

A lot of people seem to think that insurers all offer the same prices – they don't. Prices differ and so do the benefits and features insurers offer. And, more often than not, people buying home insurance ignore the old saying, 'it pays to shop around'. Homeowners should take advantage of potential savings on their insurance by telephoning or using the internet to check a competitor's offering.

FAST FACTS

One in seven Australian households (15 per cent) has no home or contents-related insurance to protect their home and belongings (source: Sweeney Research 2007)

Nationally, homeowners are more likely to take out home insurance than renters: 97 per cent versus 39 per cent (source: Sweeney Research 2007)

Nationally, almost two-thirds (63 per cent) of respondents with home insurance are unlikely to seek a competitive quote in their next insurance renewal (source: AAMI Market Monitor, 2007)

Nationally, two-thirds (67 per cent) of respondents with home insurance said that cheaper insurance is the key reason to switching to a new insurer (source: AAMI Market Monitor, 2007)

HOME SECURITY MEASURES

- One in 10 Australian households (11 per cent) has no security on their home such as deadlocks, windowlocks, alarms, security bars or safes (source: Sweeney Research 2007)
- More than one-third of Australian householders (37 per cent) admit they have left their external doors unlocked when they should not have (source: Sweeney Research 2007)
- People who live in regional areas were less likely than their metropolitan counterparts to have some form of home security such as deadlocks or alarms – 84 per cent versus 92 per cent (source: Sweeney Research 2007)
- One in 14 Australian householders (seven per cent) do not take any security measures to protect their home when they go away on holidays (source: Sweeney Research 2007)

THEFT INFORMATION

- Onethird (33 per cent) of Australian householders have been burgled at least once in their current home (source: Sweeney Research 2007)
- More metropolitan residents have been burgled in their current home than regional residents – 34 per cent versus 31 per cent (source: Sweeney Research 2007)
- One quarter of Australian households (24 per cent) have been broken into while its occupants were at home (source: Sweeney Research 2007)

GENERAL TIPS FOR BUYING HOME INSURANCE

Insurers consider a range of factors when determining home insurance premiums, such as the value of the building, the age, construction and kind of dwelling, the value of contents, the value of benefits included in the policy, the customer's insurance history and address of the home.

- Shop around for the cover that will best suit your needs, as policies may have different benefits, limitations and exclusions – avoid making a choice based only on price, as your policy is only as good as the service you will receive if you need to make a claim
- If you're sharing a home with other people, all those people must be named on the policy for their property to be covered
- Keep receipts, bank and credit card statements, agreements and reports, or any other proof of purchase or ownership, such as valuations and photographs (either of the specific piece of property or personal photos in which the property may be easily identifiable)
- Check with your insurer about whether multi-policy discounts are available — sometimes by 'bundling' your policies with one insurer, you can save money

Shopping for Home Insurance

Continued

- Secure your property to the best of your ability – in some cases, you'll receive discounts for adding extra home security measures
- Consider choosing a higher excess (the amount of money the customer contributes in the event of a claim), in exchange for an upfront saving on your home insurance premium
- Try to accurately estimate the value of your home buildings and contents and insure your home for its correct value – AAMI has easy-to-use home buildings and contents calculators on its website www.aami.com.au

WHEN BUYING HOME BUILDINGS INSURANCE

- Establish a total level of cover for your home that reflects the worst case scenario: losing your entire home – consider not just the cost of rebuilding, but costs to remove debris or demolish structures, engineering and architectural fees, approvals etc
- Include the value of pools, patios and pergolas, garages, fireplaces, security systems, air conditioning, tennis courts, multiple wet areas
- Review the sum for which you are insured annually – consider any improvements you have made to your home such as new fittings or fixtures, and whether they have increased your home's value
- Check your policy for any conditions that apply while your home is being renovated or when your home is unoccupied for any length of time
- Keep your property well maintained, indoors and outdoors – for example, clear your roof, downpipes and gutters regularly for any debris, keep trees and branches well-trimmed and clear of the house, repair any holes in roof tiles and mortar
- When buying or selling a home, keep your home insured during the period of settlement
- Ensure you accurately estimate the cost of replacing your items 'new for old' and regularly review your level of cover – consider the very worst-case scenario, that you were to lose all your possessions
- Consider furniture items, electrical goods, accessories, rugs and artwork
- Estimate the value of clothing, jewellery, personal items such as cosmetics and pharmaceuticals, accessories, toys, sporting equipment
- Consider collections such as CDs, DVDs, books, stamps etc and whether you need to insure these for specific amounts on your policy
- Remember to include items stored in buildings on your property but not inside the home, such as tools, barbeques, outdoor furniture, gardening equipment, camping equipment and sporting accessories kept in lock-up garages or sheds
- Check whether you can arrange insurance cover for items (that may be limited in the standard policy) for their full value, if listed separately (such as special collections, antiques or jewellery)