up?</i></p> <p><i>How might this kind of scheme be improved? For you? And for others?</i></p> <p><i>As private renters, you are currently not able to make use of these schemes. If this kind of policy was available to you, do you think you'd be likely to take it up? Why/ why not?</i></p> <p><i>Where would you go to find out more about this kind of thing? Where would you look for information or where would you expect to see it?</i></p> <p><i>Who would you approach for advice about which policy might be best for you? Which organisations would you want to contact about this?</i></p> <p><i>Another idea might be to only insure against natural disasters (e.g. flooding) rather than burglary or accidental damage. How does this sound to you? A good idea or not – why? How would you make this idea better?</i></p> <p><i>Again, who or where would you approach to find out more about this? Where would you go for advice?</i></p> <p><i>How much do you think Home Contents Insurance costs? Eg, per month? What are you basing your estimates on? [IF NECESSARY ADD: For the average 2 parent, 2 child family, living in 3 bed home not close to a river. Looking to cover basic household contents and furnishings up to £30k value].</i></p> <p>REASSURE THAT WE ARE JUST LOOKING FOR BALLPARK IDEAS, NOT PRECISE DETAILS. OBVIOUSLY DETAILS DEPEND ON THE INDIVIDUAL HOUSEHOLD. WRITE UP BALLPARKS ON FLIPCHART AND ASK WHAT PARTICIPANTS ARE BASING ESTIMATES ON. NOTE DOWN RANGE OF COSTS GIVEN.</p> <p><i>Of course it depends on individual circumstances, but if the monthly premium was something like £25. How would you feel about paying this amount each month for household insurance? PROBE FOR DIFFERENT VIEWS</i></p> <p><i>Does this amount surprise you or is it about what you thought it would be?</i></p> <p><i>Do you think that's fair? Do you think that's affordable?</i></p> <p>IF YES: <i>So remind me, if affordability isn't a factor, for what reasons do you not currently have Household Contents Insurance?</i></p> <p>IF NO: <i>What do you think would be affordable for you? How much cover would you expect to get for this (ie. what value are you placing on your household contents – what value are you expect to be covered by that)?</i></p>	
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	<p><i>How do you feel about the difference between your sum and the previous one? Could you see yourself being able to make up that difference in any way? What other options do you feel you have? PROBE FOR INSURING ONLY SOME ITEMS (WHICH ONES, HOW MUCH?), ONLY INSURING FIRES/FLOODS OR BURGLARY (NOT ACCIDENTAL), CUTTING OTHER HOUSEHOLD COSTS TO AFFORD IT, GETTING OTHER QUOTES FROM LESS WELLKNOWN INSURERS OR LOOKING ONLINE FOR ANY OFFERS</i></p> <p><i>Are there some items that you would prioritise insuring over others? PROBE FOR WHICH ONES – AND WHAT THEY FEEL WOULD BE REASONABLE TO PAY TO COVER THESE (Eg. per month)?</i></p>	
5 mins	6. Accessing advice and information about HCI and other insurance	
	<p><i>Who would you approach to find out more about or for advice on Home Contents Insurance? PROBE: Citizens Advice Bureau, Local Council Housing team, Landlord, Library, Work's Employee Helpline, Friend or relative, Internet, Insurance companies, Advice helpline (eg on radio station), buy a relevant book or magazine, High street insurance broker</i></p> <p><i>How does this compare with who you might approach to find out about other insurance?</i></p> <p><i>What information would you want them to give you? At what stage would you most need advice (eg beforehand - when working out who to approach, during – when supplying information, afterwards – when working out which the best product is for you?)</i></p>	
CONCLUSION AND KEY MESSAGES		
5 mins	<p><i>Thinking about everything we have discussed today, what are your main thoughts on taking out Home Contents Insurance? Is it something worth doing or not – why do you say that? For what reasons do you want to/ not want to take out Home Contents Insurance?</i></p> <p>ASK PARTICIPANTS TO COMPLETE QUESTIONNAIRE.</p> <p>THANK AND CLOSE.</p> <p>COLLECT QUESTIONNAIRE.</p>	Summary, wrap-up and next steps.

