

## **A Guide to Household Insurance – Some Frequently Asked Questions**

Your home is probably your most valuable asset. Therefore, it is vital that you protect this asset properly. The following guide is intended to assist your understanding of your household insurance needs.

### **What property does a household insurance policy normally cover?**

Household insurance is made up of two parts, namely building insurance and contents insurance.

**Buildings** ó This part covers buildings which are generally defined as the main structure, including all domestic outbuildings, such as garages, greenhouses and garden sheds and also walls, gates, fences, paths, drives and swimming pools. Permanent fixtures and fittings, such as a fitted kitchen and built-in bedroom cupboards are included under the buildings cover.

**Contents** ó This covers your furniture, furnishings, household goods, kitchen equipment and other appliances, food and drink, televisions, videos, computers and audio equipment, clothing, personal effects and valuables such as jewellery and personal money up to the stated limits.

Under a standard policy, some insurers may place a limit on the number of high-value items or require that high value items are 'specified', which means that they are individually declared and you pay an extra amount for their inclusion on the policy.

Insurers usually offer cover for contents on what is known as a 'new-for-old' basis which means that you will be paid the full cost of repairing damaged articles or the cost of replacing them with equivalent new articles if they are stolen or destroyed.

### **What risks will my home be covered against?**

The buildings and contents will be covered for loss or damage as a result of number of 'perils'. These perils or risks normally include the following:

- fire;
- smoke;
- lightning;
- explosion;
- theft,
- storm,
- flood;
- burst water pipes;
- earthquake;
- impact;
- riot and malicious damage.

The Buildings Section will provide cover against subsidence (with most companies) in addition to loss of rent, accidental damage to service pipes, cables, glass in doors,

windows and skylights and washhand basins and toilet fittings. It also provides cover for your legal liability as owner.

The Contents Section includes legal liability as occupier and cost of temporary accommodation whilst the house is uninhabitable following an insured incident. Most contents policies also cover the personal legal liability of the policyholder and members of his/her family for accidents they may cause.

### **Are there any restrictions in cover?**

There are limits and exceptions in every policy and consequently you should read the policy to be sure you are aware of what your policy does and does not cover. In particular, you should note that most policies require you to bear the first part of any claim yourself. This is commonly known as an excess. Also, there are usually limits on the value of any one valuable article (as defined) and the total value of all valuable articles.

### **What about optional extensions?**

All companies offer various extensions in cover at additional premiums. The most common of these are:

1. Loss of personal money and credit cards;
2. Loss of food due to breakdown of freezer;
3. Accidental damage, loss or theft of pedal cycles;
4. Personal accident ó this extension pays a monetary benefit in the event of accidental bodily injury which results in death or disablement of the policyholder or other named members of his family;
5. Caravans and boats ó covering loss or damage to caravans or boats used for social, domestic and pleasure purposes;
6. Accidental damage to buildings and contents.

### **Are my personal possessions insured if I take them out of my home?**

It is possible to get cover for taking valuable personal items such as an engagement ring, golf clubs, skis, laptop or a camcorder out of your home. This is known as 'All Risks' and this extended cover provides insurance for accidental loss or damage.

You can seek 'unspecified' cover where all such items up to a maximum total value are insured. Alternatively you can get 'specified' cover where individual items are declared and may be rated separately from the general contents.

If you take the items abroad they will be insured under 'All Risks' cover up to a time limit typically of 60 days in any one period of insurance.

### **How much insurance do I need?**

The 'sum insured' is the amount at which your buildings or contents are covered and is the most your insurer will pay if these are totally destroyed.

## **Buildings**

For buildings, the sum insured should meet the **rebuilding** cost of your property (as opposed to the **market value** of your property) and any associated costs which could be involved e.g. professional fees such as those of an architect, removal of debris etc.

Some policies are subject to average which means that if you are underinsured, claim payments will be reduced in proportion to the underinsurance. Consequently, you should ensure that your property is covered for the full value.

Most companies provide assistance in calculating values and you should ask your insurer for advice. Ensure your rebuilding costs are index linked. The Society of Chartered Surveyors produces a useful guide annually, which will help you calculate your rebuilding costs. This guide is available from their website [www.scs.ie](http://www.scs.ie).

## **Contents**

Some insurers offer an automatic sum insured for contents that is a percentage of the sum insured for the buildings. However, you may want to carry out your own audit as it is ultimately your responsibility to get the sum insured right. If it is too low, you will be underinsured and therefore your claims may not be paid in full. If you are over insured, you will end up paying more than is necessary for your insurance. While no two houses will have identical contents, the following table will be of assistance in working out the sum insured, which you require for your contents.

Check List	Lounge	Dining Room	Kitchen	Hall, Stairs	Landing, Loft	Main Bedroom	2 <sup>nd</sup> Bedroom	3rd Bedroom	Bathroom, Toilet	Garage, Out-buildings	Total
Carpets, Rugs, Floor Coverings.											
Furniture: Tables, Chairs, Stools, Settees, Cabinets, Sideboards, Bookcases, Bedroom, Bathroom and Kitchen Furniture.											
Soft Furnishings, Curtains and their Fittings, Cushions.											
Televisions, Video and Audio Equipment.											
Household Appliances: Cooker, Fridge / Freezer, Washing Machine, Vacuum Cleaner, Electrical Goods, Heaters.											
Cooking Utensils, Cutlery, China, Glass, Food, Drink.											
Valuables: Gold and Silver Articles, Jewellery, Furs, Pictures, Clocks, Watches, Cameras, Ornaments, Collections.											
Sports Equipment, Books, Cycles, Records, Computers, Tapes, Toys, Musical Instruments											
Garden Furniture, Lawnmower, Ladders, Tools, Paint, Fuel.											
Household Linen: Table Linen, Towels, Bedding											
Clothing											
Other Items											

If your policy is not index-linked, add on a suitable allowance for inflation.  
You may, of course have other rooms and possessions not listed here.

**TOTAL** €  
Allowance for inflation during year at **í í** %

Your contents should be insured for

€
