

Introduction

This guide is intended to assist you in insuring your home and briefly explains some of the more important aspects of house insurance.

It also seeks to emphasise the importance of adequately insuring what is probably your most valuable possession.

Remember that home insurance policies differ, some covering more than others; hence the importance of examining your policy carefully and insuring for the correct amount.

Guideline costs

The costs included in this guide are a guideline to the MINIMUM value for which you should insure the structure of your house. Applying these rates to the area of your house will give you a base, which you should add to in order to cover other costs, such as boundary walls, garages, fitted kitchens, etc.

The insurance value for houses varies greatly depending on the type of house, i.e., Georgian, modern, with or without basement, etc. The costs in this guide are intended to cover typical, speculatively built estate-type houses in Dublin, Cork, Galway, Waterford and Limerick, which were built since the 1960s. If you have another type of house, for instance a Georgian or Victorian house, the costs in this guide will not be appropriate to adequately insure your house. If you have a house of this more unusual type, you should have a reinstatement cost assessment carried out by a Chartered Quantity Surveyor.

The costs are calculated on a total loss situation, i.e., the house has been totally destroyed and has to be demolished and totally rebuilt. In addition to demolition and reconstruction, the costs also allow for building surveyors' /architects' /quantity surveyors' fees, and for value added tax at the correct rates at the time of printing this guide.

The costs do not include any allowance for contents such as carpets, curtains, loose furniture and domestic appliances. A separate insurance policy for contents is required.

Market value

It is sometimes thought that the market value of the house, in other words the price achieved when the property is sold on the open market, is the value for which the property should be insured. This is, however, irrelevant as the market value of a property generally has little relationship to the reinstatement value.

Important aspects of house insurance policies

The average clause

Unless your property is insured adequately, you may be penalised under your policy by having to pay a certain proportion of the reinstatement costs. It is therefore extremely important to have the property sufficiently insured. Where, for example, the insured sum is only 75% of the total reinstatement cost, you will only receive 75% of the agreed cost of reinstatement, whether the claim is made for partial replacement or total loss.

For example, in the case of a house insured for €270,000, where the total reinstatement cost was €360,000, the insured party would receive only €270,000 to reinstate the house in the event of the total loss. The insured party would thus be obliged to provide the balance of €90,000.

Similarly if there is a partial loss, which costs €60,000 to repair, the insured party would only receive

$$\frac{€270,000}{€360,000} \times €60,000 = €45,000$$

and would have to provide the balance of €15,000.

Reinstatement

Most insurance is intended to leave you in substantially the same position after the damage as before. Therefore, in order to avoid problems with deductions for wear and tear, you should make sure that your policy includes cover for full reinstatement, or "new for old".

Index linking

The costs included in this guide are based on building rates as of May 2008, and do not allow for inflation during the duration of the policy, or the period between any loss occurring and reinstatement. You should ensure that your policy is index linked to avoid any shortfall that might otherwise occur.

Note This leaflet was prepared by the Quantity Surveying Division of the Society of Chartered Surveyors. Whilst every effort has been made to ensure the accuracy of the information contained in this publication, the Society of Chartered Surveyors does not accept liability of any kind in respect of, or arising out of, the information, or any error therein, or the reliance any person may place therein.

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The Society of Chartered Surveyors is the professional representative body for Chartered Surveyors practising in the Republic of Ireland. The Society currently has over 2,200 qualified members, practising in all areas of the property and construction industries.

The Society regulates the profession in the public interest and oversees all aspects of the profession, from education through to qualification and the continuing maintenance of the highest professional standards.

The Society has seven divisions, as follows: Quantity Surveying; General Practice/Valuation Surveying; Building Surveying; Planning & Development; Geomatics; Mineral Surveying; and, Rural Practice Surveying. Professional services offered by members include:

- construction cost advice from budget estimates to final accounts;
- insurance reinstatement valuations and claims preparation;
- valuation, development and management of property;
- urban and rural planning;
- construction advice on new buildings and the restoration of old;
- structural surveys and schedules of dilapidations;
- estate agency;
- land and marine surveys and maps;
- evaluation and preparation of plans for the exploration and exploitation of minerals; and,
- mining laws and working rights.

The Society is a founder member of the European Society of Chartered Surveyors, with headquarters in Brussels, and with 17 other member associations of Chartered Surveyors throughout Europe. In addition, the Society also represents Irish construction and property interests in many other European organisations. The Society is a founder member of the Construction Industry Council (CIC) and is also a member of the Forum for the Construction Industry.

