ABSTRACT

The single most valuable asset to most Singaporeans is their property. Many are unaware of the need to protect their assets from risks such as fire. Current legislation does not require landed private residential properties to be protected against such risks. Although most prudent property owners find the need to protect their properties against losses with insurance, there are many who have not provided sufficient coverage. The findings of this study shows that 79.5% from a sample size of 200 owners of freehold landed properties are inadequately insured, while about 14% do not have any home insurance. Many of these owners perceived that the risk of unforeseeable event causing damages or destruction to their properties is low and are unwilling to pay higher premiums for better protection.

The local insurance industry offers a variety of property insurance policies that can be purchased by home owners. These policies should be able to meet most of the needs of property owners, except that the insurable amount has to be decided by the property owners. The services of a professional valuer should be used to determine the insurable value of their property, but it is not a condition required by insurance companies. Without proper or professional advice, it is unlikely that the sum insured would be adequate. The "average clause" found in most property insurance policies will affect properties being insured for less than the full insurable value. The owner who has insured his property for less than the full insurable value will find his claims settlement reduced proportionally. This can be quite substantial if the disparity between the sum insured and the insurable value is great.