



CALCULATION OF SUMS INSURED

Whilst writing we take this opportunity to forward a Calculation of Sums Insured sheet to assist you in establishing the adequacy of your sums insured.

Regardless of who you insure your property with, underinsurance and proportionate claims settlement is the single main reason why insurance companies and policyholders fall out with one another.

We would remind you that underinsuring your buildings and/or contents would result in a proportionate claims settlement and you must therefore ensure that your sums insured represent the full reinstatement value of your property.

As long as the sums insured under your policy represent the full replacement cost of your property your insurance policy will perform the function it is acquired for when a claim is made.

We trust that the following examples can highlight the consequences of underinsurance:

Example 1

A policyholder insures their contents for £10,000

The policyholder claims for £6,000 following a break-in

The actual replacement value of the policyholder's possessions is £30,000 (following a loss adjuster's assessment). The claim would be settled as follows:

$$£6,000 \times £10,000/£30,000 = £2,000$$

The total claim payment would be £2,000, being a third of the amount claimed as the claimant had ONLY insured a third of their possessions.

Your household contents must be insured for their replacement cost as new. Please use the enclosed CALCULATION OF SUMS INSURED sheet to establish what your sum insured should be.

Example 2

The policyholder insures the buildings for £60,000

The policyholder has a claim for £12,000 due to storm damage

The loss adjuster establishes that the sum insured should have initially been £100,000 (the total rebuilding cost) and not £60,000. The claim would be settled as follows:

$$£12,000 \times £60,000/£100,000 = £7,200$$

How do you know how much to insure the buildings for?

You can find this figure out from your bank/building society with whom you have a mortgage. If you do not have a mortgage you will need to ask a surveyor to assess the true rebuilding cost of your house. You do not insure your house for its market value.

Should you feel that your sum insured needs adjusting; either up or down, please do not hesitate to contact us.

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Buildings - This is the **rebuilding cost** of your home and **not** the market value. If you do not know your buildings sum insured, contact Naturesave Policies Ltd for assistance.

Contents & Personal Possessions - This is the full cost of replacement as new

LIVING ROOM

| | |
|--------------------------|---------|
| Carpets | £ _____ |
| Curtains & track | £ _____ |
| Sofa & Chairs | £ _____ |
| Wall units | £ _____ |
| Books | £ _____ |
| Lamps & ornaments | £ _____ |
| Coffee table | £ _____ |
| Telephone | £ _____ |
| TV, video | £ _____ |
| Computer equipment | £ _____ |
| Hi-fi | £ _____ |
| Records, cassettes & CDs | £ _____ |
| Pictures | £ _____ |
| Collections/Ornaments | £ _____ |
| Other items | £ _____ |
| Total | £ _____ |

BEDROOMS

| | |
|--|---------|
| Carpets | £ _____ |
| Curtains & track | £ _____ |
| Beds | £ _____ |
| Clothes & linen (less a deduction for wear & tear) | £ _____ |
| Wardrobes (free standing) | £ _____ |
| Lamps & ornaments | £ _____ |
| Chest of drawers/dressing table | £ _____ |
| Books | £ _____ |
| TV | £ _____ |
| Hi-fi | £ _____ |
| Other items | £ _____ |
| Total | £ _____ |

KITCHEN

| | |
|--------------------|---------|
| Carpets/lino/tiles | £ _____ |
| Cooker | £ _____ |
| Refrigerator | £ _____ |
| Deep Freezer | £ _____ |
| Washing Machine | £ _____ |
| Tumbledryer | £ _____ |
| Dishwasher | £ _____ |

| | |
|------------------------|---------|
| Microwave | £ _____ |
| TV | £ _____ |
| Small appliances | £ _____ |
| China, glass & cutlery | £ _____ |
| Utensils, crockery | £ _____ |
| Saucepans | £ _____ |
| Spirits, beer, food | £ _____ |
| Other items | £ _____ |
| Total | £ _____ |

OTHER ROOMS: List the items on a separate sheet using the same format as above. Finally, add up all the rooms together to find the total sum insured for your possessions:

| | |
|-------------------|---------|
| Living Room | £ _____ |
| Master Bedroom | £ _____ |
| Other Bedrooms | £ _____ |
| Kitchen | £ _____ |
| Dining Room | £ _____ |
| Study | £ _____ |
| Bathroom/WC | £ _____ |
| Garage/Shed | £ _____ |
| Miscellaneous* | £ _____ |
| * Please specify. | |

Grand Total (minimum 12,000) £ _____

PERSONAL POSSESSIONS (away from the premises)

Please fill in if you wish to insure items against **all risks** remembering to put their replacement cost.

| | |
|---|---------|
| Jewellery | £ _____ |
| Watches | £ _____ |
| Handbags, Wallets & Briefcases | £ _____ |
| Luggage | £ _____ |
| Spectacles & Binoculars | £ _____ |
| Sports equipment | £ _____ |
| Camera equipment | £ _____ |
| Video camcorder | £ _____ |
| Mobile phones | £ _____ |
| Lap top computers | £ _____ |
| Other items | £ _____ |
| Total personal possessions sum insured (Minimum £ 1,500) | £ _____ |
| Pedal Cycles | £ _____ |

If you would like more information about calculating the sums insured for your home please call Naturesave Policies Ltd on **01803 864 390** for further assistance.