B. Stimulus material (groups)

With-rent insurance

- Run by Local Authority for people in council housing
- A single payment which covers rent and insurance
- Flexible payment methods and frequency
- Low premiums (the regular payments)
- Similar premiums throughout Local Authority
- No excess payments (level below which claimant needs to cover costs)
- No minimum level of security

BUT...

- Those in rent arrears are not eligible to join
- Maximum level of cover can be as low as £25,000
- Does not always cover accidental damage, high value goods or possession outside the home

Arms-length insurance

- Promoted by some Housing Associations
- Housing Associations do not collect premiums or administer claims: separate agent handles this
- Separate transaction to paying rent
- Monthly payments, by direct debit or cash at Post Office
- Low premiums: 3 levels depending on individual and area
- No excess payments (level below which claimant needs to cover costs)
- Minimum cover £9,000 (£6,000 if aged over 60 years)

BUT...

- Maximum level of cover typically £30,000
- Does not always cover accidental damage, high value goods or possession outside the home

Jane works as a sales assistant and has two children aged 8 and 6.

The family rent their home privately. Jane likes it because they are close to parks and the river.

She sometimes feels guilty that she has to work and often buys her children games, toys and clothes to make up for not spending time with them after school.

Jane's friend tells her that she should think about taking out Home Contents Insurance to cover their home if the river floods. Jane doesn't think this is very likely to happen and would rather spend her money on treats for her children.

Mark lives with his wife and two teenage sons in a small town. He works as a mechanic and is proud of the home he and his family bought five years ago.

The family used to have Home Contents Insurance, but were disappointed when it didn't pay out much when they were burgled. The insurance company said the level of their excess meant they were only due a small proportion of the costs they incurred replacing the goods.

Since they moved, Mark and his wife haven't bothered taking out another policy as they believe the insurance companies never pay up as much as they should. Instead Mark is going to keep his fingers crossed that it doesn't happen again. He'll try to save any spare cash he has, rather than paying out a monthly premium.

Mark lives with his wife and two teenage sons in a small town. He works as a mechanic and is proud of the home he and his family bought five years ago.

He's always thought of Home Contents Insurance as very important, as he doesn't know how they could manage to replace all the family's possessions if anything was to happen.

A year ago the family was very relieved that they had Home Contents Insurance. Mark came home from work to find someone had broken in and stolen a number of electrical items and vandalised some of the rooms.

The insurance company only asked the family to pay the first £50 and they received close around £12,000 worth of goods, fixtures and fittings. Mark would not have been able to replace all of these without the Home Contents Insurance.

Alison is a retired childminder and lives on her own. Since her husband died a couple of years ago she's been trying to cut back on unnecessary expenses so she didn't renew the Home Contents Insurance this year.

She didn't understand the different figures in the leaflet the insurance company sent over. When she called up the helpline for advice they didn't help make things any clearer.

As she lives on her own, she doesn't have that many possessions anyway – and the ones she does have aren't worth very much. If something awful did happen, like the floods she saw on the news over the summer, she's sure someone like the Council would be able to help her out.

Alison is a retired childminder and lives on her own. Since her husband died a couple of years ago she's had to sort out the household bills herself, which she hasn't always found easy.

When the Home Contents Insurance policy was up for renewal, she didn't understand the different figures in the leaflet the insurance company sent over. Alison went to her local Citizens Advice Bureau who talked her through the different terms used and gave her more information about contents insurance.

When she got home, Alison was able to call up the insurance company's helpline to renew the policy. She felt relieved when she got off the phone that she would be able to get replacement items and furnishings, should anything happen to her home. The monthly premium is worth paying for such peace of mind.

Jane works as a sales assistant and has two children aged 8 and 6. The family rent their home privately. Jane likes it because they are close to parks and the river.

