

# Underinsurance

## You may not get it all back if you're underinsured

Imagine what it would cost you, at today's values, to replace absolutely everything in your home, or to rebuild your home from the ground up. You may be surprised at how much things can increase in cost, even in just one year.

Underinsurance might not seem like an issue if you only need to replace a stolen television, but it could be a big problem if you need to rebuild your home from the ground up after a disaster like a flood, bushfire or accidental fire. If you are not fully covered, you may end up with a shortfall at a time when you can least afford it.

### Are you at risk of underinsurance?

Statistics show that nearly half of Australia's insurance policyholders are underinsured. Consider the following questions to see if you're at risk:

Has it been more than a year since you reviewed your insurance policy or had your cover updated? Y  N

Have you recently renovated your home or improved the value of it through extensions? Y  N

Have you made any significant purchases like a pool, shed or patio since your last policy update? Y  N

Have you purchased additional furniture or valuable contents like a 3D TV or jewellery? Y  N

Do you live in an area where building costs rise quickly? Y  N

If you've answered yes to any of these questions, you may be at risk of being underinsured.

## How can you reduce the risk of underinsurance?

We recommend you review your building insurance policy at least once a year to be certain your sum insured will cover the full costs in the event of a major repair or total loss of your home.

We've also put together some simple steps that you can take to keep your policies up to date and help minimise your risk of underinsurance.

### Use this checklist to ensure your policy is kept up-to-date

- Understand your policy and the level and value of cover it provides.
- Consider any changes or purchases you have made since your last renewal. Some examples to think about are:
  - Building extensions or renovations? This can increase your building value, therefore you may need to increase your building sum insured.
  - Newly purchased electronic equipment, furniture or appliances? This can increase your contents value; therefore you may need to increase your contents sum insured.
  - New personal valuables including jewellery that you take out of your home? You might need to add to your personal valuable cover.
- Check your policy sum insured limits and for added peace of mind, consider RAC Personal Valuables insurance for belongings that might not be covered under standard contents policies or require additional cover. This may include jewellery, watches, sporting, audio /visual equipment, GPS, laptops and video cameras.



## Do you have the right level of cover?

RAC Insurance recommends that you review your building and contents insurance regularly to make sure you have the right level of cover to suit your needs.



Use our home and contents insurance calculators at [rac.com.au/calculators](https://rac.com.au/calculators) to estimate the value of your home and its contents.

## What are you covered for with RAC?

RAC Home and Contents Insurance includes\*:

- » Fire cover (natural and accidental)
- » Flood, earthquake and storm cover
- » New for old cover on home contents, regardless of age
- » Cover for furniture, carpets, household goods, appliances and gardening tools
- » Cover for clothing, jewellery and precious items
- » Cover for tools of trade
- » Cover for fences

Need to update your cover?  
Call us on 13 17 03



\*Cover is subject to policy terms and underwriting criteria. Sum insured limits apply to certain items. Check our PDS to see if the policy is right for you. RAC Insurance Pty Ltd (ABN 59 094 685 882) issues these products. RAC Head Office: 832 Wellington Street, West Perth, WA, 6005.