

# House insurance changes

**I've heard that house insurance is changing after the earthquakes. What has happened and how will it affect me?**

Generally in New Zealand your current insurance will be full replacement based on the square metre area of your home.

Most insurance providers are no longer offering replacement insurance and when your policy is up for its annual renewal (or when you buy a new property) your policy will change to a maximum sum insured value.

Replacement insurance means if your property is destroyed or damaged, your insurer will replace your home to the floor area specified when you took out your policy, regardless of the cost of rebuilding.

Sum-insured insurance means if your property is destroyed or damaged, your insurer will replace your home only up to the value you have insured for.

If it costs more to repair or rebuild your home than the sum insured, your insurer will not rebuild your home to its current state.

When your policy is due to be renewed, your provider will send you a letter estimating the value of rebuilding your home in the event of an accident or disaster.

It is essential that you do your own homework and ensure the value adequately reflects the likely cost of rebuilding your home. Otherwise you may well find yourself in a position of not being able to reinstate your home if disaster strikes.



## LEGAL MATTERS

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Consider whether your land is flat or on a slope – the cost of rebuilding on flat land is much lower – floor area (including all levels), construction and roof type, demolition costs and site preparation, outbuildings, garages, decks, fences, driveways, paving, retaining walls, spa/swimming pools, tennis courts, solar heating, saunas, jetties, professional fees (architects etc) and compliance fees to the local council.

Retaining walls and some private utilities may be covered by your policy up to a maximum value.

However, some insurance providers do not automatically cover retaining walls and many private utilities, which need to be named on your insurance policy.

You should read your policy thoroughly, and check with your insurer if you are unsure.

Get any confirmation in writing and keep it somewhere safe, so you can find it later.

These changes are being enforced by reinsurers (the companies that insure

our insurance companies) because sum-insured insurance is a more accurate way for them to calculate their risk and liability than replacement insurance.

Do not use the rateable value of your property as the value because that may not be accurate to the real cost of replacing your home. If you need assistance in working out your sum insured value, get advice from a professional valuer or builder.

Review this sum regularly, and when you make changes to your property.

■ A follow-up question to the column about neighbours' trees:

**Chris asks what the position is when an overhanging tree (in this case a rose) comes across his side of the property (and he is happy with this), but the neighbour comes on to Chris' side of the property and cuts it back to the boundary without asking.**

Neighbours are entitled to cut the rose back to the boundary, but must do it from their side of the fence unless they have your permission to come on to your property. I suggest you tell your neighbours you are not happy for them to enter your property uninvited and that they must ask permission each time. If this has been tried or they do not ask permission, you can serve a trespass notice on them, warning them to stay off your property.

■ Column courtesy of Rainey Collins Lawyers, phone 0800 733 484.

If you have a legal inquiry you would like discussed in this column, email Alan on [aknowsley@raineycollins.co.nz](mailto:aknowsley@raineycollins.co.nz).