

GUIDE TO HOUSE INSURANCE



SUPER SURE![®]

Your Insurance Super Heroes

HOUSE INSURANCE

House insurance covers most structures on your property – your house, garage and fences.

Most policies also cover your retaining walls and recreational features (e.g., swimming pools) but the cover is often capped. You can increase these caps for a higher premium.

Some insurers offer different types of policy with different levels of cover:

Basic policies may only cover you for major adverse events such as fire, theft or flood. Comprehensive policies may cover you for major adverse events and for accidental damage to your house caused by you or your family.

Both types of policies cover your legal liability if you accidentally damage someone else's property.

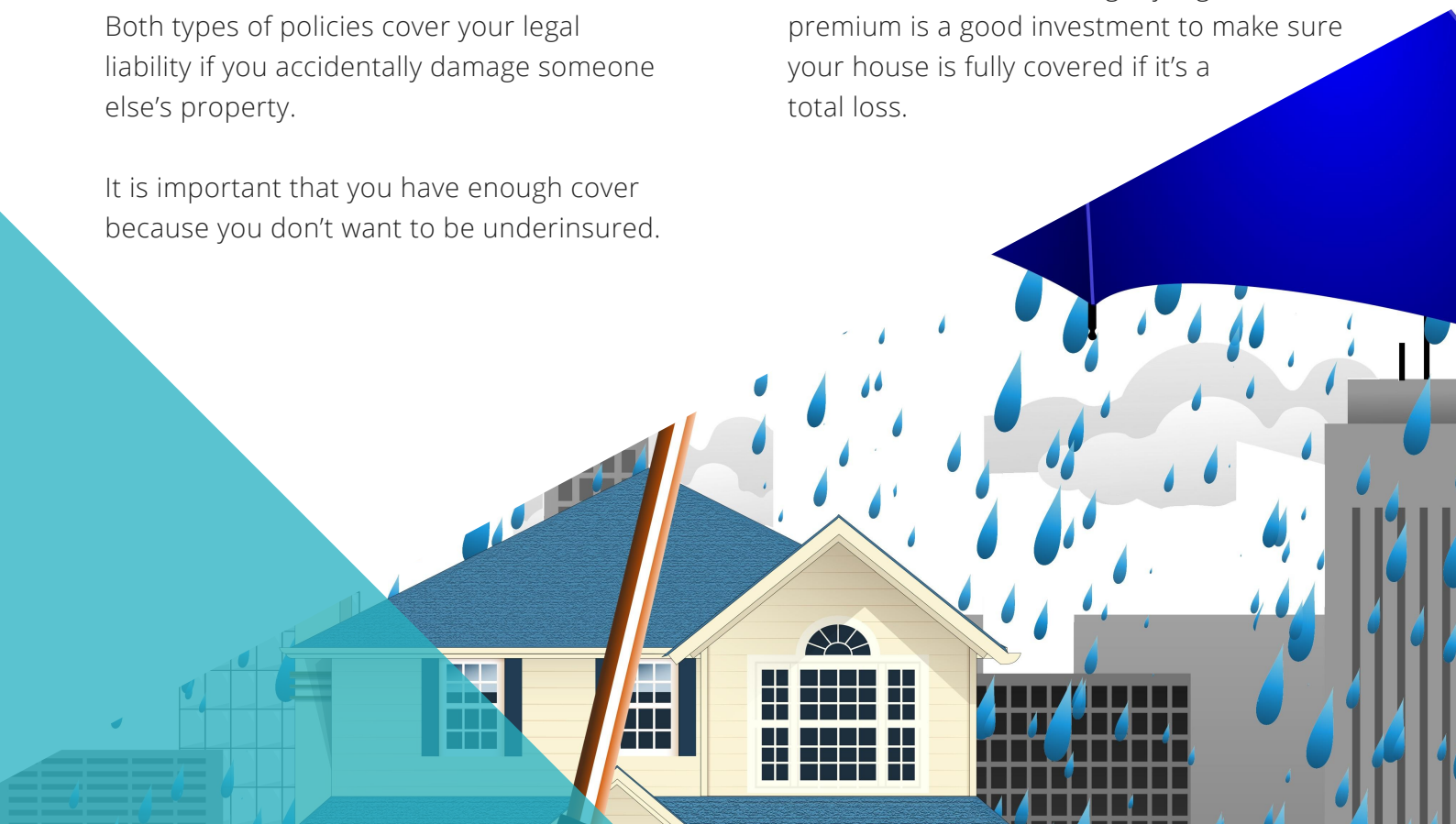
It is important that you have enough cover because you don't want to be underinsured.

