

# Insuring your Home

Your home is likely to be one of your biggest assets so it pays to have it insured properly. We've put together this guide to help you work out the cover you need for your home. It gives you an overview of the details required to determine an appropriate sum insured when insuring your home.

## How to get the right sum insured

### What is sum insured?

Your sum insured is the cost to replace your house and relevant domestic structures (including demolition costs, removal of debris, professional fees etc.). Your sum insured is not the rateable value or market value of your property. It also doesn't include the land value.

### Will FMG calculate the sum insured for my property?

We've partnered with building quantity surveyors to calculate an estimated rebuild cost. This uses current data about building costs in New Zealand and is based on a number of pieces of information that heavily influence your homes rebuild cost such as its age, location and what it's made of. It's important to note, this amount is only an indication of what you may need to replace your property. The appropriate sum insured needs to be agreed to by you, taking into account all costs to rebuild, including demolition of your old home, construction, professional fees and costs to remove debris.

If you've any doubts, or your house has special or unique features, you may wish to get an independent valuation to calculate a suitable sum insured value. This can be done by using a:

- Registered valuer: [www.nziv.org.nz](http://www.nziv.org.nz)
- Quantity surveyor: [www.nziqs.co.nz](http://www.nziqs.co.nz)
- Licensed builder: [www.lbp.govt.nz](http://www.lbp.govt.nz)

### How often should my sum insured be reviewed?

It's important to regularly review your sum insured to make sure it's adequate to rebuild your property in the event it's completely destroyed. You can log into FMG Connect, your online insurance service, to review the sum insured and how this will impact the premium.

### What if my house is really large or has unique features?

If your house is very large or has unique features, we recommend that you get an insurance valuation done by a qualified valuer to ensure that you've adequate cover.

### What should be included in the sum insured?

Included:	Not included:
Demolition costs	Land value
Retaining walls (up to \$50,000)	Market value of the house
Swimming pools or tennis courts	Household contents
Garages and outbuildings	Landlord's contents
Asphalt and concrete driveways	Lifestyle fencing
Residential fences, driveways and gates	Lifestyle pumps and motors

## The FMG difference

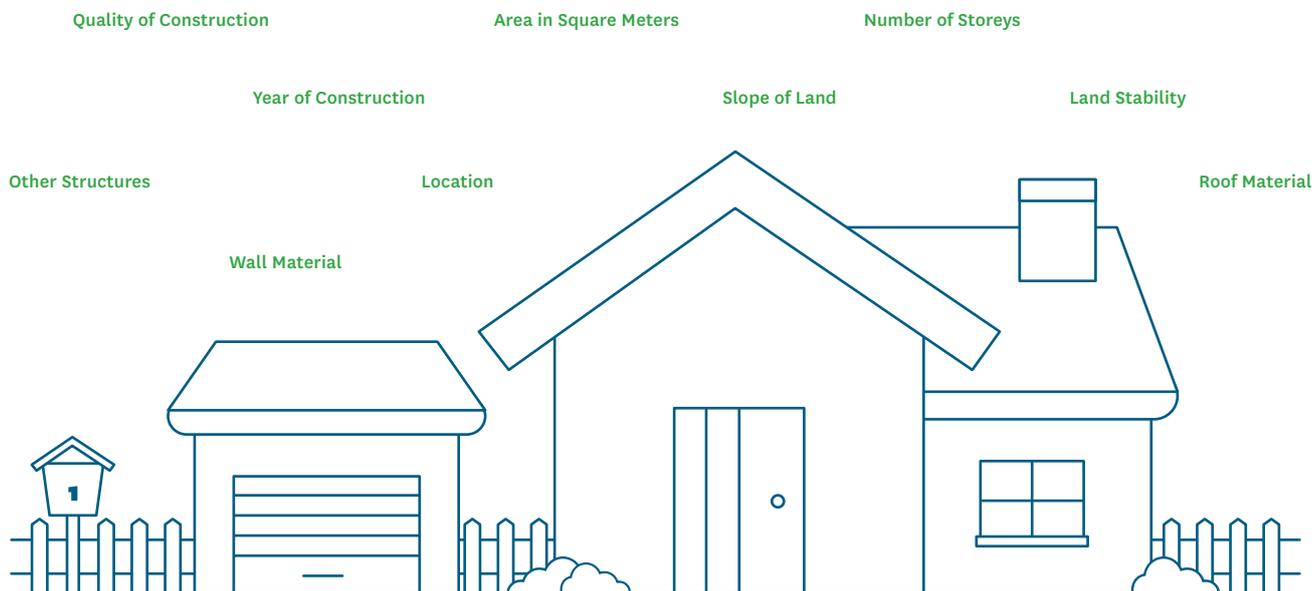
FMG has its roots firmly planted in rural New Zealand, which is why you'll find that we're different when it comes to insurance. We were started in 1905 by farmers for farmers and growers, and today we're still 100% New Zealand owned by our rural clients.

