



SUM INSURED

Australian Residential Contents Index (RCI)

June 2019



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Introduction

Sum Insured Pty Ltd is an Australian private company that assists people to establish the correct replacement costs of their assets and in so doing helps them to be correctly insured.

Sum Insured specialises in the research and production of building contents replacement cost information and web based expert calculation systems. It produces information for use in both the home, commercial and rural sectors and operates throughout Australia and New Zealand.

The Sum Insured Residential Contents Index (R.C.I.) is a statistical measure of the movement in home contents replacement costs in Australia, specifically focusing on the rate of change of the replacement cost of a home's contents over time.

Changes in contents prices are researched daily from a wide cross section of Australian retailers and suppliers, with research conducted via web, telephone, email as well as in the field. Extensive use is also made of detailed surveys of a large range of different household and business types to track the typical quantities of items contained within a home, commercial or rural operation. This ensures we provide users with the most comprehensive and up-to-date contents replacement cost information available in the Australian market.

The residential contents index contains all of the typical categories of contents you would expect to find in a home including everything from appliances, audio visual equipment and computers, through to clothing, furniture, homewares and sporting equipment.





Basis of Index

The Residential Contents Index is based on the contents of a typical three (3) bedroom home in Australia. The model home contains a total of four occupants and comprises thirteen (13) different functional rooms or areas as follows:-

- Occupants
 - 2 x adults
 - 2 x children

- Rooms/Areas
 - 3 x Bedrooms (1 x double + 2 x single)
 - 2 x Bathrooms
 - 1 x Kitchen
 - 1 x Laundry
 - 1 x Dining
 - 1 x Living/Lounge
 - 1 x Family
 - 1 x Garage/Storage
 - 1 x Garden shed
 - 1 x Patio/Balcony/Deck/Veranda

Home Contents Standards

Typically costs are tracked for 3 separate home contents standards in Australia including:-

- Average
- Quality
- Prestige

The base or “average” standard of home contents represents no-name brands, basic equipment, and self-assembled furniture, whilst the “quality” standard of contents tends to reflect well-known brands, superior equipment and joinery standard furniture.

The top level or “Prestige” home contents standard on the other hand, includes designer brands, handcrafted furniture and top of the line equipment.



Key Categories

The key categories represented within the Australian Residential Contents Index (RCI) are summarised below, together with the percentage (based on the mean of the average and quality standards) that each category contributes towards the overall index value: -

Category	Contribution
Appliances	5.2%
Audio visual/Camera/Computer/Telephone	9.0%
Books/Entertainment	2.9%
Clothing/Footwear	15.6%
Food/Drinks/Cleaning	1.7%
Furniture/Lighting	27.4%
Games/Hobbies/Toys	4.5%
Garden equipment/Tools	5.4%
Homewares/Bedding/Linen	8.8%
Jewellery/Watches (costume)	2.0%
Personal care/Toiletries/Medical	1.8%
Sports/Luggage/Camping	3.3%
Window/Floor furnishings	12.3%
Total	100.0%





Australian Residential Contents Index (R.C.I.)

The Residential Contents Index (RCI) is an important indicator of a cost trend reflecting the movement in the sum insured replacement cost of the contents of a typical three (3) bedroom Australian home.

Prices for items are tracked across each different standard of contents (i.e. average, quality & prestige), however only the average and quality standards are used to establish the “Mean” index value.

Movements in the index represent changes from the base index of 100, which has been assigned to the June 2007 year. Hence an index of 110.0 represents a 10.0% increase in the cost of a home’s contents replacement cost, since the base date.

In the previous 12 months to **June 2019** the “Mean” RCI index taken across average and quality standards, has seen **home contents replacement costs increase by 1.1%**. This compared with an increase in the CPI over the 12 months to March 2019 of 1.3%.

Sum Insured Australian Residential Contents Index (RCI)					
Year	Month	Average %	Quality %	Mean	
				% Chg	Index
2007	June	-	-	-	100.0
2008	June	0.0%	3.2%	1.6%	101.6
2009	June	5.6%	2.8%	4.2%	105.9
2010	June	1.7%	4.1%	2.9%	108.9
2011	June	-0.6%	-0.5%	-0.6%	108.3
2012	June	-2.4%	0.7%	-0.9%	107.4
2013	June	-1.3%	1.2%	-0.1%	107.4
2014	June	0.3%	2.5%	1.4%	108.9
2015	June	0.2%	1.7%	1.0%	109.9
2016	June	3.0%	3.7%	3.4%	113.6
2017	June	-1.6%	1.0%	-0.3%	113.2
2018	June	0.1%	1.7%	0.9%	114.3
2019	June	-1.2%	3.4%	1.1%	115.5



Key Drivers

Australian Cost Changes

The key drivers of cost for the previous 12 months covering the period between June 2018 and June 2019, saw increases in the prices of electrical appliances, women's clothing, computers and mobile phone equipment, floor furnishings, garden supplies, jewellery, kitchenware, luggage, auto/building tools and children's toys and to a lesser extent camera equipment.

These increases were then partially offset, by decreases in the prices of audio-visual equipment, men's and children's clothing, furniture and window furnishings.

Interestingly, greater increases were seen in the mid or quality standard range with costs rising by 3.4% which contrasted with decreases in the lower or average standard range, which saw costs contract by -1.2%.

CPI

Overall the CPI (all groups) recorded a 1.3% increase for the 12 months to March 2019, with movements in sub groups ranging from -4.6% to +6.4%. Of the sub groups relevant to home contents values, food and beverages and alcohol and tobacco recorded rises of 2.3% and 6.4% respectively, whilst furnishings, household equipment and services group recorded a decline of -0.8% over the 12 months along with clothing and footwear which recorded a decline of -0.1%.

Disclaimer

Typical building contents replacement costs are provided by Sum Insured Pty Ltd trading as Home Contents (A.B.N. 55 947 630 521) ("Sum Insured"). Whilst every care is taken to ensure the accuracy of the information as a guide for costing, no responsibility is accepted by Sum Insured for its accuracy. Please check with a Valuer or other suitably qualified professional for an accurate estimate.

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