

News release

Online insurance calculators pose 'significant risk', say quantity surveyor

Homeowners who use online insurance calculators to set the insurance value of their property are taking a significant financial risk, says the president of the New Zealand Institute of Quantity Surveyors.

"Setting the insurance valuation on a property is a very complex business that requires a specialist – someone who's actually trained and experienced in construction costing, like a quantity surveyor.

"Someone without that specialised expertise, who uses a generic online calculator, is taking a significant financial risk with their most valuable possession."

Mr Mace says online insurance calculations can be out by as much as 50 percent when compared to the figures provided by a registered quantity surveyor.

The difference can be even more pronounced when comparing an architecturally designed house with one built by a group housing franchise.

He said a second factor in the wildly varying insurance valuations is the allowance made for 'escalation'.

"That's a complicated issue which requires a detailed knowledge and understanding of what drives building costs and how those costs might change over the period of the insurance or, more importantly, in the often lengthy period before a rebuild can take place.

"That wait can sometimes be two or so years and building costs will change, sometimes dramatically in that time, as new technologies are implemented or new building materials and standards take effect."

The New Zealand Institute of Quantity Surveyors has adopted a standardised approach to providing property insurance valuations and ensuring they are accurate.

"We developed this in conjunction with the insurance industry specifically to ensure homeowners got accurate data and could rely on the insurance valuations provided by registered quantity surveyors," Mr Mace said.

"To be safe, homeowners should have their insurance valuation reviewed every year to allow for escalation, and re-done completely if they have renovated."

Mr Mace said homeowners seeking insurance valuations can have confidence that a registered quantity surveyor who is a member of the New Zealand Institute Quantity Surveyors has a strict code of ethics and quality assurance criteria by which they must abide.

For further information please contact Mr Mace 021 891-654

Also see www.nzigs.co.nz