

## Why EVERY Homeowner Needs Sufficient Insurance



The insurance gap in South Africa is a cause for real concern, with the Association for Savings and Investments South Africa (ASISA) confirming that many working individuals have a shortfall of at least R1 million in life cover and R1.4 million in disability cover. And, while it can be challenging to think about insurance when so many are juggling high food and fuel prices, it's critical that South Africans have enough cover in place to ensure that their loved ones are financially protected against the unexpected events life may throw their way – whether that's death, disability, being diagnosed with a serious illness, structural damage to a home, or the loss of possessions.

As a homeowner, making sure that you have sufficient insurance is crucial. That's because, with your home likely to be the most significant investment you will ever make, you need to make sure that it's protected against potential disasters like heavy rains, floods, power surges and landslips, but also that your family is able to continue living in it if anything ever happens to you.

**To keep your home, and everyone and everything in it, protected, you need to consider:**

### Life Insurance

While life insurance is not typically thought of as a home insurance product, it plays a critical role in helping you take care of those closest to you.

Life insurance ensures that your bond and other financial needs, like your children's education, are covered if you die, become disabled, or are diagnosed with a serious illness. By making sure that you have sufficient cover and benefits, you can ensure that your family can stay on in the home you've created together if you're no longer able to provide for them.

Fifty percent of homeowners applying for bonds don't take out life insurance with their building and home contents insurance. This is a worrying trend because when life insurance doesn't form part of your holistic home insurance plan, you're essentially setting your family up for financial ruin as whatever you owe on your home will become their burden to deal with when you pass away.

### Homeowners Cover

Homeowners cover, or buildings insurance as it's often called, protects the physical structure of your home against a range of insured risks that include damage caused by geysers, water, fire, landslip, floods or lightning, as well as malicious damage to the property.

Homeowners cover is a bank requirement and protects the roof over your head. When the bank gives you a loan, they do it against your asset – in this case, your home – which means that if your house is destroyed as a result of fire or another unexpected event, you're still liable to pay the money back to the bank. By making homeowners cover a requirement, the bank can then ensure that you have the necessary funds available to repair or rebuild your house, so that you're not left paying back a loan for an asset that no longer exists. And that buys you huge peace of mind too.

Your home should be insured for its current replacement value – what it would cost to rebuild if it was destroyed. And if the replacement value of your home and the level of cover you have don't keep up with inflation, you're at risk of being underinsured. While your insurer will increase the replacement value of your home in line with inflation, it's your responsibility to let them know about any improvements or additions you make and to increase your level of cover.

### Home Contents Cover

Home or household contents cover protects everything inside your home and, if your possessions are specified, it can cover them outside your property, too.

Having home contents cover in place means that if your belongings are lost, stolen, damaged or destroyed, you can afford to replace them.

It's crucial to do regular home content re-evaluations, preferably every year, and to take factors such as inflation into account. This way, you can be sure that your policy covers the full cost of replacing your possessions in the event of damage or loss.

With life insurance, homeowners cover and home contents cover, it's important to make sure that you don't lapse on any payments as this could impact your cover when it comes to submitting a claim. It's also critical that you maintain your property or home as this is one of the requirements for insurable risks.

As a homeowner, protecting your home, belongings, and loved ones against the unexpected is critical. The best way to do that is by ensuring that you have sufficient cover in place from day one – and a trusted insurance provider at your side to guide you. There's no time like the present to speak to an expert insurance partner who can help you prepare for the future by working with you to put a comprehensive home insurance plan in place.