

Houseowner/householder insurance

Introduction

This is an introductory guide to help you better understand insurance protection for your home. It gives you basic information so that you can make an informed decision when purchasing houseowner/householder policy.

Types of insurance policies for residential property

There are three main types of policies which you can buy to protect your home:

Basic fire policy

This policy provides you with coverage for the *building only* and covers loss or damage by fire, lightning or explosion.

Houseowner policy

This policy provides additional coverage compared to the basic fire policy. It includes loss or damage due to flood, burst pipes, etc.

Householder policy

This is a policy to cover your household contents and includes coverage for fatal injury to you as the insured.

Type of policy	Loss/damage to building by fire, lightning and explosion caused by gas used for domestic purposes	Loss/damage to building by aircraft, road vehicles or animals, bursting or overflowing of water tanks or pipes, theft, winstorm, earthquake and flood	Loss/damage to household goods and personal effects as well as coverage for the insured
1. Basic fire policy	✓	✗	✗
2. Houseowner policy	✓	✓	✗
3. Householder policy	✗	✗	✓

If you wish to have comprehensive cover for your house as well as the contents, you should buy a houseowner policy as well as a householder policy. If your property is under financing, the financier may require you to take up a mortgage reducing term assurance (MRTA) policy to cover the interest of the financier. Further details of **MRTA** are provided under the Life Insurance topics entitled '**Life Insurance**'

Extension/exclusions

Houseowner policy does not cover loss or damage due to subsidence, landslip, riot, strike and malicious damage. However, you can cover these exclusions with payment of additional premiums. Extensions are also available to cover loss of rent and liability to third parties for accidents in your house.

Householder policy does not cover theft claim if there is *no evidence of forced and violent entry or exit*.

Important points to note when buying insurance for your property

Houseowner policy

Insured value

You must make sure that your property is adequately insured at all times, taking into account the renovations and enhancements made to your property. The sum insured should cover the cost of rebuilding your property in the event of loss/damage. If your property is under financing, you should make sure that your financier has taken adequate coverage. Usually, the coverage arranged by the financier will be for the amount of loan taken. You may, therefore, want to take up a separate insurance cover to extend the coverage taken by your financier.

Strata-titled properties

- **Master policy and individual certificate of insurance**

If you own a strata-titled property, e.g. an apartment, the company managing your apartment building [management corporation (MC)] is required to take up insurance under a master policy. You must ensure that you get a copy of your individual certificate of insurance for your property to check the coverage taken up under the master policy by your MC.

- **Property under financing**

If your apartment is under financing, the financier may require you to purchase another houseowner policy to cover the loan taken. This will result in double-insurance. However, if your property is financed by a bank or finance company under the supervision of Bank Negara Malaysia (BNM), it has been agreed that your financier will not require you to purchase another insurance policy but it will accept the insurance policy purchased by the MC as evidence of insurance for your unit. However, the MC needs to comply with the terms and conditions required by the lending institution e.g. the insurance covers the minimum risks such as fire, subsidence and landslip.

Householder policy

Basis of compensation

You should decide on the basis of compensation of your householder policy, whether it is on reinstatement or replacement value. You will be compensated with the value of a brand new item under reinstatement basis but on the depreciated value of item lost under replacement basis.

Specific declaration of each item

You must specifically declare each item to be insured under the policy to ensure that you get the full compensation in the event of loss/damage. It is advisable to also keep receipts of items insured, if available.

Duty of disclosure

You should disclose fully all material facts in the proposal form. When in doubt as to whether a fact is relevant or not, it is best to ask your insurance company or agent. If you fail to disclose any

material fact, your insurance company may refuse to pay your claim.

Price

The price you pay for your property insurance will depend on the type of policy selected, the type of building and construction materials used. The insurance premium charged by your insurance company is the standard minimum rate in accordance with the Fire Tariff.

What you should do in the event of damage/loss

Notify your insurance company as soon as possible

You must notify your insurance company in writing with full details as soon as possible. Early notification is required to avoid any prejudice to your claim.

Loss mitigating measures

You must take the necessary measures to mitigate further loss/worsening of the situation.

- If temporary repairs are required to stop further damage, you should ensure that these are carried out immediately and the bills of work carried out should be kept as part of your claim.
- If the repairs required are of a permanent nature, you should obtain estimates of the repairs required and send them to your insurance company for approval before commencing with repairs.

Making a claim against your insurance company

- You must submit your claim with all supporting information and documents to your insurance company.
- You should cooperate fully with the adjusters/investigators appointed by your insurance company to assess your claim.