

Introduction

This guide is intended to assist you in insuring your home and briefly explains some of the more important aspects of house insurance.

It also seeks to emphasise the importance of adequately insuring what is probably your most valuable possession.

Remember that home insurance policies differ, some covering more than others; hence the importance of examining your policy carefully and insuring for the correct amount.

Guideline costs

The costs included in this guide are a guideline to the MINIMUM value for which you should insure the structure of your house.

Applying these rates to the area of your house will give you a base, which you should add to in order to cover other costs, such as boundary walls, garages, fitted kitchens, etc.

The insurance value for houses varies greatly depending on the type of house, i.e., Georgian, modern, with or without basement, etc.

The costs in this guide are intended to cover typical, speculatively built estate-type houses in Dublin, Cork, Galway, Waterford and Limerick, which were built since the 1960s. If you have another type of house, for instance a Georgian or Victorian house, the costs in this guide will not be appropriate to adequately insure your house. If you have a house of this more unusual type, you should have a reinstatement cost assessment carried out by a Chartered Quantity Surveyor.

The costs are calculated on a total loss situation, i.e., the house has been totally destroyed and has to be demolished and totally rebuilt. In addition to demolition and reconstruction, the costs also allow for building surveyors'/architects'/quantity surveyors' fees, and for value added tax at the correct rates at the time of printing this guide.

The costs do not include any allowance for contents such as carpets, curtains, loose furniture and domestic appliances. A separate insurance policy for contents is required.

Market value

It is sometimes thought that the market value of the house, in other words the price achieved when the property is sold on the open market, is the value for which the property should be insured. This is, however, irrelevant as the market value of a property generally has little relationship to the reinstatement value.

IMPORTANT ASPECTS OF HOUSE INSURANCE POLICIES

The average clause

Unless your property is insured adequately, you may be penalised under your policy by having to pay a certain proportion of the reinstatement costs. It is therefore extremely important to have the property sufficiently insured. Where, for example, the insured sum is only 75% of the total reinstatement cost, you will only receive 75% of the agreed cost of reinstatement, whether the claim is made for partial replacement or total loss.

For example, in the case of a house insured for €270,000, where the total reinstatement cost was €360,000, the insured party would receive only €270,000 to reinstate the house in the event of the total loss. The insured party would thus be obliged to provide the balance of €90,000.

Similarly if there is a partial loss, which costs €60,000 to repair, the insured party would only receive

$$\begin{array}{l} \text{€270,000} \\ \text{€360,000} \times \text{€60,000} = \text{€45,000} \end{array}$$

and would have to provide the balance of €15,000.

Reinstatement

Most insurance is intended to leave you in substantially the same position after the damage as before. Therefore, in order to avoid problems with deductions for wear and tear, you should make sure that your policy includes cover for full reinstatement, or "new for old".

Index linking

The costs included in this guide are based on building rates as of March 2011, and do not allow for inflation during the duration of the policy, or the period between any loss occurring and reinstatement. You should ensure that your policy is index linked to avoid any shortfall that might otherwise occur.

How to use the tables

- If your house conforms to the standard types in the included table of costs, you can use the following method to give a broad indication as to the amount for which you should insure.
- Using the table of costs, the exercise is a simple matter. You should calculate the total floor area of your house by measuring the internal length and breadth of the house and multiplying these measurements together.
- Normally the upper floor is the same size as the ground floor. However, if it is different you should calculate each area separately. The area of the ground and upper floors should be added to give the total floor area of the house.
- Consult the table of costs and choose the appropriate rebuilding cost figure (two-bed terrace, three-bed semi, etc.). Multiply the total floor area by the cost figure and add for the cost of a garage if applicable.
- You should add for higher than average kitchen fittings, built-in wardrobes, finishes, etc. You should also add for fire alarms and security alarms, and for any outbuildings, walls, fences, patios, etc.

Annual renewal

It is essential that you re-assess your level of cover every year, based on current rebuilding costs, making allowance for any improvements or extensions that you may have made since your last renewal date.

Building Regulations

On the assumption that the insurance policy is 'new for old', that the structure insured does not conform to the current Building Regulations and, most importantly, that the sum insured is adequate to include the cost of complying with the regulations in rebuilding, then, in the case of a total building loss as defined by the insurance company, the standard household policy will cover you for rebuilding to conform with the new Building Regulations.

In case of doubt concerning any aspect of your policy, you should contact your insurance company or broker.

