

# UNDERINSURANCE COULD COST FAMILY ALMOST HALF A MILLION

**U**nderinsurance could mean a Surrey-based family ends up being almost half a million pounds out of pocket following a fire at their home.

According to an article in the Guardian newspaper, the property's rebuild cost had been set using a free online calculator. However, the figure fell way short of what the insurer believed it would cost to rebuild the home from scratch. Typically, there was also some confusion around the inclusion of VAT in the rebuild cost.

The Guardian said the case would "alarm people across the country" who relied on automatically generated rebuild cost quotes, especially through comparison websites. The article led to over 100 reader's comments, one of which said: "I hate reading these sort of things, we increasingly need to become experts when taking out insurance."

The report claimed the homeowners paid a premium of £1,360 a year for their cover, adding that if the higher rebuild

value had been used it would have cost them little more than an extra £100. "They insist there was no attempt on their part to deceive or underinsure deliberately just to save a few quid," said the Guardian.

## **Prohibitive cost**

Rebuild Cost Assessment Ltd Director and Chartered Surveyor, James Scott Brown, said: "BCIS is an excellent tool when used correctly. However, this case highlights how relying solely on BCIS to calculate rebuild cost can also be extremely dangerous. Other factors have to be taken into account. Assessing a property requires input from a qualified expert and it certainly involves a lot more than just a tape measure and a calculator."

James added: "I have some sympathy for the family here. I'm sure with hindsight they would have happily paid the £500 or so it would have likely cost them to bring in a local Chartered Surveyor to advise them on rebuild cost. The problem is, this sort of expense tends to put a lot of homeowners off from having a professional



assessment carried out, which is why so many resort to online calculators or even just pure guesswork.

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