



HOMEOWNERS AND CONTENTS INSURANCE IN SPAIN

WHAT does the Spanish Homeowners and Content Insurance include?

Home and contents insurance in Spain is often better and more extensive than in other European countries. The standard catalogue of insured perils includes not only fire, lightning, explosion and aircraft impact (an international minimum cover called FLEXA), but also almost any other hazard or event which might cause loss or damage. Obvious perils such as water damage, burglary or robbery, windstorm, electric surcharge (very frequent source of damages), glass breakage, etc. are always included. Generally speaking, every policy in Spain includes natural perils such as earthquakes, tornados, tidal waves and, for those residing in mainland Spain, even avalanches. Outside Spain, it is often impossible to get natural perils insured at all.

Home and homeowners liability is also automatically included in home insurance policies. Contents insurance policies regularly include personal liability and Third Party Liability for pets. There will be no extra charges even if you happen to have a dozen dogs unless they are considered to be a dangerous breed. Integrating all these insured perils in a single policy has a positive impact on premiums.

WHICH values need to be insured?

The house insurance is based on the RECONSTRUCTION VALUE of the entire premises, including pools, garden walls, etc. Obviously, the plot does not need to be included in this calculation.

Contents insurance in turn is based on the REPLACEMENT COST of all items which are mobile and not attached to the house. When it comes to estimating the proper sum to be insured on your insurance policy, the possessions should be determined precisely (furniture, electrical equipment to clothing, etc.) in order to accurately calculate the replacement costs of the contents.

A unique feature in Spain is the Consorciopool. This public institution enjoys full authority to act in the event of losses resulting from catastrophic events. Once the pool assumes responsibility, your actual insurer is no longer part of the process.

HOW high will premiums be?

Premiums reflect the sums insured and the very complete insurance coverage that home and contents insurance policies offer. Therefore, they are not necessarily cheap but they represent excellent value for money. Experience shows that a holiday home in Spain is not as well attended as a principal residence.

Some problems, such as water leaks, air conditioning failures, etc., are often detected late and, consequently, damages are much higher as if these damages would have occurred at home. Insurance companies offering premiums below market standards will invariably reduce their claims payments because the amount of losses is very much the same to all insurers.

WHAT perils are insured?

The list of the most relevant insured perils normally includes:

- Fire, lightning, explosion, aircraft impact
- Electrical surcharge
- Burglary, robbery
- Windstorm, hail
- Natural perils such as earthquakes, tornados, tidal waves, etc.
- Land sliding, subsidence
- Glass breakage
- Debris removal
- Alternative accommodation
- Personal and pet-keepers liability
- Others

WHEN do insurance contracts expire?

In Spain insurance policies invariably run for 12 months. They are automatically renewed unless cancelled with one month's prior notice.

WHAT should be observed?

Insurance agents in Spain (as in any other country) often offer very low premiums in order to get new clients making false statements on security measures, reconstruction or replacement values. These faults may remain unnoticed until a significant loss occurs and then the insured – not the agent – is penalized by the insurer.

Spanish banks are very aggressive when selling insurance policies to their clients. A reliable aftersales service or assistance with claims is generally non-existent.

Besides calculating the sum insured as accurately as possible, you need to inform the insurer correctly regarding the usage of the insured premises. Is it a permanent or holiday home? Is it intended for to be let out? Short-term or long-term?