Unless you have a full replacement policy, the maximum insurance companies will pay is the sum insured.

If the rebuild costs are more than the sum insured, you will have to meet this cost.

Homeowners are responsible for estimating the sum insured. If you haven't specified a sum insured, you're probably relying on the insurer's default sum insured – an estimate based on the size of your house and a typical rebuild cost. If you rely on the default sum, you risk being caught short if disaster strikes.

If you choose a higher sum insured, you'll be charged a higher premium. But it might not be much higher. Ask your insurer how much an increase will cost. A slightly higher premium is a good investment to make sure your house is fully covered if it's a total loss.



TYPES OF HOUSE INSURANCE

Market value house

If your house is damaged or destroyed the insurer will either repair the damage or pay you its market value (excluding land) at the time of the damage. The insurer pay the lesser of the market value of your house, or the limit you choose as the sum insured.

All the bells and whistles

Comprehensive

A replacement policy that includes a few extras such as:

- Cover for retaining walls
- Cover for recreational features like a tennis court, permanently fixed swimming pool and/or permanently fixed spa pool.
- Cover if you damage someone else's property e.g. if your fence falls over and damages the neighbour's car, or your roofing flies off and smashes into the neighbour's house.

Natural disaster

Cover If your house is damaged or destroyed by a natural disaster and covered by the Earthquake Commission, they will cover you up to a certain limit. Your insurer may top up this cover if repairs cost more than that limit.

Pay only one excess

If you have both your house and your contents insured with the same insurer, and both are damaged due to the same event (e.g. if there's a fire) then you may only have to pay one excess.

Key and lock cover replacement of both keys and locks if you lose them or if they're stolen.

Optional covers

You may want to arrange cover for Special Features if required, For Example:

- Private utility plant and associated equipment (including wind or water mills and diesel generators),
- Cable car,
- Bridge or culvert,
- Permanent ford or dam,
- Wharf, pier landing or jetty.
- No excess for glass or sanitary fixtures

Talk to **Super Sure** about how to obtain premium discounts by packaging up different types of insurance and/or choosing a high excess. Most insurers have a range of excess options and quite simply, the greater your excess, the lower your premiums. Talk to **Super Sure** about what will suit your needs and your budget.



LANDLORD'S INSURANCE

Why get Landlord Insurance?

Because you don't always know what goes on in your rental, so Landlord Insurance will put your mind at ease about things like:

Replacement cover for your rental property up to the Sum Insured amount.

Meth contamination cover in case of damage caused by meth contamination. Landlord obligations and exclusions may apply.

Sudden and accidental damage when the unexpected happens, like a leaking dishwasher flooding your rental or something else accidentally caused by your tenants.

Hidden gradual damage where the insurer may pay an amount to repair hidden gradual damage caused by leaking internal water pipes.

Damage to someone else's property if you accidentally damage someone else's property, including cover for damage to tenants' contents up to a specified amount.

Natural Disaster

If your rental is damaged or destroyed by a natural disaster and covered by the Earthquake Commission, they will cover you up to a certain limit.

Your Landlord's insurance may top up this cover if repairs cost more than that limit.



OPTIONAL LANDLORD'S PROTECTION

An optional cover is Landlords Protection which covers you for:

Loss to the rental property caused by malicious damage, vandalism or theft by tenants of the rental property.

