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Important Notice about Under Insurance on Household Insurance Policies

We are writing to you today as your insurance provider to encourage our customers to check that their homes are adequately insured to avoid the risk of under insurance. The Society of Chartered Surveyors Ireland (SCSI) has recently updated their guide on the rebuilding cost of homes, which shows an **increase of 28%** on average since their last published rebuilding guide. For some regions/house types in Ireland, the increases have been over **40%**.

These figures reflect the much higher rebuilding costs due to increases in materials and labour but also reflect higher costs that are now associated with the latest building regulations and specifications required.

What is Under Insurance?

This is where the sums insured on your policy are at an amount that is less than the value it will cost to reinstate, repair or replace them. All Buildings (including the cost of demolition and debris removal), Contents, and Personal Possessions should be insured for their full reinstatement or the replacement value.

What happens if I am under insured?

Where your property is underinsured, you will **not be fully protected** against loss or damage and the value of any claim is reduced by whatever proportion is represented by the level of under-insurance.

Example of Under-insurance:

For example, where a house with a full rebuilding cost of €400,000 is insured for €200,000 i.e., only 50% insured. If there was a claim for partial damage to the building of say €50,000, then only half of that claim would be paid, equalling €25,000. If the house was fully destroyed, then the maximum amount that would be paid would be €200,000.

Does RSA Insurance have anything in place to help prevent my home from becoming underinsured?

- Your Buildings sum insured will be index-linked in line with the average increases in rebuilding costs between the published rebuilding guides produced by the SCSI. We will apply this increase when we are preparing your next renewal.
- Your Contents sum insured will be index-linked in line with the furnishings, household equipment, and routine household maintenance section of the Consumer Price Index produced by the CSO. We will apply this increase when we are preparing your next renewal.
- Your Personal Possessions cover will not be index-linked, and we would encourage you to regularly review the sums insured to ensure they still adequately meet your needs.

For all of our customers who renew from the 1st of January 2023 onwards, we are applying this overall average increase of 28% to the Building's sums insured on record. We will also apply a 4.5% increase to the Contents Sum Insured reflecting the Furnishings, Household Equipment, and Routine Household Maintenance section of the Consumer Price Index produced by the Central Statistics Office in August 2022 (please note these increases may be subject to change).

Important Note – Index-linking and reviewing Your sums insured

It is important to note that index-linking is not specific to your property and relying on index-linking alone may not be sufficient to protect you from underinsurance, especially at renewal or during the policy period if you have made

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changes, additions, or upgrades to your home. It is vital that you review your sum insured regularly to ensure you have adequate cover to meet your needs. The SCSi point out that the rebuild figures in their guides are based on estate style houses and if you have another type of house, for instance, a Georgian, Victorian or Passive house, the costs in this guide will not be appropriate to adequately calculate the amount to 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. Note that under the "Find an Expert" section on the SCSi.ie website you can search for registered Surveyors in your area.

We strongly recommend that you do not wait until Your renewal date to take action.

How much should you insure your Buildings?

Buildings Sum insured should represent the amount you would have to pay to rebuild your property again (and comply with the latest building regulations and specification) should there be a total loss. It is sometimes thought that this is the market value of the Property, however, the market value generally has little relationship to the rebuild value. It is important to insure Your Property for the correct amount. For a good guide on how to calculate the rebuilding cost of your property visit www.scsi.ie

How much should you insure your Contents?

Your Contents include all the items you would reasonably take with you if you were moving house. Your Contents Sum insured is the total value of replacing all your Contents as new should there be a total loss, for example in the event of a fire. To calculate your Contents Sum insured you should add up the replacement cost of all Contents in each room of your property and its outbuildings.

You have checked your sums insured and feel they need to be increased – What should you do?

You should contact Your Insurance broker with your revised sums insured, they will contact you if there is any additional premium due. Please note if you make amendments to your sums insured during the year, we will still apply an uplift through index-linking, to your sums insured when we are preparing your renewal. Please review your sums insured again when you get your next renewal pack.

Note: If you do not have the facility to access the SCSi.ie website or their online SCSi rebuild calculator please contact your broker.

Yours sincerely,



RSA Insurance Ireland DAC