



## WRRA FIRE FORUM

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# WHAT YOU SHOULD KNOW ABOUT INSURING YOUR HOME in a HIGH FIRE RISK AREA

One of the outcomes from the Knysna Fires was how many homeowners were **not** insured and amongst those who were insured how many were grossly **underinsured**. There is a litany of tragic stories about people who have been left homeless as a result of poor advice when it came to insuring their homes and

possessions. The fire in Knysna destroyed about 600 homes, displacing more than 10,000 people.

The WRRRA FIRE FORUM crafted this document from various websites and insurance experts in order to provide homeowners with some vital insurance guidelines. **PLEASE READ IT!**

## WHAT TO LOOK FOR WHEN REVIEWING YOUR INSURANCE PORTFOLIO



One of the salutary lessons learnt from the Knysna fires is that many homeowners were insured for the **market value** of the home. It is critical that you insure your home for what it would cost to **rebuild** your home to its original condition - not what it would cost to buy it. When calculating the replacement cost you should take into account **demolition costs and architect's fees**. Further, you need to make a regular adjustment to your policy to ensure it keeps abreast with building costs. (For example, if you bought your home for R1,5 million in 2008 and insured for that amount and not increased the cover value over the years with the escalating costs of building materials and labour the house may now cost R3 million to rebuild. This means that the building is underinsured by 50% and that you will be responsible for 50% of every claim, partial and total loss that you may have).

- Ensure that your homeowner's policy covers damage to the structure caused by a **wildfire**. This should include the cost to rebuild your home or to make the necessary repairs as well as including remediation of smoke damage.
- If you are busy **building a house**, is it insured during the building process?
- Once you have **paid off the mortgage bond** on your home and closed the account you need to remember to take out a **new** comprehensive insurance policy.
- Any renovations or additions to your home must be accounted for in your insurance policy.
- If you use your house as a B&B you need to ensure that the policy makes provision for **consequential loss** of rental income should you have to rebuild it after a fire?
- Don't forget all the **extras** such as swimming pools, irrigation systems and boundary walls.
- In addition to the above, ensure that you are **adequately covered** for all Motor Vehicles, Trailers, Water Tanks and implements like Chain Saws, Pumps, Machinery etc.



● Make sure that **household contents** such as paintings, clothes and appliances are adequately covered.

● As a homeowner you are obliged to **maintain your home**. Most policies won't cover damage as a result of:

- Lack of maintenance.
- Wear and tear.
- Pre-existing conditions.
- Defective workmanship for example during relevant renovations.



● Some policies do not cover **electrical faults**. It is advisable that you carry out regular checks of all circuit breakers.

● It is critical that you make **digital copies of all-important documents** such as wills, passports, ID documents, drivers licenses, valuation certificates, insurance policies etc. These should be stored online, and you should also keep duplicates off-site.

● **Beware of falling into the trap of non-disclosure**. This includes not being truthful regarding the structure of the house or the minimum requirements when a building is constructed of "other" materials such as wood or if there is a thatched roof. These requirements often include:

- Treatment against pest and termites (wood).
- The house must be painted with a fire retardant.
- Check with your insurer regarding requirements of vegetation clearing and trimming around your home in conjunction with conservation laws.
- It is an owner's responsibility to ensure the clearing as well as the construction of any fire breaks needed.



● **Ensure that your policy covers you in the case of being sued**. Some policies cover you under the liability portion for the third party's damage.

● Ascertain whether and under what conditions the policy caters for **Fire Brigade charges**.

● Ensure that you are **fully aware of the excess clauses** in your policy. Some policies do not require you to pay any excess for buildings and household contents claims caused by fire, lightning explosions or malicious damage.

● Owners of **thatched homes** are advised to pay particular attention to the clause in the policy relating to the following:



- Whether the building must be situated within the municipal fire brigade area?
- Requirements in terms of the number and positioning of dry chemical powder fire extinguishers.
- The need to have lightning conductors.
- The clearing of the grounds on all sides of the dwelling or to the boundary perimeter.

**THE WRRR FIRE FORUM HOPES THIS HELPS YOU BE BETTER PREPARED FOR FIRE!**