



InShort

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Remember to refresh your insurance policy before embracing the new year

Insurance policies shouldn't be seen as static agreements that are concluded as one-off arrangements. Instead, short-term insurance products are designed to evolve along with you and your family as your life takes shape, adapting to your changing needs.

Part of developing good 'financial hygiene' involves making a habit of reviewing your insurance needs at the end of each year. You could think of it as your 'annual audit' – a way of making sure that you're never underinsured and that you are ready to make an informed decision when your policy's annual renewal date comes up.

Conducting a yearly review of your insurance needs will ensure that your personal risk mitigation strategy is intact and, should the unforeseen take place, the claims process runs smoothly and without complications.

These are the aspects to consider:

Update any information pertaining to the value of your property

Most people only think of updating their home insurance policy when they change address, but there are several reasons why your cover may need to be reviewed. Best practice is to consider how any renovations you've made during the year may have affected the value of your property.

Renovations like installing a pool or remodelling a kitchen are the kind of alterations that prompt most people to update their insurance policies. But an alteration as subtle as changing wooden window frames to aluminium ones or upgrading the light fittings in the house can make a significant difference to the value of the property.

By definition, those alterations will also increase the replacement value of the house. If your policy is out of date and does not reflect the current value of your home, this becomes an issue if something like a fire or natural disaster were to occur. Here, you run the risk that your insurance payout won't cover the full cost of rehabilitation or a complete rebuild.

Consider whether anything has changed with regard to your insured vehicles

Some of the most common aspects of insurance that clients forget to update annually are details pertaining to an insured vehicle. For example, if a dependent child starts using a family car to travel to university every day, this will have a bearing on the terms of the policy. Furthermore, if the insured starts using a car previously used for personal transport for commercial reasons, this will also affect the way the policy is structured and what it covers.

In addition, just as in the case of a property, any alterations or upgrades on a car need to be included as part of the insurance cover, to ensure that in the unfortunate event of an accident or complete write-off, the car's replacement value is accurately recorded in the policy.

Update your list of valuable possessions

It's also useful, at the end of each year, to do a check on valuable items such as expensive jewellery and watches, designer handbags, electronic equipment, sports gear or cameras. Any big-ticket items like these purchased during the year should be added to your all risk cover under your insurance policy.

Inherited items that are valuable should also be added to your home contents policy, as well as any



family heirlooms such as art or antiques. Although the sentimental value of these kinds of items cannot be replaced in the case of theft or damage, being reimbursed for their financial value may contribute to alleviating the feeling of loss.

Consider a value-add product for your existing policies

Lastly, after any necessary adjustments have been made to an insurance policy, it remains useful to consider whether an existing policy requires an 'add-on' clause such as covering the cost of a hired vehicle should the insured vehicle need to go in for repairs.

These kinds of value-add insurance products are often referred to as 'top-ups' and serve to fill any existing gaps a conventional policy may not necessarily take into account, providing an added level of peace of mind to the risk management process.

Updating an insurance policy is not a lengthy or laborious process, and your insurance adviser is there to guide you along the way. With the end of the year fast approaching, now is the ideal time to dedicate an hour to reviewing your insurance needs and making sure that everything you have in place caters to your immediate and future needs.