Loss of rent after the tenant vacates the rental property without giving the required notice (less any amount recoverable by you from advanced rent paid by the tenant.)

Loss of rent following eviction of the tenant for non-payment of rent.

Loss of rent where the rental property is untenantable as a result of malicious damage, vandalism or theft by tenants covered by the policy.

Loss of rent due to prevention of access, following accidental loss, including interruption to utilities supply.

Legal liability as landlord for accidental damage to tenant's property or accidental personal injury at the rental property.



CONTRACT WORKS INSURANCE

When might you may need Contract works insurance?

Building a house

Make sure your new house-to-be is covered for accidental loss or damage during the build.

You're renovating

Your existing house insurance may not cover your renovations.

Get cover for accidental loss or damage when you're renovating, living in the house and you already have house insurance.

You're renovating and the house is unoccupied.

Get cover for accidental loss or damage when your house is being renovated, no one is living in it and you haven't got house insurance.

Cover for existing structures - This protects the part of the house that is being worked on. Your house policy may not cover you while you're making alterations, so this is a good idea if you're carrying out alterations to an existing house.

Cover for building materials - for any loss or damage to building materials on your building site, including those supplied by you to your contractor.

Cover for loss in transit - for any loss or damage to building materials while they're being transported to your building site.

Cover for professional fees - if you need to do rebuilding work after a loss or damage covered by your existing house insurance policy, the insurer will pay for the services of an architect, engineer or other consultant.

Cover for speedy recovery – if it's important the construction is completed on time. If your partially built house is damaged, but you still need to finish building on time, the insurer can pay for overtime labour costs, as well as express delivery for materials you need to repair the damage quickly.

Other benefits might include:

- cover for any inflationary increases in the cost of labour and building materials
- Reinstatement of insurance
- Cover for demolition and clean up.



CALCULATE YOUR REBUILD

Until recently, most insured homes were covered by a "total replacement" policy based on the size of the house. But homeowners now have to estimate the cost of rebuilding their house - and insure it for that.

This cost is the "sum insured". It's the maximum amount the insurer will spend if the house needs to be repaired or rebuilt.

What does this mean for you?

For the last 20 years most Kiwi homes had a "total replacement" policy. You told your insurance company the size of your house and it worked out a premium based on that. If your home was destroyed in a fire or natural disaster, the insurer was responsible for demolishing the wreckage and building a new house to the same size and Specifications as the previous one - with no limit to the amount it would pay.

But since the Canterbury earthquakes New Zealand homes are now required to be insured for a specific capped amount. Insurers want to know the maximum amount they would have to pay to rebuild homes after a natural disaster. Insurers need to assess their risk better and sum-insured insurance helps them do this by collecting much more information about each house.

Understanding your Sum Insured

Knowing the total cost to rebuild your home can be difficult. Your Rates Valuation or Real Estate appraisal is not your rebuild value. For a start, you don't need to include the value of your land. Building costs (materials, consultants, consents, labour and legal) change over time. You need to determine the cost to rebuild your home.

Using Cordell Sum Sure

The Cordell Sum Sure calculator is a good place to start. It's helpful in giving you a good estimated figure of the cost to rebuild your home based on construction costs, allowances for professional fees, demolition, removal of debris and GST.

Ask us for the link to this calculator and we'll email it to you.

What is your Sum Insured?

When you first take out House Insurance the insurer will ask you to specify the total amount you would need to rebuild your home to the same quality – this is your Sum Insured. Your Sum Insured is made up of your Home Sum Insured, and the Sum Insured for any Special Features you buy cover for. It's the maximum amount to be paid, after any applicable excess, if your house was wiped out by a natural disaster or suffered significant damage from major events like flooding or fire. It not only needs to cover materials and labour, but other costs to rebuild your home like demolition, consents and other fees.