Call us on 0800 366 466  
or visit our website [fmg.co.nz](http://fmg.co.nz)

*We're here for the good of the country.*

## Factors that influence your sum insured

We use a number of points of information to provide an indication of the rebuild costs of your home. A summary of these are included below:



### Year of construction

#### What if my house was recently renovated?

This should be the year your property was first constructed. Even if your property was extensively renovated the year it was initially built will usually give the most accurate indication of the rebuild costs.

If your house was constructed at an earlier date on a different site and moved to its current location, the year of construction should be reflective of the original construction date of the structure.

### Location

#### How does the location of my property impact my sum insured?

We use your property's postcode to determine the applicable regional building rates. Building rates vary regionally based on local building requirements.

### Land stability

If your property is in an area prone to slippage, subsidence, or flooding it's important you let us know as this may impact the sum insured for your property. This information is often found on your certificate of title or LIM (Land Information Memorandum). You may have also had a previous claims experience.

### Number of storeys

#### What if my property has split levels?

If your home has split levels, each level is considered a separate storey.

### Roof and wall material

The roof and wall material should be the predominant material for the exterior of your home.

We consider roughcast/stucco to be an 'Alternative Wall Type'.

### Other structures

#### What structures need to be listed on my policy?

The following items used for your domestic House purposes and on your domestic section need to be listed:

- Balcony/deck
- Bare bones sleepout (no plumbing etc.)
- Carport
- Garage – basement
- Garage – standalone
- Garden sheds (over 10 sqm)
- Larger shed
- Plastic house(s)
- Porch/verandah
- Self-contained sleepout/granny flat

## Slope

### Why do you need to know the slope of your property?

The slope of your property affects the cost to rebuild your property, as different foundation solutions may be required, depending on the slope. It may also affect the access to your property, requiring more material to be carried by hand, for example.

### How do I know what slope my house is on?

Imagine an invisible line from the highest point on the property to the lowest point, and then select the appropriate category based on the angle of this line. If your property is large, think of the area within about 20 metres of the house in any direction.

Examples of different gradients of slopes are illustrated below:

Flat



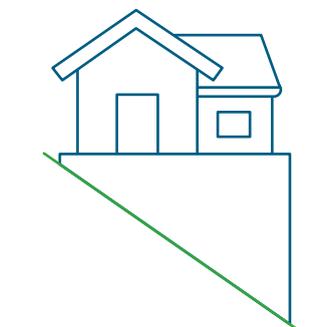
Gentle slope 5 degrees



Moderate slope 15 degrees



Severe slope 35 degrees



## Quality of construction

The design and quality of the fittings of your home heavily influence the rebuild costs. Around 85% of New Zealand homes are of a standard design with standard fittings.

### How do I tell what the quality of construction is for my house?

We've compiled a table of features which describe each of the different quality levels. If your house doesn't fit into a single quality, then you should choose the best fit. The table is ordered with features which typically have the biggest impact on your sum insured at the top.

	Prestige	Superior	Standard
Structure	Architectural one-off design. Specialised or unique building materials. Complex engineered construction methods.	Custom design by an architect or building designer. Quality building materials and construction practices.	An 'off the plans' house, possibly with some customisation.
Kitchen fit out	Solid block granite, high end solid wood bench tops and custom cupboard doors.	Granite or laminated timber kitchen bench tops. Vinyl or polyurethane cupboard doors.	Kitset kitchen with laminated kitchen bench tops and cupboard doors.
Bathrooms	Frameless shower screens and multi-head showers. Fully tiled walls or solid timber. Custom solid wood cabinetry.	Glass shower with little or no framing with some tiling or solid timber.	Standard framed shower or shower over the bath with off the shelf cabinetry.
Window frames	Custom solid timber window frames or high-performance glazing. Large picture windows and floor to ceiling glazing.	Custom aluminum or timber window frames. Quality window fixtures.	Standard measurement, basic aluminum window frames.
Floor coverings	Stone tiling, high end luxury carpets or solid timber floorboards.	Porcelain tiling, woolen carpet or solid timber flooring.	Minimal ceramic tiling, nylon carpet or vinyl.
Electrical facilities	Designer light fixtures, integrated lighting solutions, in wall sound systems, SMART houses, underfloor heating.	Quality light fixtures, some integrated lighting solutions, ducted heating systems, underfloor heating.	Standard light fixtures, plastic wall sockets and light switches, wall mounted heaters.
Appliances and taps	High end taps and designer appliances.	Quality taps and appliances.	Standard taps and appliances.
Doors	Solid timber custom or designer doors with high end handles.	Feature doors – solid wood or hollow core with quality door handles.	Flat, hollow core doors with standard door fixtures.
Ceilings and skirtings	High stud decorative ceilings and cornices with elaborate architraves and skirtings.	Detailed ceilings and cornices with larger architraves and skirtings.	Plain ceilings and cornices with simple architraves and skirtings.
Outdoor areas	Extensive landscaping, large outdoor entertainment areas, exposed aggregate and tiling.	Some landscaping, outdoor entertainment areas, some tiling and decking.	Minimal landscaping and outdoor entertainment areas, limited decking and paved areas.