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The Society of
Chartered
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Are you fully insured?
Guide to house rebuilding costs
May 2008



TABLE OF COSTS MAY 2008

House type	No. of bedrooms	Typical size	DUBLIN AREA	CORK AREA	GALWAY AREA	WATERFORD AREA	LIMERICK AREA
			Rebuilding cost	Rebuilding cost	Rebuilding cost	Rebuilding cost	Rebuilding cost
Terraced	2	70 sq m (750 sq ft)	€2,211 sq m €205 sq ft	€1,668 sq m €155 sq ft	€1,663 sq m €155 sq ft	€1,618 sq m €150 sq ft	€1,715 sq m €159 sq ft
	3	95 sq m (1023 sq ft)	€2,109 sq m €196 sq ft	€1,571 sq m €146 sq ft	€1,563 sq m €145 sq ft	€1,540 sq m €143 sq ft	€1,588 sq m €148 sq ft
Semi-detached	3	95 sq m (1023 sq ft)	€2,198 sq m €204 sq ft	€1,666 sq m €155 sq ft	€1,599 sq m €149 sq ft	€1,642 sq m €153 sq ft	€1,705 sq m €158 sq ft
	4	118 sq m (1270 sq ft)	€2,012 sq m €187 sq ft	€1,491 sq m €139 sq ft	€1,480 sq m €138 sq ft	€1,470 sq m €137 sq ft	€1,472 sq m €137 sq ft
Detached	4	118 sq m (1270 sq ft)	€2,071 sq m €192 sq ft	€1,518 sq m €141 sq ft	€1,491 sq m €139 sq ft	€1,515 sq m €141 sq ft	€1,581 sq m €147 sq ft
Detached bungalow	4	146 sq m (1572 sq ft)	€1,967 sq m €183 sq ft	€1,491 sq m €139 sq ft	€1,429 sq m €133 sq ft	€1,420 sq m €132 sq ft	€1,603 sq m €149 sq ft

Garage: Total rebuilding costs range from €16,220 for a single attached garage to €29,160 for a double attached garage. This table is a guideline based on a typical speculatively built, estate-type house in the Dublin, Cork, Galway, Waterford and Limerick areas. These figures are May 2008 figures. See important notes below.

- The figures shown in the table are a MINIMUM base cost guide for your house insurance.
- The figures are based on estate-type houses built in the Dublin, Cork, Galway, Waterford and Limerick areas since the 1960s. They exclude: (a) properties with more than two storeys or with basements or habitable attics; (b) 'one-off' houses with special design features or period houses; and, (c) apartments/residential flats because of split responsibilities for shared areas. The insurance of apartments is covered in the block service charge. Owners should confirm with their management companies/agents that their apartment block has been valued for insurance purposes, and that the insured value is current.
- The figures assume a basic quality specification with normal foundations, brick/block walls, concrete tiled roof, concrete ground floor and timber first floor, softwood flush doors and hardwood double glazed windows, painted plaster to walls, plastered ceilings, standard electrics and central heating. The sum insured should be increased to allow for better than average kitchen fittings, built-in wardrobes, finishes and any other items not normally included in an estate-type house (e.g., fire alarm).
- House contents such as carpets, curtains, furniture, etc., are not covered by the figures.
- No allowance has been made for the cost of outbuildings, patios or boundary walls. The figures do, however, allow for a concrete path around the house, for driveway repairs and regrassing.
- The figures allow for demolition costs, professional fees incurred in reinstatement and VAT at 13.5% on building costs and 21% on professional fees.
- The amounts included for professional fees have been calculated to cover the following services:
Building surveyor/architect: prepare working drawings and specification, and administer the building contract.
Quantity surveyor: invite and examine tenders, process payments and agree final account.
Provision has not been included to cover the cost of a structural engineer, who might be required in some cases. Fees associated with the preparation of insurance claims are not included.
- The costs are based on building rates ruling in May 2008 and do not allow for inflation during the duration of the policy and the period between any loss occurring and reinstatement.

How to use the tables

- If your house conforms to the standard types in the included table of costs, you can use the following method to give a broad indication as to the amount for which you should insure.
- Using the table of costs, the exercise is a simple matter. You should calculate the total floor area of your house by measuring the internal length and breadth of the house and multiplying these measurements together.
- Normally the upper floor is the same size as the ground floor. However, if it is different you should calculate each area separately. The area of the ground and upper floors should be added to give the total floor area of the house.
- Consult the table of costs and choose the appropriate rebuilding cost figure (two-bed terrace, three-bed semi, etc.). Multiply the total floor area by the cost figure and add for the cost of a garage if applicable.
- You should add for higher than average kitchen fittings, built-in wardrobes, finishes, etc. You should also add for fire alarms and security alarms, and for any outbuildings, walls, fences, patios, etc.

Annual renewal

It is essential that you re-assess your level of cover every year, based on current rebuilding costs, making allowance for any improvements or extensions that you may have made since your last renewal date.

Building Regulations

On the assumption that the insurance policy is 'new for old', that the structure insured does not conform to the current Building Regulations and, most importantly, that the sum insured is adequate to include the cost of complying with the regulations in rebuilding, then, in the case of a total building loss as defined by the insurance company, the standard household policy will cover you for rebuilding to conform with the new Building Regulations. In case of doubt concerning any aspect of your policy, you should contact your insurance company or broker.

CALCULATING YOUR REBUILDING COSTS

Internal area of your house		
Ground floor	=	
First floor	=	_____
Total	=	A
Rebuilding cost = (see chart)	€	B
Multiply A x B =	€	C
Add for garage (see table)	€	D
Add for higher than average kitchen fittings	€	E
Add for built-in wardrobes, etc.	€	F
Add for special finishes (e.g., hardwood timber floors)	€	G
Add for rebuilding any outbuildings	€	H
Add for rebuilding fences/walls	€	I
Add for any other items which are not covered (e.g., fire alarm)	€	J
Total (Add C-J)	€	_____