

## MORE TO HOME INSURANCE THAN MEETS THE EYE

*- Whatever your risk, there is a policy to protect you*



At its most simple, home insurance provides financial protection in the event of an accident or disaster involving your home. Most people recognise that basic home cover is the right thing to have. Few people, however, understand that beyond buildings, home insurance can also cover things like contents, personal accident and liability. Home insurance can even provide alternative accommodation in the event your home is rendered uninhabitable through accident or disaster.

Ghanaians generally understand the value of real estate. Many spend a lot of time, money and effort investing in property, either for themselves to live in, or to rent out for additional income. A lot of attention goes into the details of property purchase, renovation, maintenance and rental. Yet, given the resources invested in these processes, and the money that could be lost if things go wrong, it is surprising that so few homes or rental properties are insured in Ghana.

Only about 1% of the economy is insured\*. Just over half of this is life insurance. With home, vehicle and medical insurance together effectively covering less than half a percent of insured economic value, only a very tiny minority of actual homes or residential properties in Ghana are insured.

### Why everybody needs a Home Insurance

While properties in Ghana are routinely impacted by fire, theft and lightening, losses suffered from earthquake and explosion are also not uncommon. With the advance of global warming, incidents of extreme rain and flooding are also on the increase in Ghana. Today, over 1 million people in Ghana fall victim to floods or experience some form of damage as a result of rain or water each year. Statistics also record an increase in fire damage rendering people homeless.

If you cannot self-insure - and few people can - it is imperative to have some form of protection against accident, destruction or loss.

Most people take a lifetime to acquire a home or properties to rent for income. Without insurance, most people will not have the resources or the time to rebuild their lives or homes, replace their property or goods, or cover any damage to themselves, their families or third-parties - every time damage or loss occurs.

Whether you own or rent the property you occupy, home insurance is necessary to manage the unforeseen. Returning you to the condition you were in prior to any loss - without impairing yourself financially or dramatically altering your lifestyle and comfort to achieve this.

### How to choose a suitable Home Insurance to address your needs

Since the kinds of loss and damage that people can suffer in their home are broader than people think, it is worth understanding how to use home insurance to cover your full risk potential.

A **standard home insurance** policy insures your buildings and contents in the event of any unforeseen destructive event. While **standard home insurance** policies generally include **personal accident** as well as basic **liability** cover, this cannot be assumed. **Personal accident** insurance covers you and members of your family should an accident or any physical injury occur in the house. The **liability** portion of most standard homeowners' policies should also cover the cost of defending you in court as well as the cost of any court awards—up to the limit stated in your policy documents.

That said, home-owners should check to what extent their home insurance policy includes both personal accident and third-party liability cover. If these risks are not sufficiently covered by the **personal accident** and basic **liability** clauses in standard home insurance policies, homeowners should purchase these separately as stand-alone covers matching the full extent and value of their potential risks.

Since homeowners can also be held responsible for accidental loss and damage – and even accidental injury or death to third parties in their homes - it is also important to include **third party liability** cover as part of **standard home insurance** policies. This is especially so to compensate third-parties for accidental damage to their property, injuries and death whilst at the homeowner's premises.

**Structural insurance** policies pay out an amount adequate to repair or rebuild your home if it is damaged or destroyed, provided you cover your home for its full – and current – replacement value. Depending on the wording of **standard home insurance**, it may make sense to put additional **structural insurance** in place in case your buildings are partially or completely demolished. In this case, **alternative accommodation cover** is available to provide temporary accommodation for you and your family in the months - or even years - that it can take to rebuild a home.

### The perfect Home Insurance for renters or tenants

For renters who do not own the properties they live in, **contents** cover is a great way to insure your furniture, fittings, clothes, sports equipment and other personal items like televisions, refrigerators, electronic goods and jewellery - on the property – up to about 90 percent of their value. It is important to list all your property in your contents policy document, as unlisted property may not be covered, or only partially covered.

While understanding the basics of home insurance is important, Coronation advises that homeowners or renters also speak to an insurance advisor or broker. There is a lot more that homeowners and renters can do to make sure they are adequately and affordably covered for the real risks that they run. It might be important for you, for example, to bundle a homeowners' and a vehicle policy together, to correctly understand the specific items covered in case of a disaster, or to know what items require special covers based on their value. A broker will guide you to the right questions to ask to ensure that you are covered for the real risks that your individual circumstances expose you to.

Helping people structure the right insurance – at the right price - to meet the real risks they run is the core of our business at Coronation Insurance Ghana LTD. Call us today. Advice is free. Advice may also make the difference between selling a damaged or destroyed property at a loss - or keeping a cherished home or valued cash-generating asset for life.

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\* <https://www.atlas-mag.net/en/article/ghana-insurance-market>

\* <https://nicgh.org/wp-content/uploads/2019/11/Insurance-Penetration-strategies-112019.pdf>

Coronation Insurance Ghana LTD | 35, Aviation Rd, Airport Residential Area, Accra

 0302 772 606 |  [infoghana@coronationinsurance.com.ng](mailto:infoghana@coronationinsurance.com.ng) |  [www.coronation.ng](http://www.coronation.ng)

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