

# Media Release

June 18, 2016



Understand  
Insurance

## Australians guess the value of their contents, risking thousands of dollars

Seven in 10 Australians guess the value of their home contents, with almost half (45 per cent) either having no idea how much they are worth, or believing they have incorrectly estimated by more than \$5000, new research finds.

The *Understand Insurance Home and Contents Survey*, undertaken by Quantum Market Research on behalf of [www.understandinsurance.com.au](http://www.understandinsurance.com.au) also reveals more than half (53 per cent) of all renters don't insure their contents at all – a stark contrast to just 10 per cent of homeowners who don't have contents insurance.

The survey finds that household insurance decisions are being undermined by inaccurate estimates of home contents value, a lack of understanding about general insurance, and a belief that “it won't happen to me” or “I am at a low risk”.

That's despite the fact about one in 15 Australians makes a claim on their home and contents policies every year<sup>1</sup>. Of more than 10.9 million insurance policies taken out for home building, contents and landlord insurance in Australia, almost 720,000 claims a year are made.

The Quantum Market Research survey of more than 1000 Australian homeowners and renters reveals only one in 20 policyholders (5 per cent) believe they can accurately estimate their contents value. The low figure may in part be explained by the fact that only 13 per cent of policyholders use online tools such as the [Understand Insurance contents calculator](#) to get a more reliable estimate of their contents' worth.

However, those who use insurance calculators overwhelmingly find they provide a useful valuation (89 per cent) and are easy to use (89 per cent), and the valuation informs the amount they insure their contents for (87 per cent).

Other key findings include:

- Under 30s are far more likely to feel anxious about not having contents insurance (60 per cent) compared with over 30s (41 per cent); but are also more likely to look for the cheapest policy (75 per cent) and rely entirely on a comparison website for information (71 per cent)
- 71 per cent of respondents without cover say they don't have insurance because “the risk of needing to claim is low”
- 43 per cent of those without cover had contents insurance at a previous address but have not renewed it since moving
- 23 per cent of those without cover previously had contents insurance at their current address but let it lapse

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<sup>1</sup> Source: Financial Ombudsman Service



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- More than half of homeowners and renters don't consider the terms and conditions in policy documents when choosing contents insurance (60 per cent homeowners, 54 per cent renters)

*Understand Insurance* spokesman Campbell Fuller says householders can protect what's important to them by using the free and independent [tools, calculators and household inventory checklists](#) at [www.understandinsurance.com.au](http://www.understandinsurance.com.au) to ensure they have the best policy with the right amount of cover.

"These survey results show many homeowners and renters are extremely price conscious when they buy insurance. They admit to a general lack of knowledge about insurance options, benefits and the risks of being ill-informed. That could leave them underinsured, or buying a policy that doesn't suit their individual circumstances," Mr Fuller says.

"Consumers need to be aware of the financial risks associated with being complacent with their insurance choices and decisions. The tools and information at [www.understandinsurance.com.au](http://www.understandinsurance.com.au) can help Australians identify the gaps in their insurance cover."

With renting now the norm for a generation of Australians – about 4.5 million Australians now rent<sup>2</sup> – Mr Fuller says renters are leaving themselves particularly exposed to financial loss.

"Renters may not think that they need to insure their valuables. Many believe their belongings are covered under their landlord's insurance policies, but that is not the case," he says.

"The cost of replacing mobile phones, computers, bikes, televisions, clothing and sporting equipment add up very quickly and they can all be insured against theft or damage. Many insurers offer cost-effective products specifically designed for renters and shared households."

Media contact:

Andrew Holmes P: 0411 024 405

E: [andrew@truthagency.com.au](mailto:andrew@truthagency.com.au) W: [www.understandinsurance.com.au](http://www.understandinsurance.com.au)

State-by-state breakdowns of the survey results are available on request.

You can find Understand Insurance's insurance calculator here: <http://bit.ly/1RJpzyQ>

## ABOUT UNDERSTAND INSURANCE

*Understand Insurance* is a financial literacy initiative of the Insurance Council of Australia. For more information and tips, visit [www.understandinsurance.com.au](http://www.understandinsurance.com.au), follow Understand Insurance on Twitter [@UIAUS](https://twitter.com/UIAUS) or like us on Facebook [www.facebook.com/understandinsurance](https://www.facebook.com/understandinsurance) for insurance tips. Check out our [blog](#) for insurance tales and insights.

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<sup>2</sup> Australian Bureau of Statistics, [4130.0 - Housing Occupancy and Costs, 2011-12](#) (page last updated September 27, 2013)