# How to Calculate the area of your House

## Measuring your house

We need to know about the square metre area for the following structures:

- Balcony/deck
- Bare bones sleepout (no plumbing etc.)
- Carport
- House
- Garage – basement
- Garage – standalone
- Garden sheds (over 10 sqm)
- Larger shed
- Plastic house/s
- Porch/veranda

NOTE: We need to know the size of any outbuildings, decks, verandas and balconies separate to the dwelling and attached garage.

### How to get started

You may be able to find the square metre area from the following places:

- Building or architectural plans
- Property valuations
- Your local council website
- Online property valuation sites

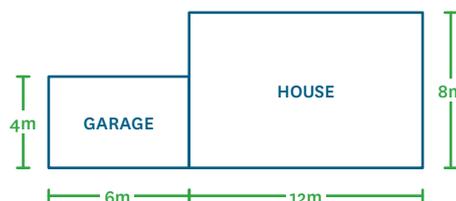
If you use any of the resources above, it's important that you make sure they're accurate and up to date.

## Step 1:

### Calculate the area of a house

To calculate the area of a small house with an attached garage (similar to this example) use the approach below:

Calculate the total area of the house (12 metres in length by 8 metres in width = 96sqm) and then add the area of the adjoining garage (6 metres in length by 4 metres in width = 24sqm). Add the two together to get the total area (96sqm + 24sqm = 120sqm).



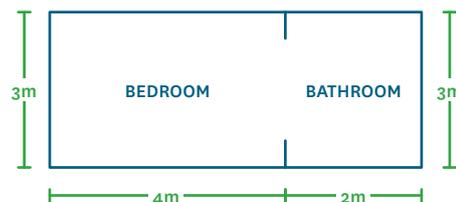
## Step 2:

### Calculate the area of a second storey

If the house also has a second storey and you need to measure the external walls from the inside, remember to add the width of the internal and external walls.

To calculate the area of a second storey as per the example below, multiply the length, 6.4 metres (6m + two external walls of 15cm each + one internal wall of 10cm) by the width of 3.3 metres (3 metres + two external walls of 15cm each). The total area of the second storey is  $6.4\text{m} \times 3.3\text{m} = 21.12\text{sqm}$ .

The total area for this two storey house and garage would be as follows: Ground House Area (96sqm) + Attached Garage (24sqm) + Second Level House Area (21.12sqm) = Total Area (141.12sqm).



## Step 3:

### Calculating the area of outbuildings, decks, verandas and balconies

The area of any outbuildings, decks, verandas and balconies also needs to be known. Calculate the size of these areas separately. To calculate the size of a sleep out, simply measure its length by its width.

In this example the area of the sleep out is 24sqm (6 metres in length by 4 metres in width).



NOTE: FMG will record the areas for your outbuildings, decks, verandas and balconies separate to the area of your house and attached garage.

## What impact does changing the sum insured have on my premium?

You may find you need to update your details. The below examples provide an illustration of the potential premium impact. It is important to note that increasing your sum insured slightly to ensure you are adequately covered may not cost as much as you think:



### Scenario 1

Kate has a superior house in Lake Wanaka and upon reviewing her policy documents realised that her square metre area didn't include her deck. She called and added the 50 square metre deck with a sum insured of \$25,000. This increased her annual premium by \$32.



### Scenario 2

Kirsten and Anton live in a 150sqm brick farmhouse on the outskirts of Hamilton. They recently built a new 50 square metre garage. Anton called FMG to add this to his policy and as a result increased their sum insured by \$75,000. Adding the garage increased Kirsten and Anton's annual premium by \$102.



### Seven helpful steps

If you need to measure your house, or if you simply want to double check the measurements you already have, you may find the following seven steps helpful:

- Make a sketch of your property with the different areas shown and record the measurements.
  - Measure around the external walls of your house.
  - Measure around the external walls of any garages.
  - Measure the external walls of any outbuildings (e.g. sleep outs).
  - Measure any decks, balconies or verandas separately. Record the measurement for each of these different areas separately.
  - If you have any multi-storey areas make sure you record the external perimeter of each level in your area calculations.
  - If you're unable to measure the outside walls of an area you can measure along the inside of these walls. Please be aware that using the internal measurements to determine the size of these areas could result in you being underinsured by as much as 10-15%.
- Once you have recorded all the measurements calculate the area of your house.

To minimise underinsurance we recommend that you add an additional 10cm for each internal wall (i.e. walls between rooms) and 15cm for any external wall.

If you're unsure about the details of your home or how to go about setting the sum insured for your home please give us a call on 0800 366 466.

**We're here for the good of the country.**