

# PRESTIGE

UNDERWRITING

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CUSTOMER GUIDANCE

# UNDERINSURANCE



# WHAT YOU NEED TO KNOW

## FIRST THINGS FIRST....WHAT IS UNDERINSURANCE

**Underinsurance means that the level of home insurance you have isn't enough.**

You may be underinsured if you -

- Underestimate how much your home and contents are worth
- Buy new items or make changes to your home and don't update your policy to reflect this

With the rising costs of inflation, it is more important than ever that you ensure your Buildings and Contents are covered for their **full rebuilding /replacement cost**.

We want our customers to have peace of mind that, should they ever need to make a claim, their home and belongings are protected. Sums insured that do not accurately reflect the cost of reinstating your Buildings and/or Contents can mean you aren't fully covered in the event of a claim. This could mean you might have to pay more yourself when you claim.

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## AN EXAMPLE OF UNDERINSURANCE

**If the rebuilding cost for your property is £200,000, but you have insured it for £140,000, you are only insured for 70% of the full reinstatement cost of your home. This may result in your insurer only covering you for 70% of the cost of your claim.**

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## REBUILDING COSTS

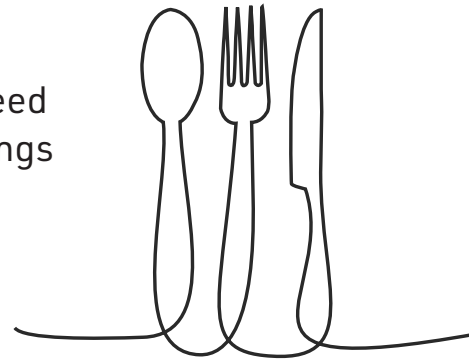


In addition to other industries that are incurring rising costs, building materials are also increasing in cost at a faster than normal rate. This means that if you suffer material damage to your home the cost of repairs may be greater than expected, and if this happens it could mean your insurer is unlikely to cover the full cost of your claim. To ensure your property is adequately insured, we recommend using a **Rebuild Calculator** before renewing your insurance each year.

UK: <https://www.abi.org.uk/products-and-issues/choosing-the-right-insurance/home-insurance/buildings-insurance/calculating-your-rebuild-cost/>

## CONTENTS INSURANCE

When calculating the sum insured for your Contents you will need to consider all of your home possessions and personal belongings that are not part of the structure of the home.. The best way to ensure your Contents sum insured is as accurate as possible, is to keep an inventory of your items room-by-room, down to knives, forks, and spoons.



**To make sure you are fully covered in the event of fire, flood or theft, you need to have enough insurance to cover all your costs. Giving your Broker/ Insurer an accurate rebuilding/replacement cost for your home and contents is key to avoid being underinsured.**

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## WHAT TO DO NEXT

If you are concerned about the adequacy of your sums insured or have used one of the above calculators and need to update your policy, please **contact your broker as soon as possible.**