TABLE OF COSTS MARCH 2011

House type	No. of bedrooms	Typical size	DUBLIN AREA	CORK AREA	GALWAY AREA	WATERFORD AREA	LIMERICK AREA
			Rebuilding cost	Rebuilding cost	Rebuilding cost	Rebuilding cost	Rebuilding cost
Terraced	2	70 sq m	€1,820 sq m	€1,402 sq m	€1,375 sq m	€1,373 sq m	€1,395 sq m
		(753 sq ft)	€ 169 sq ft	€130 sq ft	€128 sq ft	€128 sq ft	€130 sq ft
	3	95 sq m	€1,743 sq m	€1,320 sq m	€1,295 sq m	€1,304 sq m	€1,316 sq m
		(1,023 sq ft)	€ 162 sq ft	€123 sq ft	€120 sq ft	€121 sq ft	€122 sq ft
Semi-detached	3	95 sq m	€1,759 sq m	€1,339 sq m	€1,317 sq m	€1,314 sq m	€1,321 sq m
		(1,023 sq ft)	€ 163 sq ft	€124 sq ft	€122 sq ft	€122 sq ft	€123 sq ft
	4	118 sq m	€1,738 sq m	€1,319 sq m	€1,301 sq m	€1,291 sq m	€1,277 sq m
		(1,270 sq ft)	€ 161 sq ft	€122 sq ft	€121 sq ft	€120 sq ft	€119 sq ft
Detached	4	118 sq m	€1,767 sq m	€1,338 sq m	€1,307 sq m	€1,332 sq m	€1,332 sq m
		(1,270 sq ft)	€ 164 sq ft	€124 sq ft	€121 sq ft	€124 sq ft	€124 sq ft
Detached Bungalow	4	146 sq m	€1,707 sq m	€1,314 sq m	€1,277 sq m	€1,253 sq m	€1,350 sq m
		(1,572 sq ft)	€159 sq ft	€122 sq ft	€119 sq ft	€116 sq ft	€125 sq ft

Garage: Total rebuilding costs range from €13,527 for a single attached garage to €24,282 for a double attached garage. This table is a guideline based on a typical speculatively built, estate-type house in the Dublin, Cork, Galway, Waterford and Limerick areas. These figures are March 2011 figures. See important notes below.

- The figures shown in the table are a MINIMUM base cost guide for your house insurance.
- The figures are based on estate-type houses built in the Dublin, Cork, Galway, Waterford and Limerick areas since the 1960s. They exclude: (a) properties with more than two storeys or with basements or habitable attics; (b) 'one-off' houses with special design features or period houses; and, (c) apartments/residential flats because of split responsibilities for shared areas. The insurance of apartments is covered in the block service charge. Owners should confirm with their management companies/agents that their apartment block has been valued for insurance purposes, and that the insured value is current.
- The figures assume a basic quality specification with normal foundations, brick/block walls, concrete tiled roof, concrete ground floor and timber first floor, softwood flush doors and hardwood double glazed windows, painted plaster to walls, plastered ceilings, standard electrics and central heating. The sum insured should be increased to allow for better than average kitchen fittings, built-in wardrobes, finishes and any other items not normally included in an estate-type house (e.g., fire alarm).
- House contents such as carpets, curtains, furniture, etc., are not covered by the figures.
- No allowance has been made for the cost of outbuildings, patios or boundary walls. The figures do, however, allow for a concrete path around the house, for driveway repairs and regrassing.
- The figures allow for demolition costs, professional fees incurred in reinstatement and VAT at 13.5% on building costs and 21% on professional fees.
- The amounts included for professional fees have been calculated to cover the following services:
Building surveyor/architect: prepare working drawings and specification, and administer the building contract.
Quantity surveyor: invite and examine tenders, process payments and agree final account.
Provision has not been included to cover the cost of a structural engineer, who might be required in some cases. Fees associated with the preparation of insurance claims are not included.
- The costs are based on building rates ruling in March 2011 and do not allow for inflation during the duration of the policy and the period between any loss occurring and reinstatement.

CALCULATING YOUR REBUILDING COSTS

Internal area of your house

Ground floor	=	
First floor	=	_____
Total	=	A
Rebuilding cost = (see chart)	€	B
Multiply A x B =	€	C
Add for garage (see table)	€	D
Add for higher than average kitchen fittings	€	E
Add for built-in wardrobes, etc.	€	F
Add for special finishes (e.g., hardwood timber floors)	€	G
Add for rebuilding any outbuildings	€	H
Add for rebuilding fences/walls	€	I
Add for any other items which are not covered (e.g., fire alarm)	€	J
Total (Add C-J)	€	_____

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