

May 31, 2013

Reviewing insurance: a key part of every household's winter preparation

As temperatures fall across the country the Insurance Council of Australia (ICA) is urging householders to check their insurance policies are up to date and take steps to ensure their homes are well protected against heightened fire risks.

ICA CEO Rob Whelan says reviewing insurance policies is an important part of the preparation households should take this time of year as the colder winter weather kicks in.

"Tomorrow marks the first day of winter when the risk of house fires is greater than at any other time of year. People will spend more time in doors to escape the cold, and it's also when fireplaces, heaters, appliances and other electrical equipment are in greatest use," Mr Whelan said.

"It is important to make sure your assets are properly insured this winter. Checking insurance is up to date and has not lapsed can minimise the risk of devastating financial consequences if your home is damaged or destroyed by fire or extreme weather.

"Standard home insurance provides cover against domestic fires, but policyholders should have a clear understanding of what coverage they have, as well as any exclusions that may be part of their insurance policy."

Mr Whelan said most Australians do not have enough savings to rebuild a fire-damaged home or pay off a mortgage should they suffer a severe financial loss. Many also underestimate the cost of rebuilding their homes and replacing their assets.

"Insurance can't stop a fire damaging your home, but it can help you recover financially. It's a good idea to sit down and take some time to work out the value of your home and contents. You may be surprised at how quickly things can add up," Mr Whelan said.

"Households can avoid underinsurance by carrying out a detailed review of their insurance needs by carefully checking the cost of rebuilding their home and the cost of replacing all of their belongings."

Top five household insurance tips

- If you have made any significant purchases during the year, such as jewellery, check to see if you need to list these item separately under your policy
- Review your sum-insured when you undertake any renovations or alterations that might affect the value of your property
- Check whether your policy covers supplementary costs – other expenses you'll be up for if your home needs to be rebuilt such as temporary accommodation
- Online insurance calculators can help you calculate the value of your assets and ensure you have the right level of cover. To assist policyholders, the ICA also provides buildings and contents calculators. They are available [here](#)
- Remember the cost of rebuilding your home is not the same as its real estate value

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Handy web links:

- The ICA's Find an Insurer service allows consumers to search more than 230 general insurance categories, and more than 100 Australian general insurance brands to find the policy that is right for them. The service is available at: www.findaninsurer.com.au
- The ICA provides an underinsurance calculator on its website to guide householders on the likely costs of replacing property and contents:
<http://www.insurancecouncil.com.au/for-consumers/calculators>
- Policyholders can download a consumer information sheet on the risks of underinsurance here:
<http://www.insurancecouncil.com.au/assets/files/avoiding%20underinsurance.pdf>