



Keeping house

Binning your old policy for a different provider could end up saving you a tidy sum on your home insurance. However, make sure to brush up on the key features first.

According to the latest fact file from the Irish Insurance Federation, the household insurance market in Ireland is worth some €467 million annually with insurers making an underwriting profit of €83 million. However competition is intense, with many different insurers vying for your business. We outline some of the main things homeowners need to consider and survey the annual premiums of ten providers.

Insurance recap

Buildings

Most insurance companies define buildings as your private dwelling house for residential purposes only built with brick, stone or concrete and roofed

substantially with slates or tiles. Timber framed houses are generally treated the same as standard houses and cost the same to insure. However, insurers will consider the age of your house when calculating your premium and some companies will not cover a very old house. For example, Hibernian Aviva will not insure houses over 100 years old.

As well as fixtures and fittings within your home, buildings cover usually also includes outbuildings, detached garages, swimming pools, tennis courts, fuel tanks (and their contents), terraces, patios, driveways, footpaths, walls, gates, fences lawns and hedges. However damage to these items generally will not be covered unless your house is also damaged at the

same time and by the same cause.

Contents

Contents insurance covers your household goods and personal effects belonging to you or to members of your household. Property otherwise insured is generally excluded, along with motor vehicles, water craft, trailers, caravans, and animals or livestock. Paper items such as deeds, bonds, certificates and other documents also tend to be excluded for cover. Many insurance companies automatically increase the value of your contents insurance at Christmas to give added cover for the increased number of valuables which may be in your home at the time. For example, Allianz increases

AT A GLANCE

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TIPS TO REDUCE YOUR PREMIUM

- **Don't pay monthly** As with other forms of insurance, many insurance companies charge more for accepting payments monthly as opposed to paying an annual premium in one go. In our price survey, insurance cover with Allianz for a 2 bedroom terraced house in Dublin with a rebuild cost of €200,000 is €209 per year. However, if you decide to pay monthly the cost works out at €225 – an increase of almost 8%.
- **Get alarmed** Fitting your property with both burglar and smoke alarms can knock a chunk of your annual premium with many insurance providers. 123.ie and Eagle Star will reduce the cost of insurance by 5% if you have a working smoke alarm while Quinn Direct offers a 10% discount. AXA and Hibernian both charge 10% less on insurance premiums if the property is protected with a burglar alarm (unmonitored). Remember though – if alarms aren't used or are broken then a claim may be invalidated.
- **Increase your excess** Agreeing to pay a higher excess on claims could qualify you for a discount on your policy. For example, 123.ie will give a 10% discount if you agree to pay the first €500 of any claim yourself and 15% off with a €1,000 excess. Hibernian costs 2.5% less with an increased voluntary excess of €200 and AXA costs 7.5% less when the policy excess is €500.
- **Buy in a bundle** Some companies will reduce your premiums if you hold multiple policies with them. Quinn Direct offers free home insurance worth €200 for three years if you also have its motor and health cover. Having motor insurance with AXA entitles you to a 15% discount on its home policy. However, be mindful that by bundling insurance you are also tying yourself into keeping your business with one company so make sure you get the cover you want across all of your policies.
- **Age fast** Surprisingly, older customers tend to get home insurance for less than their younger counterparts. Many insurance companies offer policy discounts if the applicant is over the age of 50. Zurich will give you a 5% discount if you are aged between 50 – 59 years and 10% if you are over 60. FBD and Quinn Direct discount policies by 15% to applicants aged over 50.

the contents sum insured by 10% during the months of December and January. Quinn Direct increases contents cover by the same amount during December only.

High risk items

High risk items might include valuables such as jewellery, precious metals, timepieces, photographic equipment, works of art, antiques, and electronic equipment. Most insurers will cover loss or damage to these items up to a maximum value and subject to certain conditions. For example, with AIG Insurance, no individual high risk item is covered for more than €5,000 and the total value of these items is covered for not more than 40% of the contents sum insured. However, if you have many high risk items worth more than €5,000 you can have these added to your policy although it may result in a higher premium.

Not market value!

You would be forgiven for thinking that the market value of your home is the figure that you should be insuring it for. However, the level of cover that you need should be based not on the value of your home to sell, but on the value of your home to rebuild if it was totally destroyed. Insuring your home for its market value will mean you are likely over-insured and paying too much in premiums. This will not result in any extra benefit should you make a claim.

Rebuilding costs

You can work out the likely cost of rebuilding your home from the *Guide to Rebuilding Costs* which is compiled every year by the Society of Chartered Surveyors. The latest survey, which was published in May 2008, shows that rebuilding costs have continued to rise since the last time we reported on home insurance in 2006. For example, the

reinstatement cost of three-bedroom terraced house in Dublin was €187,815 in 2006 versus €200,355 at 2008 prices – an increase of 6%. You should therefore allow for these increases if you are taking out a new policy or switching providers. It's also important to remember that these figures represent the minimum cost of rebuilding your home and are based on estate-type houses built from the 1960s onwards. If your home has been built with special design features, has a garage or has higher than average specifications then your rebuild cost will be higher.

Leaving town?

