Dear Policyholder,

As one of our valued home insurance customers, we want to make sure you have the right level of cover if you ever need to make a claim.

Recent increases in inflation and other economic factors mean that the cost of rebuilding your home or replacing your contents may now be higher than when you first took out your policy. It is therefore important to review your **buildings** and **contents** sums insured regularly so that you are not underinsured. If you have specified personal effects such as jewellery, watches or other valuables, we recommend obtaining a professional valuation at least every two years in Ireland, as their value can change significantly over time. Keeping your sums insured up to date helps ensure your policy can respond as expected in the event of a claim.

What do we mean by underinsurance?

Underinsurance is where your buildings and/or contents are insured for **less than the amount it would cost to rebuild, reinstate or replace them**.

Buildings sum insured

Your property should be insured for its **full rebuild cost**. This is the cost of replacing your home and outbuildings and should include:

- Demolition and debris removal after a loss
- Professional fees (e.g. architects, surveyors)
- Costs needed to comply with current building regulations

Your buildings sum insured should include all items in the "Buildings" definition in your policy, for example:

- Solar panels, septic tanks and fuel tanks
- Terraces, patios, decked areas, driveways and footpaths
- Walls, fences, gates and hedges

If you are unsure whether an item should be included, please refer to your policy booklet for the full definition of Buildings.

Remember: the rebuild cost is **not** the same as the market value of your property.

- **Market value** is what your home could sell for, including land value and local demand.
- **Rebuild cost** is the cost to rebuild your home to the same standard, using equivalent materials and equipment, and **does not include the cost of the site**. For insurance purposes, it is the rebuild cost that matters.

Contents sum insured

Your contents sum insured should cover the cost of repairing or replacing your **personal belongings and household goods** in your home. This includes items such as carpets, rugs, furniture and electronics.

A good approach is to go **room by room**, listing what you own and estimating how much it would cost to replace everything as new. Don't forget your **attic, garage and sheds**.

(You can use a Household Items Checklist to help with this.)

Why is underinsurance an issue?

In recent years, a range of factors - including global supply issues and higher inflation - have increased the cost of:

- Building materials and products
- Labour and professional services
- Household goods and personal possessions

This means your current sums insured may no longer reflect today's true rebuild or replacement costs, so you may already be underinsured or at risk of becoming underinsured during the policy term.

If you are underinsured, any claim may be paid **only in proportion** to the amount you are insured for, which could leave you with a significant shortfall.

Indexation

Some insurers apply an annual increase to Buildings and Contents sums insured (known as **indexation**) to help keep pace with inflation. However, indexation alone **cannot correct sums insured that were set too low at the start**. It also applies the same percentage to all policies, without looking at the specific circumstances of your home.

Because of this, it remains very important that you personally review the level of cover you have in place to make sure it is adequate for your needs.

What can you do?

If you would like to get an estimate of the cost to rebuild your home, you can use the **Society of Chartered Surveyors Ireland (SCSI) House Rebuild Calculator** on their website. This guide provides average rebuilding rates for **speculatively built, estate-type homes only**.

Important: The SCSI calculator is **not suitable** for one-off, architect-designed, period or listed properties, or for homes built with non-standard materials. In these cases, the rebuild cost is often higher and more complex to assess.

If your home is a **period or listed property**, a **one-off build**, or constructed using **non-standard materials**, we strongly recommend that you obtain a **professional valuation** to calculate the total rebuild cost in line with the "Buildings" definition in your policy.

If you are unsure about the correct rebuild cost of your property, a suitably qualified professional (such as a chartered surveyor) can help you determine an accurate figure so that you can set your Buildings sum insured at the right level.

If you are worried that you may be underinsured, or if you wish to update your policy, please contact us on **0818 300 301** and a member of our team will assist you.

Yours sincerely,

Campion Insurance

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