

KEY INFORMATION

Under Insurance

WE ARE WRITING TO HIGHLIGHT THE IMPORTANCE OF MAKING SURE YOU HAVE THE CORRECT LEVELS OF COVER FOR YOUR HOME AND CONTENTS. WE ARE ALL ACUTELY AWARE OF RISING INFLATION AND PRICE INCREASES SO IN THE EVENT YOU HAVE TO MAKE A CLAIM ON YOUR HOME INSURANCE, WE WANT TO MAKE SURE YOU ARE FULLY PROTECTED.

What is Under Insurance?

Under Insurance is a situation where the amount you have insured your buildings and contents of your home for are too low and do not represent the cost of repairing or rebuilding your home at today's rates.

What does this mean?

In the unlikely event you have a claim, and the sums insured for your buildings and contents are less than the full value at the time of the loss, then we may only pay a portion of the claim. See the example below.

Example of Under Insurance

John has his buildings insured for €300,000 and has a claim for €50,000. As part of the claim assessment, it is noted the buildings should be insured for €450,000. So, the buildings are Under Insured by €150,000 or 33.3% and the claim payment will be reduced as follows:

$$\frac{\text{€300,000 (Sum Insured)}}{\text{€450,000 (Rebuild Cost)}} \times \text{€50,000 (Claim)} = \text{€33,333 (66.6\% of Claim)}$$

What you need to do

Please review your sums insured for both your buildings and contents to ensure you have the adequate cover. For the buildings, this needs to be insured for the full rebuild cost. This is the cost of replacing your home and also any outbuildings. It also needs to include the cost of demolition and the cost of removing debris, cost of professional fees etc. Also, the cost of replacing all your fixtures and fittings in the property need to be considered.

For your contents, as you can appreciate, these are unique to each person so it is important to review all the contents room by room. As a guide, try and look at everything that you would take with you if you were moving house.

A good reference is the following link, which can give you a guide as to what the current rebuild costs are. However, this is only a guide and does not take into account one off houses, high end finishes, etc.

<https://scsi.ie/consumer/build/calculator/>

What are KennCo doing to help

For your upcoming renewal, we have automatically increased your buildings and contents by 10% to help against the rising costs of inflation. This percentage increase has been applied to all policies so it may not reflect the changes you require to make to your policy. Therefore, it is very important that you review the level of cover you have to ensure it is adequate for your needs.

Contact

If you have any questions or queries regarding Under Insurance, please contact your Broker who will be able to assist.