GET YOUR CALCULATIONS RIGHT

You've worked out the sum insured. Don't be tempted to under-insure. Under-insuring can mean you don't have enough money to rebuild, if your house is completely destroyed.

As well, if you're under-insured and have a mortgage then you'll be paying off the mortgage on a rebuilt property that's of lesser value.

Over-insuring runs risks too. You can't use your insurance pay-out to get a better house. If you over-insure, the insurer will only rebuild your house to the size and standard it was before.

At policy-renewal time, check that your sum insured is still accurate. Your insurance company will be adjusting your sum insured in line with changes in the Building Consumer Price Index – so after the first time you shouldn't need to re-estimate. However, if you've done any renovations or alterations, make sure they're included.



Tips for using a sum insured calculator

You'll need to know the size of your home, its age, the materials it's built from, and even the slope of the land it's on. People in newer homes will probably find this more easily than those in older homes - but you can get the info from your local council. Making guesses could be costly if you need to make a claim later.

If you get the size of your home from your rating valuation (RV), make sure it's correct - does it include recent additions or Renovations?

Don't forget additional features such as sheds, decks, swimming pools, paths, fences, retaining walls and driveways. You'll also have to measure up the size of your sheds, decks and so on - so have this info handy before you start.

The calculator may miss important details. If it doesn't ask a question about a particular feature of your property - such as ease of access to the site - that feature won't be in the sum insured you get from the calculator. The calculators offer a choice of "standard of building" scenarios. Make sure you check what these mean before completing the calculations - they make a big difference to the final sum insured.

Check whether GST is included. Some don't include it - and a 15 percent difference could be a lot of money!

EXCESSES

Excesses

If you make a claim against your house policy, you'll probably have to contribute the first few hundred dollars towards the repair or replacement.

This is called the excess.

You need to think carefully before making a small claim. As well as the excess, you can end up with a higher premium when your policy is renewed. You can also lose your no-claims discount – and this discount can reduce your premium by as much as 40%, depending on your policy.

Tip: You can lower the cost of your premium by choosing a higher excess (which means you carry some of the claim risk yourself).



EQC - WHEN DISASTER STRIKES

Your house insurance premium includes a levy that goes to the Earthquake Commission (EQC).

The Earthquake Commission's cover is called EQCover. It kicks in after an earthquake or other natural disaster, but you usually have to have private insurance to be eligible.

In an earthquake, EQCover pays:

- for damage to your home, but it's a capped amount. Ask us what the current cap is.
- for damage to your land. There is no cap on this, but it is restricted to land under and within eight metres of your home. It may cover land supporting access to your home (but not the driveway paving itself), up to 60 metres from your home, and some bridges, culverts and retaining walls.

Private house insurance policies don't cover land, earth or fill.

From July 2019 there is no EQCover for contents so it's important for you to have your own private contents insurance.

Other events

For other events, such as floods and storms, EQCover is only for land damaged. Just like private insurance policies, there are several conditions to meet and exclusions – it's worth checking the fine print on the EQC website before disaster strikes.

If you've been denied private insurance, you can apply to EQC for Direct EQCover. It's decided case-by-case. You have to prove you haven't been able to get private insurance. Not many properties have got Direct EQCover.

If you can't afford full cover from an insurance company, you could ask if it offers a fire only, or fire and burglary policy. This would be cheaper than all-risk cover and would mean you were still entitled to EQCover.



SUPER SURE

Your Insurance Super Heroes

www.supersure.co.nz

Ask us about:

- Multi Policy Discounts
- Making a Claim – One of the benefits of using **Super Sure** for your insurance needs is that we're on call to help you make a claim – **we've got your back!**
- The ratings of the insurance companies (it's important that your insurer has the financial strength to pay out any claim you might make)

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This document is not intended to act as advice. Rather, it's a generic introduction to some of the considerations relating to house insurance and every insurance policy should be fully read for specific terms and conditions. We highly recommend you seek advice from a Super Sure Super Hero for a FREE needs analysis and tailored insurance solutions.