

According to the Association of British Insurers (ABI), £226 billion of contents in homes and flats in the UK are either under-insured or not insured at all*.

If you are over-insured, you are probably paying too much for your buildings insurance but if you are under-insured, you could face a reduced payout in the event of a claim as insurance claims can be reduced by hundreds of thousands of pounds due to underinsurance. Underinsurance occurs when the sums insured are not high enough to cover the cost of your property or belongings in your home. It can cause serious problems if you have to make an insurance claim, as your insurance company may not pay out the full cost to replace lost or damaged items.

For example, if your home is worth £400,000 but it has only been insured for £200,000, you are 50% underinsured. In the event of a claim, some insurers will only pay 50% of your claim if this happens. This means you will have to pay the rest yourself and the same applies to the sum insured for your contents.

It is your responsibility to ensure that your buildings and contents are insured for the right amount.

INSURING YOUR BUILDINGS

Buildings should always be insured for the total cost of rebuilding your property from scratch, including any professional fees such as for builders or architects. It is important to note that this is not the same as your home's market value, which might be higher or lower than the rebuild cost.

The rebuild cost will vary according to the size, age, location and type of property you have, and can be a key area for being under-insured. While an online calculator can sometimes be useful, they can significantly undervalue the rebuild cost, particularly for older, non standard or listed properties.

INSURING YOUR CONTENTS

The contents sum insured should include just about everything that you would take with you if you moved house, which sometimes includes curtains and carpets. You should calculate the replacement cost as new. In our experience, people often forget to include the following whilst calculating contents:

- Clothing, shoes and handbags
- Curtains, carpets, soft furnishings, lighting and linen
- Outside sculptures, tools and gardening equipment
- Electronics, including tablets, computers and mobiles
- Kitchen equipment
- Items stored in loft/attics, garages and summerhouses
- Golf and ski equipment

INSURING YOUR VALUABLES

Fine art and valuables are not always index-linked and even if they have been in the past, the figures may not have kept pace with real-world values. The price of diamonds and gold are particularly volatile, and we recommend that you obtain a jewellery valuation from a registered valuer at least every three years.

Items over a certain figure, also called a single article limit, will need to be individually specified. A common misconception is to exclude the value of smaller items, under the single article limit when calculating the total figure. Lower value items need to be added up and included as unspecified valuables. Speak to us if you are unsure.

WHAT TO DO NEXT?

Getting someone to visit your home to carry out a professional assessment can be time-consuming and very expensive. However, thanks to our partnership with Royal Institution of Chartered Surveyors (RICS) regulated firm Rebuild Cost Assessment, we are able to offer you a cost-effective solution where you will receive a comprehensive report guiding you on how much you should insure your buildings for.

Edgewater clients are able to obtain a report for the reduced cost of £102 (including VAT).

This is a fantastic and affordable online service which can protect your home from the potentially severe consequences of underinsurance.

To take advantage of this offer or to discuss your home insurance in more detail, please contact our insurance team on **01624 654000** or email **insurance@edgewater.co.im**

*<https://www.abi.org.uk/news/news-articles/2019/01/cost-of-home-contents-insurance-falls-to-a-record-low-yet-one-in-four-uk-households-are-uninsured>



To find out more:

Call us on **01624 654000** or visit us at **www.edgewater.co.im**