

As your dedicated broker we at aibGROUP are here to help explain the changes to Home Insurance Premium

The cost of your premium can change for a number of reasons

Insurers have seen an increase in claims costs for properties over the last few years due to emerging and changing risks. Insurers will always calculate premium rates based on what they see in our current environment to ensure they remain sustainable.

Emerging risks contributing to changes in property insurance prices:



Earthquakes

Ongoing earthquakes around New Zealand have resulted in a sustained increase in the number of claims. Areas of the country that sit on fault lines such as Wellington, Kaikoura and Christchurch are more at risk of earthquakes. It's important insurers price appropriately for this risk so that they can continue to pay claims if an earthquake was to occur.



Extreme weather events

Over the past three years, the number of storm and flood insurance claims has increased by 56% in New Zealand and scientists predict the intensity of major weather events to continue to increase as the climate continues to warm. In order for insurers to be able to support property owners if they suffer any damage from these extreme events, prices need to be adjusted accordingly.



An increase in building costs

Because construction costs have increased Insurers have adjusted their premiums to keep up with repair/rebuild costs. RLB (Rider Levett Bucknall) forecasts construction cost inflation to peak at 4.8% before moderating to about 3.5% by late 2019.



Non-compliant use of building products

The 2014 fire at an apartment building in Melbourne's Docklands and the tragic Grenfell fire in London in June 2017, highlighted the fire safety risks arising from the non-compliant use of combustible cladding, particularly in multi-story buildings. System failures have led to widespread non-compliant use of aluminum composite panels (ACP) and expanded polystyrene (EPS) cladding in the building industry. In addition to being a fire hazard, both products are prone to melting, dripping and collapsing.

Recent estimates by the Building Research Association (BRANZ) showed about \$232m has been spent every year in labour and replacement costs to fix non-compliant products in commercial and residential buildings. Insurers need to price appropriately to factor in this risk.

aibGROUP Insurance follows a strict process of offering Insurance quotes and cover based on the information we have been provided. It is our role to ensure you are provided with current information in regards to Insurance pricing and options. Insurers tend to review pricing on an annual and/or six-monthly basis and those reviews can impact on your premium costs and/or your choice of Insurer. As your Insurance broker we have a wealth of expertise and knowledge ready to assist you with the right cover.

