



# Home Buyer's Guide

Things to consider from an insurance perspective.



Welcome to probably the biggest purchase you'll ever make. It's exciting but there's a lot to think about.

To take some stress out of your home buying journey we have compiled a little field guide of stuff to think about along the way.

## Finding 'the one'.

Welcome to the open home.  
Please add your shoes to the pile.

It's easy to be swept away when you enter a home you love, and you could miss something that might impact you down the track. Consider using your **first visit** to an open home to decide whether you like the property and if you can see yourself living there. On **visit two** have a proper look around for things that might need to be checked or any remedial work you may need to budget for.



## Here is a list of things to consider when you're visiting an open home:

### Exterior cladding

What is it made of? Are there cracks, uneven textures or signs of damage?

### Retaining walls

Check the condition of any retaining walls, particularly for sagging or cracking, as these can be expensive to fix. Consider checking whether any retaining walls have consent.

### Fences

Check the conditions of the fences, particularly boundary fences as these are owned equally between neighbours.

### Trees

Are there mature trees on the property? These may be protected if they are of historical significance or play a part in preventing erosion, so it's usually a good idea to check if they are listed on the LIM report, as this may limit your ability to alter or remove the trees. It's also the property owner's responsibility to keep their trees from growing too close to a service line. Generally, trees aren't covered by insurance.

## What to look for inside



### Existing water damage

Look for signs of damp or mould, like a musty smell, or any bubbling paint or discoloration as these could indicate moisture. You may want to include a moisture test in the builder's report as well as getting the water pipes and hot water cylinder checked. Gradual damage is usually deterioration that happens slowly over time and as the damage isn't sudden it's generally not covered by insurance so look out for signs.



### Water pressure

Turn on the taps and shower to check the water pressure and that the drainage is effective.



### Windows and doors

Don't be shy! Check if the windows and doors open and close properly, and if there are any signs of decay in the window frames.

## So, you've found the one. What's next?

Knowledge is power! It's important to be informed. Consider doing your due diligence on the home you're interested in before putting in an offer.

The type of house you buy can impact your insurance. The year the property was built, its build quality, and location can be factors that impact the annual cost of your home insurance premium. For some types of houses, like apartments or townhouses, you may find the insurance is controlled by a body corporate.



## OK, sure. But what does diligence include?



### Insurance costs

Factor in insurance costs as part of the due diligence process, you could even get an insurance quote for the specific property you're looking at, to factor it into your budget.



### LIM report

A LIM report provides a summary of information the local council holds about the land, such as natural hazard risks, issued consents, water services and drainage.



## Builder's report

A pre-purchase inspection such as a builder's report, can help you understand how the property is built and what it's built out of. It can also help to identify any issues you may need to deal with (and budget for) in the future. This could be things like the structural condition and parts of the home that could need repair or replacement.



## Natural hazards and weather risks

Natural hazards and weather risks of the property you are buying can impact your insurance. Luckily there are resources available to help determine if the area is prone to risk. Events like natural landslides, floods, coastal erosion and earthquakes can all cause damage to your home, and increased risk of natural hazards might affect your insurance cover.



## Record of title

The record of title is a legal document specific to the address that tells you what type of land you're buying and if there are any restrictions against the property. It's useful to understand the title of the property, particularly for newer properties that are connected, multi-dwelling or terraced townhouses, as each insurer may have different eligibility criteria for the homes they will cover.



## Risk factor

Checking the council records (usually called a property file) can give you an insight into the information the local council holds about the land and the types of natural hazard the property might be prone to. You can also look at the local council flood maps and the Natural Hazards Portal website to get area and property specific information, like whether there's been any natural hazards claims settled at that property.



## Property lawyers

Property lawyers can help you with reviewing information, filling in paperwork and spotting potential issues with the property before you commit.



## Calculating your premium

We look at all sorts of risk factors when calculating your insurance premium, including risks related to natural hazards and weather. If a property is in an area that is more prone to natural hazards it might impact your insurance now and in the future.



## Method of Sale

There are many ways that a property can be sold including by auction, deadline sale, advertised price and by negotiation. The method of sale may impact the timeframes within which you can undertake your due diligence and check the insurability of the home. With a sale by auction, you might need to conduct your due diligence prior to the auction, whereas, with a deadline sale, advertised price and negotiation, you can add these as conditions with your offer and complete them after your offer is accepted.

## Proof of insurance

Insurance is often a condition of getting finance from your bank so it's important to get it sorted before your settlement date. The licensed real estate agent will be able to provide the information needed to get a home insurance quote, like the age of the property, its condition, size and construction materials. You'll also need to set a sum insured, which is generally the maximum amount your insurer will pay to rebuild your home after an event. Your chosen insurer can give you documentation to confirm the house is insurable, such as a letter of intent or a Certificate of Currency.



## Sum insured vs Purchase price (not the same thing)

Your sum insured is different to your purchase price, appraisal value or rateable value figure. It's important that you accurately estimate your sum insured so you have enough cover if you need to make a claim after an event. We have an online calculator to help provide you with an estimate of what is needed to cover your home if it needs rebuilding after an event. To help increase the accuracy of your rebuild estimate of your sum insured, you'll need to carefully review and adjust the details about your house.

## Good luck on your home buying journey.

There are additional resources that go into more detail on our website, but if there is something specific that you want to know, please get in touch.



Disclaimer – The information presented is of a general nature only and is provided only to provide suggestions on some of the things to consider when purchasing a property and what an insurer might recommend you consider. It is not intended for any other purpose. You should always seek appropriate professional advice on purchasing a property. No representation or warranty expressed or implied is made as to the accuracy or completeness of the information and no responsibility is accepted for any loss, penalty or damaged (including special or consequential damages) arising out of the use of all or part of the information. The information presented does not replace the need for appropriate professional advice. Reliance on this communication will not affect or influence policy response.