

FAQ

Home Insurance Guide



What is Index linking?

Index linking is a measure that insurers use to automatically adjust the sums insured of a Home Insurance policy to protect customers against the effects of inflation.

How can underinsurance impact the claims settlement?

Partial Damage Example

- The home is insured for €300,000 but the full cost to rebuild the property is €400,000.
- This means that the home is under-insured by €100,000 (25%).
- Damage occurs to the home and the cost to repair the damage is €100,000.
- The Average Clause condition for underinsurance deducts 25% (€25,000) from the cost of repairs.
- Therefore, the most the policyholder will receive is a payment of €75,000.

Total Loss Example

- The home is insured for €300,000 but the full cost to rebuild the property is €400,000.
- This means that the home is under-insured by €100,000 (25%).
- Damage occurs to the home where it requires a complete rebuild.
- As the home has been insured for €300,000 this is the maximum payment that can be made. The outcome is the same when the condition of average applies.

In both above scenarios the payment made to the policyholder is not sufficient to fully repair the damage caused and does not include deductions for excesses per policy documentation.

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Guidance on how to calculate House rebuild costs

- Refer customers to the Society of Chartered Surveyors Ireland (SCSI) website for guidance on understanding how on to calculate an appropriate sum insured for their property www.scsi.ie.
- When considering the sums insured, it is key to insure the home for the cost of rebuilding, not the market value.
- The rebuild cost should include any associated costs such as architect fees, engineers fees, debris removal, regulation fees.

