

Underinsurance – A Hidden Risk to your Business



One issue that is often overlooked is the danger of underinsurance and the impact that this can have on a business. This can take various forms:

Buildings Declared Value

If your building is not insured for its full rebuild cost then, in the event of a loss, the insurers can apply 'average' to the claim which can drastically reduce the settlement figure.

To use an example, if your building is only insured for 70% of its true rebuild cost then the insurers can restrict their claim settlement to 70% of the loss, with the balance needing to be picked up by the business.

At BHIB we recommend that a professional rebuild valuation from a RICS-qualified surveyor is undertaken every three years.

This will provide you with peace of mind, as it will enable us to negotiate an 'average waiver' with some insurers, while also ensuring that the rebuild cost that you are insuring for is accurate.

We have several options available in respect of rebuild valuations, and will discuss with you which would be the most suitable for your specific building / buildings.

Machinery / Stock / Contents Sum Insured

The cost of underinsuring your stock or the plant, machinery and contents within your business can be catastrophic.

As well as discussing these figures with you, here at BHIB we also will talk you through specific policy options such as declaration-based policies, seasonal increase extensions, and asset registers / plant inventories.

*“Offering Simplicity
without Cutting
Corners”*

We can also put you in touch with specialist firms who can visit you to fully assess and advise on your sums insured, and also advise you of methods to measure this in the future.

Business Interruption

In the event of a large claim impacting the trading of your business, it is often argued that the most important cover is the Business Interruption, which provides protection for loss of profits / loss of income.

At BHIB we know the importance of getting this cover right and will discuss which basis of cover would be most suitable for you, assist you in setting an appropriate sum insured, and provide guidance to assist you in setting the correct indemnity period.

Business Interruption cover gives you the breathing room to get your business back on track, so it is vital that you are insuring this correctly.

Indemnity Limits

The cost of claims continues to rise, in terms of injury settlements, compensation awards and legal costs. This, coupled with a growing 'compensation culture', poses a threat to your business, especially if your limits of indemnity are too low.

This can relate to covers such as Employers Liability, Public Liability, Products Liability, Property Owners Liability, Pollution / Contamination or Professional Indemnity.

At BHIB we recognise the importance of setting these limits correctly and understand that, for example, when it comes to injury claims £1,000,000 does not go as far as it did 10, 5 or even 2 years ago.

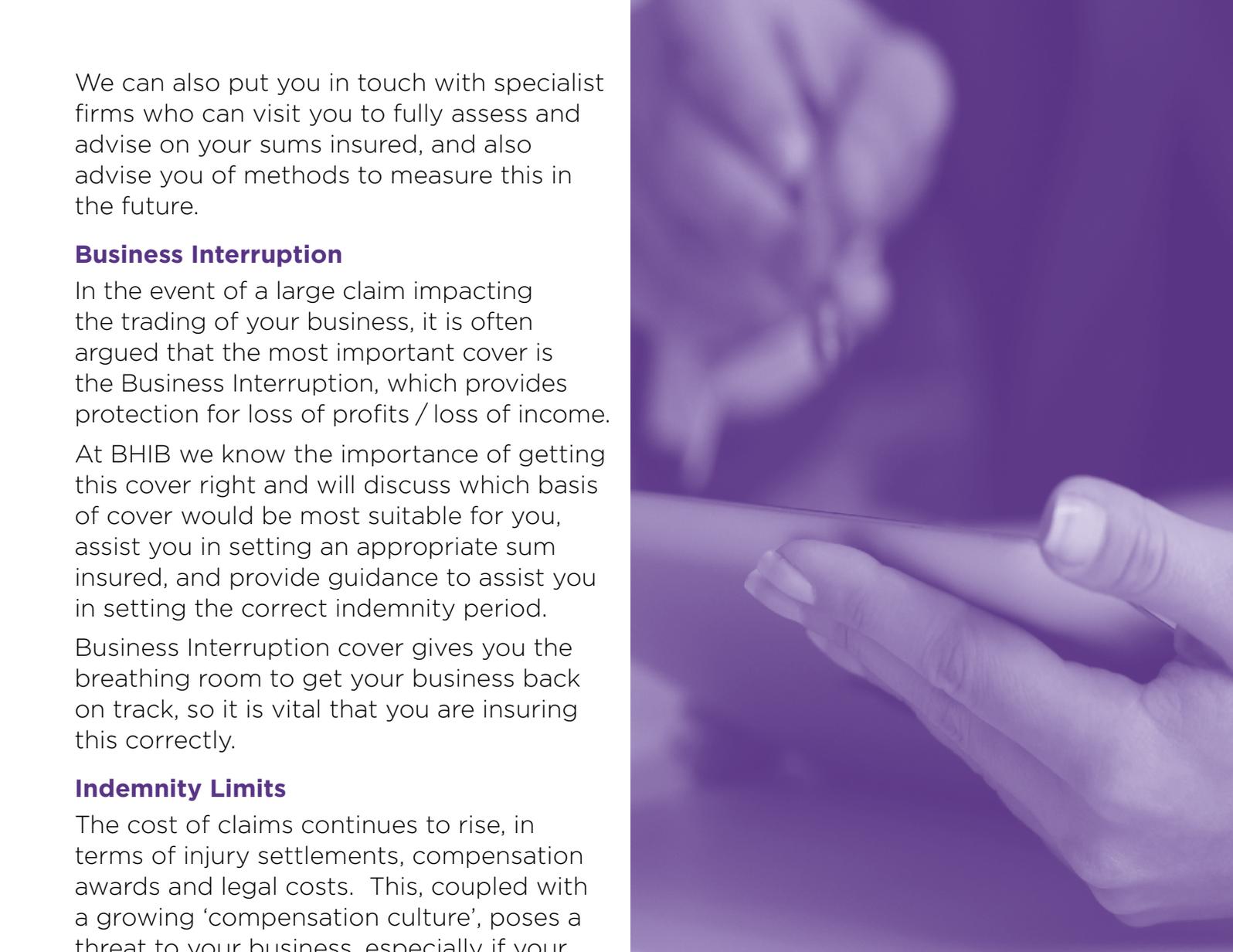
We look to gauge the level of risk that your specific business would be exposed to and agree on an appropriate limit accordingly, even if this requires taking out additional 'Excess Layer' policies.

BHIB Insurance Brokers is a trading name of BHIB Limited.

Registered office is AGM House, 3 Barton Close, Grove Park, Enderby, Leicester LE19 1SJ.

BHIB Limited is registered in England and Wales number: 829660 Authorised and regulated by the Financial Conduct Authority

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BHIB
INSURANCE BROKERS
A Brokerbility Company

BHIB Leicester

AGM House, 3 Barton Close, Grove Park, Enderby, Leicester LE19 1SJ

T. 0116 281 9100 F. 0116 281 9101

BHIB Northampton

Windsor House, Cliftonville, Northampton NN1 5BE

T. 01604 630003 F. 01604 231556

 enquiries@bhibinsurance.co.uk

 www.bhibinsurance.co.uk

 [@bhibinsurance](https://twitter.com/bhibinsurance)

 [@bhibinsurance](https://www.linkedin.com/company/bhibinsurance)