The Importance of Understanding How Much to Insure Your Home and Contents for

Your home is one of the most valuable assets you are likely to own. Insuring it against an unforeseen and potentially catastrophic event by accurately declaring your sums insured is essential to ensure you are not left out of pocket in the event of a loss.

Buildings - Key Points

- Building sum insured – Needs to be the full value cost of rebuilding your property by a professional third-party contractor. This includes rebuilding expenses such as architects & surveyor fees, clearing the site of debris, complying with local building regulations etc.
- Outbuildings, Walls, Fences, Driveways, Paths etc. also need to be included in the building sum insured.
- Your policy wording will contain a definition for buildings which explains the things that you need to consider.
- **NOTE: The cost to rebuild your home is not the same as the market value of your home.**

Contents – Key Points

- As a rule of thumb if you were to turn the property upside down anything that isn't fixed would be classed as contents.
- For general contents and personal possessions, the figure must be the cost to replace as new.
- For valuables the figure must reflect the current market value**.**
- Your policy wording will contain a definition for contents which explains the type of items you need to consider.

What to do if you are unsure about your sum insured

Buildings - The most accurate way to obtain this figure is to have a rebuild cost assessment carried out by a qualified SCSI (Society of Chartered Surveyors) surveyor. It may also be possible for the survey to be carried out remotely which is known as a desktop survey. For any survey however you should ensure that the surveyor is a member of SCSI and has professional indemnity insurance.

We do not recommend the use of online calculators as they can provide a generalised figure that is not appropriate for your specific property, particularly if it has any unusual features.

Contents - You may find it helpful to create an inventory of the contents of your home, including your garden and outbuildings which you should review on a regular basis, particularly after purchasing new items. If you have items of jewellery or fine art, you may need to seek the guidance of a specialist valuer and it may be a requirement of your policy that you seek valuations for such items on a regular basis (normally every 3 years as a minimum).

Why are the sums insured so important?

The sums insureds are one of the main factors in how the premium is calculated. If at the time of a loss, they are not adequate you are deemed to be **'underinsured'** and the principle of **'average'** will be applied to your claim. This is where your claim payment is proportionately reduced by the percentage of under payment of premium.

Adequate Sums Insured Example: Premium paid by you of €300 based on adequate sums insured. You suffer a storm claim for damage to your roof which costs €1,000 to repair. Claim payment of €1,000 is made which equates to an extra €700 to fund the repair your roof (on top of what you paid in premium).

Inadequate Sums Insured Example: Premium paid by you of €150 based on sums insured which were only 50% adequate. You suffer a storm claim for damage to your roof which costs €1,000 to repair. As you have only paid 50% of what would have been the correct premium (If you had declared your sums insured correctly) your claim pay-out is only 50% of your loss. So, in this example your claim pay-out would be €500.

Indexation

To protect you against underinsurance when your policy falls due for renewal, we will **index link** your buildings and contents sums insured using market wide indices designed to keep up with inflation. Whilst this does have an impact on the premium, this is only one factor.

Since Brexit and COVID-19 the cost of inflation continues to rise, therefore relying on index linking alone is not an appropriate substitute for a regular review of your sums insured. You can do this at any point throughout the duration of your policy. If you wish to amend your sums, please speak to your broker or insurance intermediary.

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