Publication: Cover
Title: Wynand van Vuuren, King Price Insurance client experience partner
AVE: 28487.19
Page: 18
Publish Date: 01 July 2021
Author: Unspecified

SHORT TERM

Buildings insurance: Don't get caught short when disaster strikes

Wynand van Vuuren, King Price Insurance client experience partner

Owners need to stay on top of their home's maintenance and only use accredited builders and engineers to do any work on a house. And, most of all, make sure they are insured correctly: They should not just rely blindly on the buildings insurance policy that's offered by the bank when they take out a home loan.

These are the key takeaways from the Ombudsman for Short Term Insurance's (OSTI's) latest report, which shows the primary source (47%) of buildings insurance (also sometimes referred to as homeowners insurance) complaints in 2020 was the rejection of claims based on policy exclusions for damage caused by defective design, construction or workmanship; wear and tear; and lack of building maintenance.

The Ombudsman specifically highlighted the issue of buildings insurance policies issued under a home loan. Many homeowners assume that because the bank has issued the policy, that they're automatically covered for anything that goes wrong. Nothing could be further from the truth. When the bank evaluates a house before you purchase it, all it's doing is establishing whether the property is of sufficient value to act as security for the loan. It doesn't inspect the property for insurance purposes, and the assessment doesn't declare the property free from underlying structural defects, wear and tear, or other maintenance-related issues. It's the home owner's responsibility to ensure that the building is properly maintained and structurally sound. **So what can a homeowner do to avoid frustration at claim time? Here are four top tips.**

MAKE SURE THE HOUSE IS INSURED FOR REPLACEMENT VALUE, NOT MARKET VALUE

Homeowners are responsible for insuring their home for the correct value. Buildings insurance should cover what it would cost to rebuild your property from the foundations up, including your boundary walls, solar panels, swimming pool, taps and tiles. It should even include what you'd need to pay in a worst case scenario, like demolition charges and waste removal, and the professional and municipal fees that are part of the building process. If you under-insure, you're going to run into problems at claim time. If you insure a R1 million property for R500 000, you're 50% under-insured. This means your insurer will only settle 50% of any claim, even if it's less than the total insured value.

KEEP YOUR HOME IN GOOD CONDITION

Your buildings insurance only covers you for unforeseen future events. Therefore, any damage that's due to wear and tear, or a lack of maintenance, will be excluded by your insurer. The onus is on you to maintain your buildings to avoid wear and tear that might later cause or contribute to damage, like worn waterproofing or blocked gutters. Damage due to defective design or construction is also excluded. That's why you should always make use of accredited builders and engineers. And if possible, have a home inspected by a professional before purchase to point out any latent defects that could cause problems down the line.

HOME OWNERS SHOULD TAKE CONTROL OF THEIR OWN INSURANCE

If you've got a bond, it's compulsory to have buildings insurance. This is often taken care of by your bank, and the premium is 'hidden' in your monthly bond repayment. But you're not obliged to accept your bank's quote, and it's possible you'll get a cheaper premium from the insurer that covers the rest of your valuables. It's always your right to choose the insurer you want to work with.

REVIEW HOME CONTENTS COVER REGULARLY

They should review home contents insurance at least once a year. As with buildings insurance, the key is to make sure that you cover your home contents for their current replacement value – don't guess. And remember, insurers can only protect what they know about. It helps to keep the original receipts for items like big screen TVs, so that you can prove their value if you need to claim.

Full Page Image

Publication: Cover
Page: 18
Title: Wynand van Vuuren, King Price Insurance client experience partner
Publish Date: 01 July 2021
AVE: 28487.19
Author: Unspecified

www.novusgroup.co.za | Tel: 011 568 3337 | clientservice@novusgroup.co.za | Copyright Novus Group (Pty) Ltd.