Thinking of going to Australia for six weeks? If so, then be careful you don't invalidate your insurance policy as most insurers have clauses relating to the amount of time that you can leave your house unoccupied. The precise length of time you can be gone for and the cover

HOME INSURANCE PRICE SURVEY

Type	HOUSE				INSURANCE COST (€)						
	Location	Bedrooms	Rebuild cost (€,000)	Value of contents (€,000)	AIG Direct	Allianz ¹	AXA	Hibernian ²	Zurich ³	Quinn ⁴	FBD ⁵
Terrace	Dublin	2	200	25	235	209	258	226	211	178	239
Semi-detached	Cork	3	180	25	235	262	317	218	228	188	233
Detached	Galway	4	190	25	243	275	347	264	268	193	242
Detached bungalow	Donegal	2	140	Buildings only	167	103	235	189	218	202	175

NOTES: Information correct as at 7 November 2008. All quotes include 2% Government levy. Quotations were made assuming a 45 year old male applicant; the properties were alarmed, not liable to any flooding or subsidence and with a 3-year no-claims history. Excess payable is €250 unless otherwise stated. N/A: not available. ¹ Contents cover calculated at 15% of rebuild cost. ² Contents cover calculated at 20% of rebuild cost. Policy excess is €125. ³ Standard excess payable is €120. ⁴ Standard excess payable is €125. ⁵ Standard excess payable is €200. ⁶ Standard excess payable is €125. Contents cover calculated at 20% of rebuild cost.

SCS GUIDE TO HOUSE REBUILDING COSTS 2008

HOUSE			REBUILDING COST (€/m ²)				
Type	Number of bedrooms	Typical size (m ²)	Dublin area	Cork area	Galway area	Waterford area	Limerick area
Terrace	2	70	2,211	1,668	1,663	1,618	1,715
	3	95	2,109	1,571	1,563	1,540	1,588
Semi-detached	3	95	2,198	1,666	1,599	1,642	1,705
	4	118	2,012	1,491	1,480	1,470	1,472
Detached	4	118	2,071	1,518	1,491	1,515	1,581
Detached bungalow	4	146	1,967	1,491	1,429	1,420	1,603

that you lose depends on the insurer. For example, if you are insured with Quinn Direct and you leave your home unoccupied for 30 or more consecutive days your insurance will not cover loss or damage to valuables or money from the buildings, or loss to any other contents or buildings caused by theft or robbery. With AIG and Allianz the maximum time you can leave your house unoccupied for is 35 days, while One Direct allows up to 60 days.

Moving

If you are moving house you should contact your insurance company to clarify your level of cover, as coverage will vary depending on the insurer. Most insurance companies will provide cover for contents during a move under certain conditions. AIG will only cover loss or damage to contents in the course of removal if this is carried out by a professional removal contractor and provided the removal is from your insured property to your new permanent residence in Ireland. Claims for property that is in storage will not be accepted nor will any damage to fragile goods such as crockery and glassware unless these articles have been packed for removal by

CALCULATING YOUR REBUILDING COSTS

INTERNAL AREA OF YOUR HOUSE (m²)

Ground floor	=	
First floor	=	
Total	=	A
Rebuilding cost	€	B
Multiply A x B	€	C
Add for garage	€	D
Add for higher-than-average kitchen fittings	€	E
Add for built-in wardrobes etc	€	F
Add for special finishes (e.g. hardwood floors)	€	G
Add for rebuilding any outbuildings	€	H
Add for rebuilding fences/walls	€	I
Add for any other uncovered items (e.g. fire alarm)	€	J
Total (add C-J)	€	

Courtesy of The Society of Chartered Surveyors (SCS)

professional packers. It may be possible to make a claim for contents that have been temporarily removed although it is likely that cover will be limited to a certain percentage of the sum insured on contents (usually 10% to 15%).

Exclusions

Most insurers have a list of exclusions which invalidate any claims associated with them. General exclusions include loss or damage due to war or terrorist acts, radioactive contamination, sonic boom damage and general wear and tear. Also, any property held in connection with any business or trade outside the home other than home office equipment is likely to be excluded from cover. If your property is exposed to flood risks, has been flooded or is liable to subsidence then you may find it more difficult to get home insurance.

Our survey

We surveyed ten insurers across the Irish market, including some online brokers, for buildings and contents insurance for four typical scenarios. We found that:

- For a 2-bedroom terraced house in

Dublin with a rebuild cost of €200,000 Quinn Direct provided the cheapest quote at an annual premium of €178. The most expensive quotation was from Onedirect.ie at €295

- For a 3-bedroom semi-detached house in Cork city with a rebuild cost of €180,000 the cheapest provider was Quinn Direct at €188. Onedirect.ie was the most expensive at €368
- For a 4-bedroom detached house in Galway city with a rebuild cost of €190,000 Quinn Direct was again cheapest at €193. Onedirect.ie was also the most expensive with a quotation of €359
- Finally, we obtained quotations for buildings-only insurance for a 2-bedroom detached bungalow in Donegal used as a holiday home. In this instance the cheapest provider was Allianz, which quoted an annual premium of €103. AXA was the most expensive, coming in at €235.

Overall, across all profiles the average saving to be made by switching from the dearest to the cheapest provider was €149 per year.

Useful contacts

Irish Insurance Federation

Insurance House
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fax (01) 676 1943
email fed@iif.ie
www.iif.ie

Department of the Environment, Heritage and Local Government

Custom House
Dublin 1
1890 20 20 21
www.environ.ie

Financial Services Ombudsman

3rd Floor
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financialombudsman.ie

Society of Chartered Surveyors

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tel (01) 676 5500
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Useful website

www.itsyourmoney.ie

Bestquote.ie	123.ie	Onedirect.ie ⁶
292	212	295
313	205	368
312	233	359
n/a	178	n/a