She sometimes feel guilty that she has to work and buys her children games, toys and clothes to make up for not spending time with them after school. However, she doesn't always have much money to spare and struggles at times to cover the rent and all the bills.

She took out Home Contents Insurance a few years ago to cover their home contents in the event of the river flooding. Although she has been tempted to cancel the policy to free up a bit more money, she is unlikely to ever do this. Jane wants to be sure that her own possessions and those of her children are protected if their home is ever hit.

C. Discussion guide (depths)

Research objectives

- To explore the barriers financially excluded people face, or perceive they face, in taking out Home Contents Insurance (HCI) products and how these barriers can best be tackled.
- To understand how perceptions of affordability in relation to Home Contents Insurance relate to how advice and products are accessed, payment methods and payment levels.

NB. It is important to note any differences by factors such as area; age; home-owners/renters; furnished/unfurnished renters.

The specific aims are:

- To examine the attitudes of financially excluded people to mainstream HCI products and services.
- To understand the experiences of financially excluded people with regard to insuring home contents (and other forms of insurance), and other factors that influence attitudes.
- To explore how to make HCI products and services more appropriate and accessible to financially excluded groups.

The specific aims of the depth interviews are:

- To follow up the issues explored in the discussion groups; in particular more sensitive issues such as affordability and where HCI fits with other spending priorities.
- To discuss how individuals' views have developed further since the group and what has influenced how they feel. In particular:
 - The reasons (beyond affordability) why people don't have HCI;
 - What features and benefits of HCI would make people more likely to buy it;
 - How they would like to buy it;
 - How they would like to access information about it; and
 - What are the key things that make people buy HCI.

Outline of the research programme

- 10 follow-up depth interviews with a range of discussion group participants.
- Interviews taking place w/c 12th and w/c 19th November 2007.

INTRODUCTION AND BACKGROUND		
5 mins	<p>Introduction</p> <ul style="list-style-type: none"> ▪ Thank participant for taking part in depth interview; explain rationale for depth interviews ▪ Reminder of client: the Financial Inclusion Taskforce and aim: <i>to find out what kind of need there is for Home Contents Insurance, what people think of Home Contents Insurance and what they would like it to offer or cover.</i> ▪ Role of Ipsos MORI – gather opinions:, no right or wrong answers; no prior knowledge needed ▪ Explain confidentiality – MRS code of conduct ▪ Permission to record 	Introduces interview and the 'rules' of operations
5 mins	<p>Warm-up</p> <p><i>Reiterate: what do day to day, where they live, who they live with, how long lived in area, whether they work or not, if own or rent home, if they rent – furnished or unfurnished.</i></p> <p><i>How did you find the group discussion?</i> PROBE: INTERESTING, HARD, FUN</p> <p><i>Have you thought any more about what we discussed in the group?</i> PROBE: What have you been thinking about? Did you discuss the group with anyone? What did they think? How, if at all, have your views about HCI changed since the group? Why? PROBE BRIEFLY NOW, EXPLAIN WILL COME BACK IN MORE DETAIL LATER</p>	Recap on main points of group discussion
15 mins	1. Perceptions of insurance products and HCI	
<p>REMINDE IF NECESSARY: by home contents insurance I mean insurance policies that you can buy to protect items in the home. Often you pay a regular (monthly) sum to the insurer and if the items in your home are damaged or stolen, the policy pays you</p>	<p>READ OUT: <i>In the group we talked about different aspects of HCI. Now we want you to think about you and your family (or the people you live with) in particular.</i></p> <p><i>How important do you think it is to insure your possessions? Why do you say this?</i></p> <p><i>How is the importance of HCI for you affected by the fact that you live in rented accommodation? Why? PROBE FOR WHAT LANDLORD RESPONSIBLE FOR, WHAT PARTICIPANT RESPONSIBLE FOR.</i></p> <p><i>How confident are you that your landlord has insurance to cover replacing the items that you believe him or her to be responsible for? If something did happen to them, how easy do you think it would be to get replacement items from your landlord?</i></p> <p><i>What things would you have to insure? Why would it help you/ not help you to have HCI?</i></p> <p>IF NOT GOT HCI: <i>Can you tell me a bit about the reasons</i></p>	<p>Discussion about importance of HCI and role of landlord in insuring items. Also asks about reasons why they have/have not got HCI</p> <p>Really try to get behind the reasons</p>

