



# Caught in the gap

Why underinsurance is a risk  
we can't afford to ignore

**Jax Wilson**

Head of Personal Lines Portfolio Ando Insurance

# Underinsurance – Dictionary definition

if a **person** or **organisation** is underinsured,  
they do not have a high enough **level** of **insurance**:

*The main reason for people being underinsured is  
because they do not realise the true value of their property.*

# What does underinsurance look like

BUSINESS / HOUSING

## Underinsurance an increasing problem for homeowners, property research firm says

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File photo. About two-thirds of surveyed policyholders lacked an understanding about what it would cost to rebuild their home. Photo: RNZ

## Homeowner warning: Insurance cover may not be enough as building costs soar

Jody O'Callaghan

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ALDEN WILLIAMS/STUFF

Ruby Debs Oakley in the truck she now lives in next to her fire-damaged home.

Ruby Debs Oakley's charred character home is a painful reminder of the Kiwi dream she had only 48 hours to enjoy and is now struggling to reclaim.

## How many people actually have enough insurance?

Rob Stock

Share



Flooding in Auckland and areas of the North Island is yet another reminder that this country is particularly plagued by natural disasters.

ANDREW FREEMAN-GREENE / SUPPLIED

**ANALYSIS:** A shock claim landed this week that almost half of Aucklanders did not have "home" insurance.

As the recovery for households whose homes were inundated in storm flooding continues, those who have insurance have their insurers to help

**Every**

New Zealander has either suffered a significant loss themselves, know someone who has suffered a significant loss, or have witnessed it in their region.

**85%**

of New Zealanders are underinsured – still.

Usually a client takes

**2.5 years**

to feel comfortable in reviewing their sum insured.

# The stats – in our experience

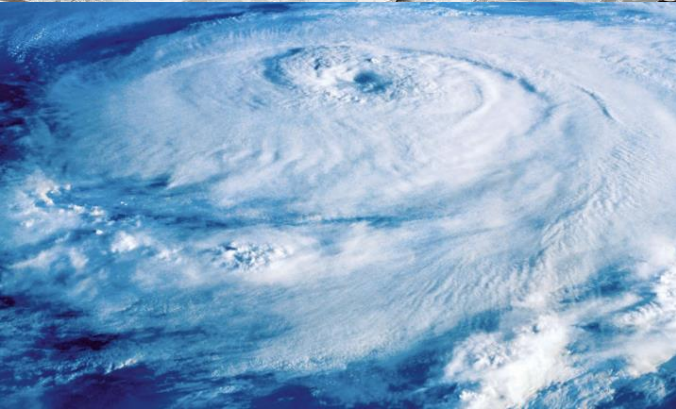
Square metres (m <sup>2</sup> )	Sum Insured on policy schedule	Actual cost to rebuild main dwelling	Actual cost to rebuild main dwelling/m <sup>2</sup>	Shortfall if loss due to fire or explosion
354	\$924,000	\$1,695,157.54	\$4,788.60	\$771,157.54
228	\$749,606	\$1,197,644.82	\$5,252.83	\$448,038.82
100	\$362,000	\$462,438.31	\$4,624.38	\$100,438
150	\$800,500	\$1,275,873.23	\$4,252.91	\$475,373
80	\$355,985	\$543,766.36	\$6,797.73	\$87,781.36
500	\$1,358,750	\$2,788,813.58	\$5,577.62	\$1,430,063

\*Ando's House Policy is open-ended for fire and explosion





Why is  
New Zealand  
considered one  
of the riskiest  
countries in  
the world?





An aerial photograph of a powerful hurricane, showing a well-defined eye and swirling cloud bands over a dark ocean. The text "Natural disaster has been here a long time..." is overlaid in the center in a bold, orange font.

**Natural disaster  
has been here  
a long time...**



An aerial photograph of a powerful hurricane or cyclone. The storm's eye is a bright, circular center of calm, surrounded by dense, swirling white clouds. The surrounding ocean is dark blue with white-capped waves, indicating high winds. The text "And it's not going anywhere..." is overlaid in the center of the storm's eye area.

**And it's not  
going anywhere...**



# What we **CAN'T** control

How Government and council plan infrastructure to better support New Zealand's environmental challenges.

Unprecedented weather.

Weather patterns.

Global warming.

Resource consents are still being granted for houses to be built on the sides of cliffs.

The fact that New Zealand is a small country on a major fault line, located in the Pacific Ring of Fire. We live on coastlines and in valleys, surrounded by rugged landscapes. Some of our cities are built on land that is literally alive with geothermal and seismic activity.

Local government making sure their drain-clearing pumps have enough diesel when needed to help prevent flooding.



