

Insuring your property

 By [Richard Gray](#)

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For most of us, our homes are the largest and most valuable assets we will ever have. That it might be damaged or destroyed is an inevitable risk, and one that we need to guard against. For this reason, getting the right insurance is a facet of the property business that can never be overemphasised.



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Insuring a home is often seen as a necessary hassle. Invariably required when taking out a home loan, home buyers (and especially first-timers) will sign the necessary forms, make the required payments and move on to more exciting things, like interior decorating and laying out a new garden.

In any event, insuring is now a quick and easy task, done with a phone call to a call centre and a short conversation can set you up.

But partly for these reasons, home-buyers do not always give their insurance the attention it deserves. Believing that they are “covered”, they do not review their policies periodically, and may even not bother to study the documents that they are sent.

Problems down the line

Mistaken or poorly understood choices may well cause problems down the line. Insurance practitioners warn that probably the most common (and damaging) error is a failure to distinguish between market value and replacement value. The former refers to what the property will sell for; the latter to what it can be restored to its original condition. Replacement values are typically substantially higher than market values, and if the property suffers an unthinkable catastrophe – being burned down, for example – such cover is what will be needed.

It is also important to specify particular features, especially where they are expensive and contribute greatly to the property's value. For example, it is worth making sure that the policy included provision for those imported tiles or expensive wooden panels. Also, a thorough check of the policy is a good idea whenever a significant change has been made to the property, to be sure that the new features are in fact covered.

Beyond that, checking on the risks that the policy protects against is important. Depending on the surroundings and circumstances of the property, very unique risks may exist – say animal damage, or the prospect of land subsidence. These should never be ignored.

Up-to-date policies

An insurance policy for fixed property, in other words, needs to ensure that things can be returned to what they were before disaster struck. As agents in an industry built on long-term relationships, there is little that depresses us more than to hear that one of our clients has suffered a major loss to events beyond his or her control. That is why we urge our clients to keep their policies up to date and relevant to their needs. As our lives change, so will our needs, and so too should our insurance cover. So be proactive! Ask “what-ifs”. Phone the call centre or your agent to check on what your policy will cover.

Ultimately, it is something that could save you vastly more than the time and premiums you invest in it!

ABOUT RICHARD GRAY

Richard Gray is CEO of Harcourts Real Estate South Africa. He joined the group in September 2010. Gray brings extensive experience in IT, project management, corporate operations and financial services provision, having been CEO of mortgage originator Bond Choice, to the table. He believes that the key to the group's prospects are the strong brand, industry-leading value proposition, talented people, and the benefits of being part of a powerful international real estate group.

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