<p>money to buy replacements.</p>	<p>why you don't have HCI. PROBE BEYOND AFFORDABILITY: What other reasons are there? IF NECESSARY, PROBE: Some of the ones mentioned in the group were.... How do you feel about this? Why do you say that?</p> <ul style="list-style-type: none"> - perceive risk of something happening to be small - perceived unfairness that premiums for their area would be higher than for others - perceive system to be too complex or intimidating - living in shared accommodation or recently flooded home so premiums too high - previously been refused insurance - lack of understanding of documentation (small print or difficulty with forms in general?) or lack of desire to read through document - sense that insurers will argue over payouts: small print or stalling tactics - concern that it would take too long for insurance company to pay out - dislike of the idea of an excess level – unlikely to afford that so would not be able to claim insurance payout - difficulties accessing or using the Internet - concerns about online security - cost of using phone to register - dislike of automated systems - worry that they will not be able to keep payments up so any payments made will be 'wasted' - lack of bank account - dislike of direct debits/ insurers' unwillingness to accept payment by methods other than direct debits - lack of permanent accommodation - condition of my house/the house I live in - not getting round to doing so - insurers always seem to find a way of not paying - other spending priorities – what? <p>What do you think could be done to help you overcome these issues? PROBE FULLY ESPECIALLY IMPROVED WAYS OF FINDING OUT ABOUT PRODUCTS, IMPROVEMENTS TO ADVICE, CHANGES TO PAYMENT METHODS (CASH, POST OFFICE PAYMENTS), CHANGES TO PAYMENT LEVELS (LOWER, MORE FREQUENT?)</p> <p>What items would you be most keen to insure? Have you ever had or wanted to have HCI? Why did you not take it out? PROBE FOR ANY REGRETS</p> <p>How likely do you think it is that you'll get HCI in the future? Why?</p> <p>How does your impression of the area affect your views of HCI? PROBE: ARE THERE ANY THINGS YOU THINK YOUR HOME IS MORE AT RISK OF THAN HOMES IN OTHER AREAS? WHAT/WHY?</p> <p><u>IF GOT HCI OR IF HAD IN PAST:</u> What prompted you to take out HCI? What else?</p> <ul style="list-style-type: none"> - parental pressure or example (or from partner, housemate, etc) - previous experience where they could have 	<p>the participant is giving. Don't just accept 'I can't afford it'.</p>
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	<p><i>benefited from insurance</i></p> <ul style="list-style-type: none"> - <i>purchase of particular item that merit insurance – what is it about this item that requires insurance?</i> - <i>increase in household income</i> - <i>moved home – why changed view re HCI?</i> - <i>suggestion by bank or HA – what was it that they said that persuaded you this was important?</i> - <i>something else? What?</i> <p><i>What items does it matter to you the most to insure? Why?</i></p> <p><i>How long have you had it? ANY GAPS – WHY?</i> <i>How would you describe your experience of holding HCI?</i> <i>Does it give you what you were looking for? EG DO THEY THINK OF IT AS A REASSURANCE OR A WASTE OF MONEY? WHY? ANY PROBS CLAIMING?</i></p> <p><i>How likely do you think it is that you'll need to access your HCI?</i></p> <p><i>How does your impression of the area affect your views of HCI? PROBE: ARE THERE ANY THINGS YOU THINK YOUR HOME IS MORE AT RISK OF THAN HOMES IN OTHER AREAS? WHAT/WHY?</i></p>	
20 mins	2. Affordability	
	<p><i>How easy did you find it to estimate the value of goods in your home during the group?</i> <i>Have you had any further thoughts about what you might want to insure since the group? PROBE WHY ANY CHANGES. And how much it would cost? What level of cover have you got/ would you need to get to replace all your possessions? GET PARTICIPANTS TO GIVE ROUGH ESTIMATE OF VALUE OF HOME CONTENTS AND WHICH ONES WOULD BE MOST IMPORTANT TO COVER</i></p> <p><i>And what level of cover have you got/ do you think you'd insure for if you were getting HCI?</i> <i>How much does it cost/ do you think it would cost you to insure all these contents/ possessions on a monthly or weekly basis? What are you basing this cost on? Have your thoughts here changed at all since the group? Why?</i></p> <p><i>READ OUT: I want to talk to you now a bit more about household incomings and outgoings. This is to help me understand more about how people spend their money – and what is more important than buying HCI and what is perhaps less important than HCI</i></p> <p><i>So can you talk me through the kind of things you spend you money on each week/month (WHICHEVER IS EASIER FOR PARTICIPANT)</i> USE INCOMING AND OUTGOING SHEET: RENT/MORTGAGE; UTILITY BILLS; COUNCIL TAX; PENSION; CAR; PHONE; TV LICENSE/SUBSCRIPTION; COMPUTER; FOOD; CLOTHES; SOCIAL ACTIVITIES; PENSIONS/ SAVINGS (INCL HOLIDAY/XMAS FUND); PAYING OFF LOANS/CREDIT CARDS; ANY TYPE OF INSURANCE</p> <p><i>Would you say most of your spending is planned or</i></p>	<p>Perceptions of value of possessions and what level of cover they would need – and would actually get. Also talks through household incomings and outgoings to discover where participants' priorities lie.</p>

