

UNDER-INSURANCE

Underinsurance occurs when a **policyholder's insurance coverage is insufficient to meet their demands**. This could result in a claim amount that is **greater than the highest amount that the insurance company will pay out** in the case of a claim. The policyholder may experience a shortfall as a result, which could **cause the organisation to suffer a significant financial loss**.



HERE ARE 6 WAYS TO PREVENT YOUR BUSINESS FROM BEING UNDER-INSURED:

1. **Regularly valuing the business assets accurately** so that you are able to keep your insurance accurate. This can be done by the business, however, you are also able to hire a professional.
2. Providing your insurer with the **correct cost of rebuilding your property**, not the market value or original price that you paid.
3. Calculate your **actual total revenue** and provide that figure to your insurance company so that they can accurately assess the potential risks that come with your operation and provide the correct insurance to protect you from these risks.
4. Determine an **appropriate indemnity period** so that you are allowing your business the appropriate time to recover from any loss incurred.
5. Ensure you are **increasing your sums insured inline with the inflation**.
6. Review the wording of your policy to **ensure that you have the broadest cover to protect you**. You should also **update the policy when making any business changes**.



Your Insurance policy's should be able to provide you with cover that protects you against such losses. If you would like more information on this type of cover or would like to check your policy's are correct, please get in touch with us by clicking one of the options below!

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