Average and betterment

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Average and betterment

Average

The condition of average states that if at the time of a loss or damage the value of your property is greater than the sum insured selected you will be considered your own insurer for the difference in the event of a total loss or pay a rateable portion towards a partial loss. It is therefore very important to insure your property for the correct values to ensure that you are adequately compensated by the insurance company when you have a loss. The following is a guide in selecting sums insured under the sections subject to the average condition:

Building – reinstatement value, i.e. what it would cost to rebuild the dwelling from the ground up at today's prices including the cost of demolition, architect & plan submission fees including VAT. The sum insured should exclude the value of the land

Contents & All Risks – replacement value, i.e. what it would cost to replace any one item and/or your entire household contents at today's prices including VAT. A standard inventory form is available to assist you in calculating the value of the contents room by room.

Motor – Market or Retail value, which must include VAT. The market value of a vehicle is the average value between its trade-in and retail values as published on a monthly basis in the Auto dealers digest. Premiums are directly related to the value of your vehicle. It is therefore important to regularly check and update the value of the vehicle. We will not automatically update the value, as this is dependent on other criteria such as mileage, condition and accessories. We can, however, assist in this regard.

Betterment

The principal of indemnity applicable to most short-term insurance policies states that you must be placed in the same position as you were prior to the loss and not in a better or inferior position.

Betterment therefore supplements the principle of in that Insurer's may deduct betterment and/or wear & tear from repair costs and may also use second hand non-mechanical parts when accident

repairs are approved on used vehicles for example.