

### **Zurich survey indicates inflation could be leading to underinsured homes**

- Over 1/3 of homeowners do not realise that premiums are calculated on rebuild cost and not value of home
- Almost 1/5 of homeowners (18%) have never reviewed the cost to rebuild their home or can't remember doing so
- Miscalculation of rebuilding costs risks leaving thousands of homes underinsured as 36% incorrectly insure their properties based on market value

**DUBLIN, 19th December 2022;** As inflation drives up building costs, a new survey indicates that Irish homeowners' insurance policies may not be keeping pace. According to the survey of over 1,000 Irish consumers, conducted on behalf of Zurich Insurance, many homeowners do not appear to have ensured their home insurance cover is in step with both rising inflation and increased building costs, potentially leaving homeowners underinsured if something happens.

The survey has highlighted that just one third of homeowners are confident they have adequate home insurance in place, while a further 65 percent say they are either "not very" or "not at all" confident.

**Jane Kidd, Chief Underwriting Interim Officer at Zurich Insurance** commented on the findings: "At Zurich, we want to ensure our customers are supported and equipped with the knowledge needed to make informed decisions around their insurance policies. Rising inflation costs, along with other factors like the ongoing impacts of the COVID-19 pandemic and political instability, have all affected many areas including increased costs in the construction industry. This has led directly to increases in the costs of rebuilding a home. Therefore, it is critical that homeowners make sure they have the right amount and right types of cover during this period of significant inflation, but unfortunately, according to our research, it appears that many individuals may not be properly prepared.

"To avoid under insuring, it is a good idea to conduct an annual review of your insurance policy to help ensure your home is fully covered. If your home is underinsured, you may not receive the full amount necessary to rebuild, repair or replace it in the event of partial or complete damage. Homeowners should be aware that rebuilding costs are increasing, and they should take steps now to update their coverage and protect against potential damage."

According to the research, 51 percent of homeowners surveyed are correctly insuring their properties, while over one third of homeowners (36%) are incorrectly insuring their properties by basing their calculation on their homes' market value as opposed to its rebuild cost. An insurance valuation refers to the 'building sums insured', which is the full cost of rebuilding a property including the cost of site clearance and architects' fees and should not be confused with the market value as doing so may leave home insurance holders underinsured.

A further 36 percent of people who took out a home insurance policy did not take any action to calculate their buildings sums insured, i.e., the rebuild cost of their home. However, one in four people used the rebuild cost calculator operated by the Society of Chartered Surveyors Ireland or another reputable operator, while 15 percent of homeowners organised a bespoke rebuild valuation through a building's surveyor.

Meanwhile, over a quarter (26%) of homeowners have reviewed the cost involved in rebuilding their home within the last year, 20 percent reviewed two years ago while a similar figure (19%) have left it three years or more. Almost one fifth of homeowners (18%) have never reviewed the cost to rebuild their home or can't remember doing so. High and rising inflationary costs across the construction sector mean

homeowners should be reviewing their rebuild cost annually when renewing their policy to avoid the possibility of homes being underinsured.

Elsewhere in the survey, almost 90 percent of homeowners surveyed reported having a home insurance policy in place that covers both their home building and belongings. Meanwhile, half of those surveyed say they estimate the overall contents in their home without considering the cost to replace them as new, while a further 32 percent calculate the contents of their home room by room, based on the cost to replace them as new.

**Jane Kidd, Chief Underwriting Interim Officer at Zurich Insurance offers the following tips to homeowners on how to avoid underinsuring a property:**

- “Each year, homeowners should review the amount for which they have insured their buildings and contents, especially in times of high inflation.”
- “Upgrades or additions to your home, including contents and personal possessions, may change the amount you need to insure your home for. Items such as a new sofa, laptop, television, or carpets may increase the cost to replace all contents as new. Installing a new kitchen, office, bathroom or fitted wardrobes may require a review of the cost to rebuild your home.”
- “To be totally confident that your home is fully insured, contact an independent surveyor, who will calculate the exact rebuild cost of your home. The Society of Chartered Surveyors provide a rebuild calculator give an indication of the rebuilding cost for your home at [scsi.ie](https://scsi.ie).”
- “Keeping your insurer informed of changes to your home, such as those listed above, will mean you are best protected in the event of a loss or damage.”
- “Homeowners should also look out for policies which include ‘inflation protection’ or an ‘index clause’ which may inflate the sums insured in line with inflation index.”

For tips on how to avoid your home being underinsured see here: [Underinsurance Tips | Home Insurance | Zurich Ireland](#)

**ENDS**

**Notes to the Editor**

**For further information please contact:**

Susannah Kerr, Reputation Inc, [Skerr@reputation-inc.com](mailto:Skerr@reputation-inc.com)

**About Zurich in Ireland**

Zurich is one of Ireland’s leading insurance companies providing a wide range of general insurance and life insurance products and services. The company employs over 1,000 people across its locations in Dublin and Wexford.

Zurich in Ireland is part of Zurich Insurance Group (Zurich), a leading multi-line insurer serving more than 56 million customers – both people and businesses – in more than 210 countries and territories. Founded 150 years ago, Zurich is transforming insurance. Reflecting its purpose to ‘create a brighter future together’, Zurich aspires to be one of the most responsible and impactful businesses in the world. It is targeting net-zero emissions by 2050 and has the highest-possible ESG rating from MSCI. In 2020, Zurich launched the Zurich Forest project to support reforestation and biodiversity restoration in Brazil.

The Group has about 56,000 employees and is headquartered in Zurich, Switzerland. Further information is available at [www.zurich.com](http://www.zurich.com).

**About the Research:** This research was conducted by Qualtrics Research on behalf of Zurich Insurance via a nationally representative online panel of 1,100 Irish adults aged between 18 and 65 years old. Quotas

were placed on gender, age, and region, with weighting applied to ensure final data was representative of these quotas. Fieldwork was conducted in June and July 2022.