



# ECFH Financially Speaking

East Caribbean Financial Holding Company Limited

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This week we present our final insurance related term and urge you to remain vigilant, ever mindful that we are still in the midst of the hurricane season. Our term for this week is “**Reinstatement**”.

**Reinstatement** applies to two broad areas as it relates to contents of one’s home. In the first instance it applies to property that is lost or destroyed and in the second, to property that is damaged. Where the property is destroyed or lost - it is replaced by like property of commensurate value. Conversely, if it is damaged then the damaged portion is repaired and/or restored. In either case the replacement or restoration should not lead to an improvement in the value of the item. Alternatively, for household linen and clothing - a deduction for wear and tear will be made where loss or damage occurs.

## **What does this mean for your?**

If you do decide on insuring the contents of your house you should always insure these contents at the replacement cost of acquiring a new one. For items like computers for example, they become obsolete quickly and therefore a replacement in the near future could be cheaper than the original purchase price. You should consider reducing the sum insured on such items to reflect the actual replacement value and thereby save on your premium payments. On other items however, such as jewelry, the opposite may be true, the replacement price may actually increase over time.

For more information on **reinstatement** please call our agents at EC Global Insurance Company Limited at 451-3244 or via email [ecglobal@ecfh.com](mailto:ecglobal@ecfh.com).