**Better insurance outcomes for New Zealanders when they go through the awful experience of suffering a loss.**

## What we **CAN** influence

### **How?**

We can highlight the importance of getting the sum insured right for House, Contents, and Private Motor Vehicle insurance.

By having conversations with your clients.

All of us talking to as many people as we can.

**EVERY  
YEAR**



# Getting the sum insured right on House insurance specifically

**Valuations**



**Insurer guides  
on how to set  
the sum insured**



Online  
Calculators

Builders'  
guestimates



# It's not just bricks and mortar

Building  
techniques  
required

Below the  
ground –  
foundations

Inflation

Demolition

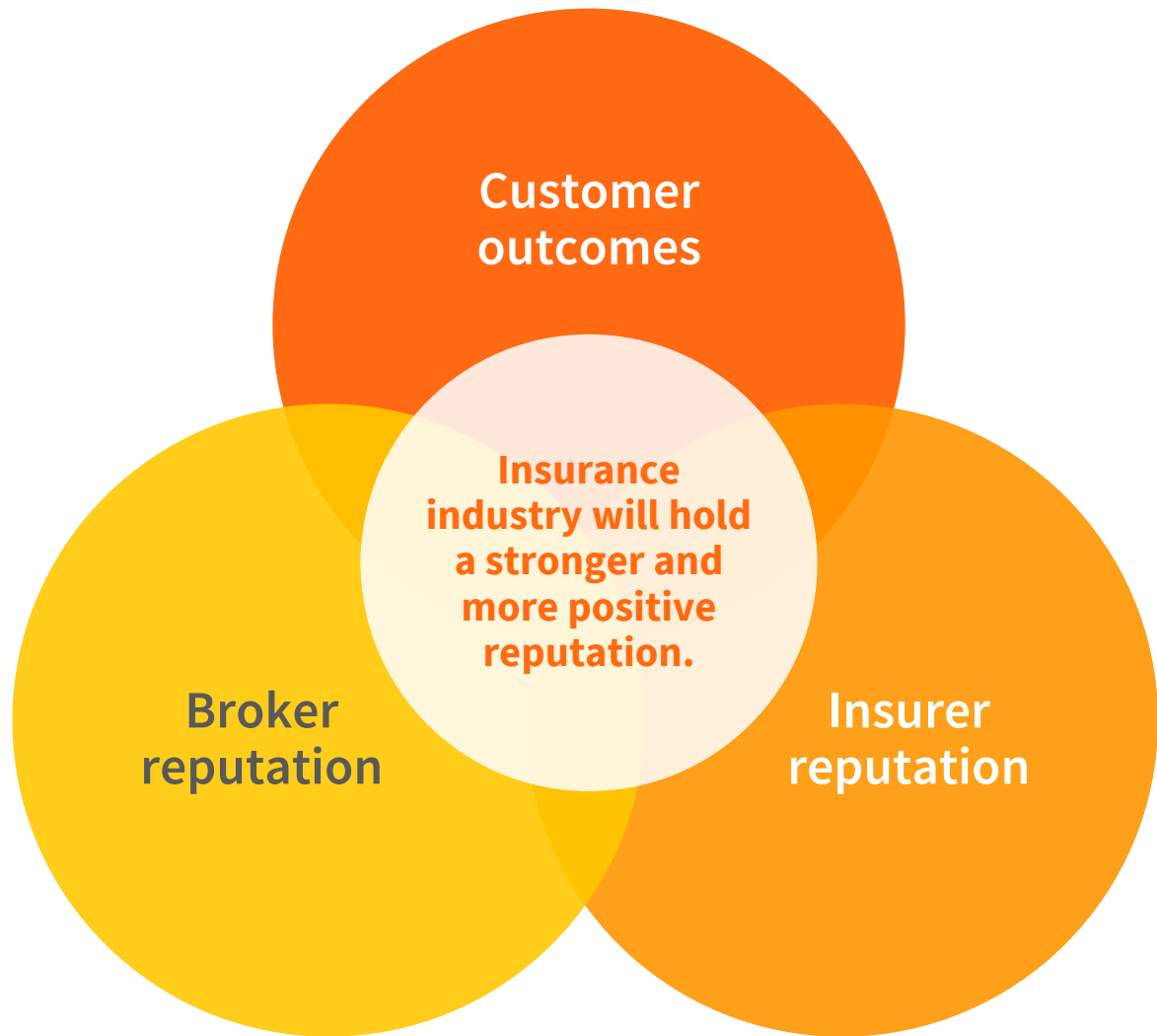
Access to  
property

Supply  
and demand  
of materials  
and labour

Removal  
of debris



In a world facing many challenges, **together** we can make a positive difference





# Thanks

