Ivernia Home Plus Insurance Policy

Underinsurance Explained

It is important that your home is adequately insured for the full cost of rebuilding your property.

Underinsurance occurs where the sums insured on a property are not adequate to pay the full costs of a claim that may arise on that property.

It is important that you review the sums insured in your policy every year to ensure that you are fully protected by being adequately insured, or if you make changes to your property, it is important that you contact your insurance broker to update sums insured to reflect any changes.

Underinsurance can be more prevalent in times of higher inflation when the cost of rebuilding increases.

Rebuilding cost is not the same as the market value of the property. The rebuilding cost is the total amount that it would cost to rebuild the whole property (including any extensions, kitchens, attic conversions, built in wardrobes, outbuildings such as garages, and any costs associated with meeting any new buildings regulations and with demolition and clearance of the site).

The Society of Chartered Surveyors Ireland website provides useful, independent advice on current rebuilding costs and a rebuild calculator. See https://scsi.ie/consumer/build/calculator/

Index-linking

To help to reduce the risk of underinsurance, **at renewal**, Ivernia will adjust the buildings sums insured in line with the latest House Rebuilding Guide, from the Society of Chartered Surveyors Ireland. This will be reflected in the sums insured stated in your renewal invitation document.

However, Index-linking alone may not be sufficient protect you against underinsurance. It is important that you review your sums insured regularly to ensure that they are adequate.

Underinsurance clause in your policy:

The following wording is in your policy booklet and explains how Underinsurance could impact your claim:

Underinsurance (Average Clause)
If the Sum Insured is less than the **cost of rebuilding** the **Buildings** and/or replacing the **Contents we** may reduce the settlement of **your** claim by the same percentage that the **Buildings** and/or **Contents** is underinsured by. **We** will only pay for the proportion of the damage the sums insured bears to such cost.
If it is necessary to make a deduction for wear and tear, then the cost of rebuilding or replacing as new less the allowance for wear and tear will be compared with **your** actual sum insured. **You** will only be paid that proportion of the loss or damage which **your** sum insured bears to this cost of rebuilding or replacing.

Getting help

If you would like any further assistance, please contact your insurance broker and they will be happy to provide assistance.

This insurance policy is arranged by Ivernia Insurance Ltd and underwritten by: Accredited Insurance (Europe) Limited who are regulated by the Malta Financial Services Authority, Malta and by the Central Bank of Ireland for Conduct of Business Rules (Reference C124640). Registered office: Development House, St Anne Street, Floriana, FRN 9010, Malta.

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