

media release

Whether at home or work, are you sure you're covered?

9 February 2006: Most people recognise and appreciate the need for insurance. But what happens when your insurance cover is not enough? The replacement costs of your assets and most valuable possessions can result in financial hardship or ruin.

Under-insurance in Australia is a nationwide issue. It has been reported that 25 percent of households have no insurance at all. In addition, 27.5 percent of buildings and 45 percent of home contents policies are insured for 90 percent or less of their replacement value.¹ Many people may not realise that they are under-insured until it is too late.

The unpredictable nature of events leading to a loss means that there are fluctuations to the true cost of repairs to a home. When Cyclone Larry hit north Queensland in March 2006, many people experienced severe damage to their homes and property. Repair costs rose dramatically due to limited labour and resources in the region and as a result some homeowners discovered that they were under-insured. Homeowners should regularly undertake a revision of the value of their home and contents.

So why risk it? Some people may think it is too hard or expensive to obtain the right level of cover. Others might not think their belongings are worth insuring, or underestimate the true value of their assets. Whatever the reason, being under-insured is risky. If an unexpected loss occurs, the financial affects on individuals, families and businesses can be long lasting.

In fact, some small businesses never recover from a major loss such as a fire. The costs of rebuilding the business premises, replacing office equipment and maintaining business continuity can quickly erode your savings and

¹ Insurance Council of Australia, Smarter Insurance, 2006

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investments. Without adequate insurance, 70 percent of small businesses fail within 12 months.²

Today, some insurance companies are taking action to inform policyholders of the dangers of under-insurance and provide customers with tools to determine the appropriate level of cover to protect their assets and property. Some insurers are also helping customers to better understand policy wordings and highlighting exclusions.

John Nagle, Chief Operations Officer (Retail) at Vero said when choosing an insurance product it is best to seek expert advice from an insurer, broker or financial advisor.

“Purchasing insurance can be confusing because there are so many products and companies to choose from. An insurance broker has specific knowledge of what’s available. They will also be able to highlight the differences between policies and products.

“Seeking advice an experienced broker will help you to choose insurance to suit your individual needs and ensure that your most valuable assets are protected,” Mr Nagle said.

It is also important to ensure that the valuation of your home contents is up-to-date and that you are receiving the maximum amount of cover for the premium paid.

Getting assistance from a professional when determining your insurance products and being clear on the level of cover and any exclusions, could save you time and money in the long term.

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² Insurance Council of Australia, Non-insurance and Under-insurance Survey, 2002, online



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Editor's note

Vero Insurance Limited ("Vero") is a subsidiary of the Promina Group Limited, which is one of the top 50 companies listed on the Australian Stock Exchange. Vero, formerly Royal & Sun Alliance Insurance Australia Limited, has for many years been offering highly specialised solutions to its large range of customers.

Vero is one of Australia's largest intermediated general insurance companies and has 19 branches across Australia, providing a suite of quality specialised risk management products and services through brokers, corporate partners and risk managers.

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