

PROTECTING YOUR PROPERTY: AN EXPERT GUIDE TO INSURANCE FOR SA HOMEOWNERS



Purchasing a property is considered one of the most significant financial decisions a person will make in their lifetime for good reason. It’s a monumental investment that represents more than just a place to live – property provides a sense of security, stability, and a place to call home. “Safeguarding your most valuable (and costly!) asset just makes good financial sense. One of the most effective ways of protecting your property against unforeseen events and potential damages is being sufficiently insured,” says Andrea Tucker, Director of [MortgageMe](#).

For homeowners, understanding the ins and outs of homeowners building insurance, home contents insurance, and personal valuables insurance can provide much-needed peace of mind in times of economic uncertainty.

“Homeowners building insurance provides cover for the structure of a home against unforeseen losses or damages resulting from incidents such as fire, natural disasters or something less dramatic but no less frustrating – a burst geyser. This policy can often be expanded to encompass additional structures like garages, swimming pools, and even fixed items such as fitted kitchens,” Tucker explains.

This insurance is required by banks if you’re getting a bond to finance your new home, as the bank remains the owner of the property while you’re paying it off. You’ll need to have this insurance confirmed before you can finalise the bond registration for your home. Your home loan-granting bank will quote you on this insurance upfront but always get additional quotes to compare. You’ll need to know some basic information about your new property and be sure to provide this information accurately when getting quotes – to ensure no long-term negative ramifications that might result in your insurance not paying out. An example of this is knowing what material your roof is made from.

Home contents insurance on the other hand is designed to protect your personal household items from loss, theft or damage. It’s important to note that while it covers movable items like furniture and appliances, it typically does not cover fixed items such as taps or immovable carpets.

“Personal valuables insurance is another kind of insurance that provides cover for personal items that homeowners frequently carry outside their homes, such as handbags, laptops, and jewellery,” she says. In order to not over or under-insure yourself for this kind of insurance, be sure to accurately state replacement values for specific items.

While home insurance isn’t mandated by law, other property-related insurance policies are optional, but highly recommended. The cost of homeowners insurance is personalised, influenced by factors such as individual circumstances, property value, security installations in your home and other specific needs.”

Tucker stresses the importance of shopping around for the best deal and regularly reviewing your policy to ensure it remains adequate, preventing under or over-insurance. “Understanding your insurer’s terms and conditions is essential – and yes that means reading the fine print, and not just once! It helps identify what you’re protected against and where you risk the possibility of a claim being rejected. Ultimately, insurance is there to alleviate the financial pressure of having to pay for a large unforeseen expense from your own pocket.”

She adds that when considering alternative power sources like solar panels or generators, as many South Africans are, it’s essential to understand how these items are covered under insurance policies. “Fixed devices like solar panels are typically covered under homeowners’ building insurance. But it’s up to the homeowner to inform their insurer to adjust the total sum insured accordingly. Non-fixed devices like inverters or UPS are usually covered under home contents insurance, and while they don’t need to be individually specified, the total sum insured should be updated to ensure it covers these items’ replacement.”

As several South African short-term insurers have pulled or plan to remove national power grid failure cover from their policies in 2023, and the wave of interest rate hikes leaves everyone scrambling to cut expenses, Tucker advises homeowners against cancelling their insurance policies. “Instead, consider insurance bundles that combine building, contents, and personal insurance into a single package as a more affordable option. Reviewing insurance policies regularly and updating them according to changes in circumstances is crucial to prevent being under-insured or over-insured. Remember, not informing your insurer about significant changes could result in claims not being fully paid. It’s also important to check for exclusions in your home contents policy to make sure that high-value items such as jewellery and electronic devices are adequately covered.”

When it comes to bond insurance, which is a life policy that covers the outstanding balance on your home loan in the event of your death or permanent disability, it is important to consider additional coverage options. Tucker recommends that home buyers shop around for a policy that offers additional benefits in case of temporary disability or retrenchment. “This would ensure that bond instalments are paid for a specified period, providing financial security for your loved ones. The significance of leaving behind a fully paid home as a legacy in the event of a tragedy should not be underestimated.”

Staying well-informed about your home insurance policies is not just a one-time effort but a continuous process. “This little bit of due diligence means you and your home are always protected. You might even save a penny or two by streamlining your coverage,” says Tucker. It is recommended to review these covers annually and keep all insurance documentation stored securely and digitally, providing those you trust with the log-in credentials to access this information if you’re not able to.