



Media Release

19 January 2021

Post-renovation insurance checks essential for busy Kiwi homeowners

New Zealand's COVID-19 era renovation boom could be leaving more Kiwis prone to home underinsurance risk, according to a nationwide survey by AMI and Ipsos.

The survey has revealed that one in three homeowners have made major or structural renovations to their home in the past 18 months, however, more than half (54%) did not update their home insurance policy as part of renovations being completed. [1].

AMI is therefore urging everyone embarking on a home makeover to think carefully about how their renovations will change their home and contents insurance needs.

This includes checking you have the right cover in place to protect the extra value added to your home if disaster strikes and you need to rebuild and refurnish from scratch.

AMI's Executive General Manager, Claims, Wayne Tippet, says all homeowners – regardless of whether they have carried out renovations – should be in the habit of regularly reviewing their insurance policies to ensure their most prized asset is properly protected.

“Lockdowns and international travel restrictions have given more Kiwis the time and budget to spruce up their homes – often making them bigger, more comfortable and more functional for day-to-day living,” Mr Tippet said.

“If you're extending your home, rebuilding your kitchen, or adding an outdoor feature like a deck or swimming pool, it's important to contact your insurer to check you have adequate cover for the investments you're making.

“In fact, checking your insurance cover is something we encourage all our customers to do regularly, to ensure there are no surprises at claims time.”

According to AMI's survey, nearly a quarter (23%) of home renovations cost more than \$51,000, while 15% cost between \$31,000 – \$50,000, 31% cost between \$11,000 - \$30,000 and 31% cost less than \$10,000.

Bathrooms and kitchens (45% each) were the most popular rooms to renovate, followed by outdoor areas (40%), bedrooms (26%) and lounge rooms (22%).

The survey also revealed more than half (54%) of renovators did not consider taking out Contract Works Insurance (CWI), and a further 14% admitted to not knowing what CWI is.

Mr Tippet says the purpose of CWI is to protect your home from unforeseen damage while renovations are taking place.

“Homes undergoing major renovations enter a phase of being less structurally sound, which is why most home insurance policies have exclusions in place when homes are being worked on.



“For example, if you’re extending your home and your builders have covered part of the roof with tarpaulins – your home will be at greater risk of damage if a major rain event or storm passes through your area.

“Contract Works Insurance is there to cover damage caused while your home is structurally more exposed to risks,” said Mr Tippet.

With 62% of renovators saying they plan to make further adjustments to their home in the next year, Mr Tippet hopes homeowners will keep their insurance needs top of mind.

“Renovations – big or small – can be disruptive for families, who often endure tight sleeping arrangements, temporary bathrooms and cooktops for weeks on end while works are carried out.

“Most people will agree that all the fuss and disruption is worth it when the end result adds value to your home and provides more enjoyable living spaces for everyone.”

“The emotional investment we make when we renovate can be just as valuable as the financial investment, so having the right cover in place will, at the very least, give you peace of mind that your enhanced slice of heaven is properly protected before, during and after renovations.”

AMI’s top tips for a successful home renovation:

- Before getting started, plan and cost out the renovations you want to make. Have a realistic budget and allow for extra unexpected costs.
- Depending on the size and scope of your project obtain professional advice and always use qualified, licensed tradespeople. Ask for help with the consent process if you need it.
- Consider taking out Contract Works Insurance before the renovations commence. This provides cover for unforeseen damage to your home while the renovations are underway.
- Before commencing the renovations, check that your home, building and contents insurance is up to date for during the renovations, as well as after.

[1] Based on a survey of 536 homeowners, 170 of whom made renovations to their home in the past 18 months. Survey carried out by Ipsos in November 2021.

ENDS

About AMI

AMI has been looking out for New Zealanders for 94 years and is part of the largest general insurer in the country, IAG New Zealand. IAG also trades under our brands State, NZI, NAC, Lumley and Lantern, as well as our bank partners ASB, BNZ, Westpac and The Co-operative Bank. IAG employs over 3,000 people, insures more than 1.8 million New Zealanders and more than \$650 billion of commercial and domestic assets.