

## Do I Have Enough Insurance Cover

### Assessing Your Insurance Needs

Most people are either underinsured or over insured. There can be many different reasons for this, but at the end of the day the onus is on us to make sure we have adequate cover. So how do we ensure that we have adequate cover without being over insured? The first thing any person needs to do when taking out household content insurance is to make sure that when creating an inventory, you value all your movable possessions at replacement value. If you do not have the time or expertise to do this little chore, you can hire a valuator to do it for you. They are relatively inexpensive and are experienced in these matters, so you can rest assured that you are covered for the correct amount.

In addition to making sure that you have adequate household cover, you should reassess the value of your household contents at least once a year. Inflation changes the replacement value rather rapidly and in the event of a break-in, you obviously want to make sure that your claim will cover you sufficiently to pay for the replacement value of everything that was stolen.

One thing that will often lead to you being underinsured is items that should be specified in an insurance policy. Collectibles, antiques, art and jewellery are prime examples. If you own works of art, let's say paintings for this example, you may be very knowledgeable about their value. After all, you paid for them in the first place! Keep in mind that many items such as works of art or other collectibles can increase significantly in value over time. For this reason, it is of the utmost importance to have these item valued at reasonably regular intervals.

If you are underinsured, the result in the event of a claim would be that the 'average clause' in your policy will be invoked. These are standard in any insurance policy. Say for instance you insure your household contents for \$30 000 and you get burgled. When the assessor comes to your house after you put in the claim, he determines that the value of your household contents are in fact \$60 000. If the burglars only took off with half your property, the insurance company will only pay out \$15 000 and not \$30 000. That is because you only insured half your household contents and as such are only covered for the 50%. That would be a major disaster to anyone and it is easily avoidable by simply making sure your coverage is adequate.

If you are unsure about how to go about taking out a home contents insurance policy, then consult an independent insurance broker for assistance. If you believe you are capable of assessing your own needs, then try to use a direct insurer or find a cheap policy via an insurance comparison site. This will usually work out faster and cheaper than an insurance broker. If you own works of art that are very expensive it would be wise to find specialised art insurance instead.

### About the Author

Stuart Broad is a marketer at CheapCarInsurance.co.za and has vast experience in the insurance industry. He recommends that consumers shop around for life insurance and car insurance quotes and learn about home Insurance like AIG and Old Mutual.

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