

Cover for the home you own

Protecting your home against damage or loss is really important. Here we explain how to choose a home insurance policy, and how to avoid underinsuring your property so you're not left out of pocket if the worst should happen.

- [What is home insurance?](#)
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Home insurance (also called building insurance) covers the cost of rebuilding or repairing your home and helps protect you against things that are out of your control, such as damage from natural disasters like storms, floods and bushfires.

Homeowners usually bundle their home insurance policy with [contents insurance](#) into a combined 'home and contents insurance' policy.

There are two types of home building insurance. First you need to decide which one suits you best:

- **Total replacement cover** - includes all the costs to rebuild your home to the standard it was prior to an event, so you don't need to worry about any shortfalls between what it costs to repair or rebuild your home and the amount you are insured for. Total Replacement policies reduce the risk of underinsurance, but only a few insurers offer these policies.
- **Sum-insured cover** - is more common and will cover you up to a set amount to repair or rebuild your home. This set amount is referred to as 'the sum insured'.

All insurance policies have exclusions, caps, limits and other conditions which can vary between insurers, so it is important to ask questions and read the [product disclosure statement](#) (PDS) when comparing different policies.

Check the home insurance policy pays out enough to fix your home

Also check you will have enough insurance money paid out to you to rebuild your home at today's prices. To know if the payout amount is enough, you'll need to work out how much it will cost to rebuild your home.

'Total replacement' policies have the lowest risk of underinsurance, as the insurer agrees to pay the costs of replacing your building to the standard it was in before it was damaged or destroyed. 'Sum-insured' policies have a slightly higher risk of underinsurance. You will be underinsured if there is a gap between the estimated rebuilding costs and the actual rebuilding costs.

Some sum-insured policies also offer an 'extended cover' policy that provides up to 30% on top of the sum insured in the event of a total loss - this is a good way to reduce the risk of underinsurance. Make sure you read and understand the conditions that apply to this type of policy.

Rebuilding your home involves more than replacing the bricks and mortar. There are many extra costs involved that you may never think about until you need to claim on your policy.

Building insurance policies differ between insurers and even between home insurance 'brands' offered by the same insurer.

Compare the features and prices of at least three policies before you choose one. This will ensure you shop around for the right level of cover at the best price. It's as simple as phoning a few insurance companies, or visiting a few websites.

Find out what you would be covered for with each policy and what you are not covered for (exclusions) including any caps or limits. Also, check if the policy offers any additional benefits.

Many insurers won't cover events which occur if your home is unoccupied for more than 60 days. Check your policy.

You can get information about policies from the product's key factsheet, which will be on the insurer's website, or you can ask them to send you a copy. The factsheet summarises key information about the policy including what you are and aren't covered for.

If you want more detail than what's in the key factsheet, read the [product disclosure statement](#) (PDS), which you can also get from the insurer.

Some homes are located in areas of increased natural risks, such as bushfire, flood or cyclone. If you live in an area of increased risk it is important that your home insurance covers these events and that you have enough insurance (sum insured) to rebuild or have a total replacement policy.

Most policies cover fire but not all cover for flood and cyclone.

For bushfire risk, you may want to understand your home's Bushfire Attack Level (BAL). If your home is destroyed, you may need to rebuild it to comply with new building codes which can increase the cost of rebuilding.

Why you need to be honest with your home insurer

You must 'tell it like it is':

- when you buy or renew a policy
- if you make a claim
- if your circumstances change.

Failing to meet the requirements of your insurance policy may mean any claim you make gets denied.

You should also ensure your home is properly maintained. For example, some insurers insist you have deadlocks on your doors and windows. You could also install an alarm.

If you want to make a claim on your building insurance policy, contact your insurer immediately to tell them about any damage or loss. Be honest with them and provide as much information as they need to process your claim as quickly as possible. Keep copies of all documents supporting your claim.

Check the details of your home insurance policy to make you have the right cover for your greatest asset when you need it most.