	<p>unplanned? Any one-off items? Can you rank these outgoings as to most important and less important? EG ASTERISK MOST IMP, CROSS BY LEAST IMP And how do you usually pay for these items? Why? PROBE: CASH, DEBIT CARD, CREDIT CARD, CHEQUE, DIRECT DEBIT, STORE CARD, STANDING ORDER, OTHER (EG PAYPAL) And how easily do you cover these outgoings? Can you give me an idea of what your household income might be per week/month (after tax)? How much would you say you have 'left over' or 'to play with' at the end of the week/ month? And how much do you spend on items that are less important (REFER BACK TO LIST)?</p> <p><u>NO HCI:</u> Would you ever think about spending £5/week OR £20/month of this on HCI? IF NOT £20, TRY £3/ week OR £10/month. Why do you say that? IF NO: Why do you feel you could not afford this? Why are the things on the list more important to spend money on in comparison with HCI? What do you feel you could afford a week/ month to pay for insurance? IF YES: So you think you could possibly spare this amount to spend on HCI. Why do you think you haven't done so before now?</p> <p>Looking back at your list of items in your home, how many of these would you expect to be covered if you paid the premiums we've just discussed ie what value? What other factors do you think you might need to take into account (eg excess level, type of threat covered, new for old or not)</p> <p><u>HAVE HCI:</u> How do you feel about the amount you spend each week/ month on HCI? Why do you decide to pay that amount out? How happy are you with the cover that buys you? PROBE FOR COVER LEVEL How many of your possessions do you think that covers? Does it change according to what has happened in your home? PROBE HOW ACCURATE THEIR VALUATION OF CONTENTS IS AND HOW THEY WENT ABOUT ESTIMATING IT What, if anything, do you feel you go without to afford HCI? How has it changed the way you spend your money? Or how you feel about your home?</p>	
15 mins	3. HCI policies	
	<p><u>GOT HCI:</u> Which of these aspects was most important to you when you were first buying HCI? And when you were buying your current HCI?PROBE FOR A 'TIPPING POINT'</p> <p>Price Minimum and maximum levels of cover Types of risk insured - ESPECIALLY FLOODING Excess levels Regularity and method of payment Simplified risk assessment procedures – working out how likely your contents are to be damaged or stolen</p>	<p>Explores which aspects of HCI are or would be most important – and which are most attractive. Discusses information received on HCI and where participants would go for advice.</p>

