

THURSDAY 25 JULY 2024

## RACV OFFERS ADVICE TO AVOID UNDERINSURANCE

RACV has released new online resources to help people understand the risks of underinsuring their home and what they can do about it.

Building underinsurance is where the insured value of a home is insufficient to cover the cost of rebuilding or repairing.

Contents underinsurance is when the replacement value of general household items and personal belongings, such as jewellery, electronics, or artwork, is not accurately assessed and insured. In the event of theft, loss, or damage, the insured amount may not be enough to fully replace the items.

RACV General Manager Home, Bill Bloodworth, says underinsurance can have devastating financial consequences.

“Underinsurance is a major problem in Australia, particularly given the prevalence of natural disasters,” said Mr Bloodworth.

“After a bushfire or flood, a home can become a total loss, whereby the home needs to be completely rebuilt, or the majority of the contents need replacing. In this situation, if the household doesn’t have sufficient home and contents insurance coverage to fully rebuild their home or replace their contents, it makes an already distressing situation much worse.

“It may even mean the home can’t be rebuilt to the same size or quality of fixtures and fittings, or that the homeowner is forced to borrow additional funds to rebuild the home or replace their contents.

“The problem with underinsurance is that you don’t often know you’re underinsured until it’s too late, potentially causing a major financial and emotional headache when you are already under great stress.

“Victims of major events such as fire, storm damage or theft might have taken out what was the appropriate level of home and contents insurance coverage at the time but have not regularly reviewed their level of insurance coverage since, only to find out they’re underinsured when they need their home and contents insurance cover the most.

“One of the best ways to safeguard against underinsurance is to engage with professionals, such as builders and valuers, to get an estimate of the costs involved in rebuilding a home.

“Regular use of online building insurance and home contents insurance calculators can also help you gauge home rebuilding costs and the costs of replacing household possessions.

“When you get your home and contents insurance renewal notice, take 10 minutes to think about what you like about your home, what’s special about it, and how much is it going to cost to bring that special back.

“Ask yourself: ‘Can I rebuild my house or replace my contents for that amount of money?’ If you're not sure or the answer is ‘no’, it’s time to review your home insurance policy sum insured amount for your building and contents.

“RACV has a suite of online information for homeowners covering topics such as underinsurance, security, valuables and importantly how regular home maintenance can affect your insurance.

“Our customer support team is available to help anyone who requires assistance with their insurance needs. RACV also offers Teletypewriter services for those who are deaf, hard of hearing or have difficulty communicating,” Mr Bloodworth said.

RACV also offers a Mandarin speaking service between 9am and 6pm Monday to Friday, except public holidays.

For more information visit: <https://www.racv.com.au/insurance/home-insurance.html> and <https://www.racv.com.au/royalauto/property/insurance.html>

To access the building insurance calculator visit:

<https://sumsure.cordell.com.au/#/products/7/profiles/125?partner=12503>

To access the home contents insurance calculator visit:

[https://homecontents.com.au/index.php?c=web\\_general&profile=LAG\\_partners\\_rwd](https://homecontents.com.au/index.php?c=web_general&profile=LAG_partners_rwd)

**-ENDS-**

## **Further information**

**High-res images** are available for use, please email the RACV media team.

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RACV is proud to provide exceptional experiences for our members and customers through a range of products and services across motoring and mobility, home, energy and leisure. These include emergency roadside assistance, motor insurance, home insurance, home trades and an increasing range of options

in the cleaner energy space, such as RACV Solar. We have 10 clubs and resorts across Australia and offer a range of domestic and international holiday packages, tours and cruises from our trusted travel partners.

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