	<p><i>Simple straightforward claims procedure - money/replacement goods within x days.</i></p> <p><i>Are there any features of the policy that you really value? Which ones? Why?</i></p> <p><i>Are there any aspects of your current HCI policy that you would change to make it more attractive? What? Why?</i></p> <p><i>How did you find out about your HCI policy? Who did you contact for information about different policies?</i></p> <p><i>To what extent did you compare different HCI products?</i></p> <p><i>IF YES: What aspects were you focussing on when you were making decisions?</i></p> <p><i>Who did you contact for advice on choosing between policies or about which companies to contact?</i></p> <p><i>What made you decide to choose the policy that you have (rather than any other one)?</i></p> <p><i>What did you have to do to sign up for it? Can you talk me through the process and any good or bad points that you had along the way.</i></p> <p><i>And how do you pay your premiums? PROBE FOR GOOD/BAD ASPECTS AND FOR ANY CHANGES IN PAYMENT METHOD/ FREQUENCY + WHY</i></p> <p><i>What concerns did you have when you bought HCI? How did you overcome these?</i></p> <p><i>Do you have any doubts or queries at the moment about HCI?</i></p> <p><i>What would you say to convince someone about the importance of getting HCI? EG TO YOUR MUM/DAD, TO YOUR NEPHEW/NIECE?</i></p> <p><i><u>NO HCI:</u> If you were getting HCI, which of these would be most important? Why? PRIORITISE EACH ASPECT</i></p> <ul style="list-style-type: none"> <i>Price</i> <i>Minimum and maximum levels of cover</i> <i>Types of risk insured - ESPECIALLY FLOODING</i> <i>Excess levels</i> <i>Regularity and method of payment</i> <i>Simplified risk assessment procedures – working out how likely your contents are to be damaged or stolen</i> <i>Simple straightforward claims procedure - money/replacement goods within x days.</i> <p><i>Which features or aspects of a HCI policy would be most important to you? Why?</i></p> <p><i>What aspect(s) of HCI would need to be changed for you to think about taking out a policy? How could that be improved?</i></p> <p><i>Where would you go to find out more about HCI policies?</i></p> <p><i>PROBE: TO FIND OUT INFORMATION ABOUT WHAT'S ON OFFER; FOR ADVICE ON WHICH POLICY TO GO WITH OR WHAT FEATURES TO LOOK OUT FOR</i></p> <p><i>What format would you want any info or advice in? EG FACE TO FACE DISCUSSION; LEAFLET OR WRITTEN INFO; TELEPHONE DISCUSSION; WEBSITE.</i></p> <p><i>How would you go about comparing different HCI products?</i></p> <p><i>What would you be looking at?</i></p> <p><i>Who might you approach for more information or advice about</i></p>	
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	<p><i>this? What could they show you or give you to persuade you of the importance of HCI?</i></p> <p><i>What process do you think you'd have to go through to take out a HCI policy? And what process would suit you best do you think? Why? What would work best for you?</i></p> <p><i>What other queries do you have about HCI or insurance products in general? Do you have any other concerns about HCI or insurance?</i></p>	
CONCLUSION AND KEY MESSAGES		
5 mins	<p><i>Thinking about everything we have discussed today, what are your main thoughts on taking out Home Contents Insurance? Is it something worth doing or not – why do you say that? Is it something you could see yourself doing? Why/ What would need to change for that to happen?</i></p> <p><i>What key messages do you have for our client, the Financial Inclusion Taskforce, who are looking to make it easier for people to take out HCI? What could insurance companies do to make it more attractive for you to take out HCI?</i></p> <p>THANK AND CLOSE.</p>	Summary, wrap-up and next steps.

