

Don't let your customers overlook the risk of underinsurance!

It's important to insure commercial property for the right amount. Underinsurance means there may not be enough cover in place – which could be disastrous for your customers' businesses. Here are 10 questions you could ask them...

These 10 questions will help your customers avoid being underinsured

Are you VAT registered?

It's important to factor in the VAT element of any expenses you may incur in the rebuild of a property, even if you're not registered for VAT yourself.



Are you using the market (sale) value of your property or the cost to rebuild it, in full?

The price you'd need to pay to rebuild a property, is likely to be more than the amount you'd receive through a sale. Professional fees need to be included; there's a cost to site clearance; waste disposal, procurement of specialist materials, etc. All of these things need to be thought through. A professional survey offers is the best way to get an accurate valuation.

When was the last time a comprehensive rebuild valuation was carried out?

It's important to use a relatively recent valuation as the prices of building materials and services fluctuate over time.

Are your equipment and stock inventories kept up to date with 'as new' prices?

Stock is usually covered under contents insurance, but even 'standard' equipment installations such as fire prevention systems, security alarms, CCTV, or air-cooling systems need to be evaluated regularly.

How long would it take to source specialist or complex machinery?

Fridges; escalators; lifts; phone systems... some installations are integral to a building's fabric and therefore need to be replaced as a building is restored 'from the ground up'.

Has your IT infrastructure been upgraded since you moved in?

An initial investment in IT infrastructure may be depreciated over time, but the cost of replacing it with 'as new' prices needs to be factored in. In addition, it's important to evaluate the availability of a like-for-like system – or whether it would be necessary to consider replacing a damaged installation with a brand new, state of the art system.

Is your business affected by exchange rate fluctuations?

Fluctuations in exchange rate for imported raw materials from abroad, can lead to stock sums insured being inadequate, even if the physical amount being held on an inventory stays the same.



How long would it take for your premises to be rebuilt and trading to recover? (This is your business interruption indemnity period.)

Imagine the scenario: your building burns to the ground. How long would it take to clear the site, arrange for surveys, draw up new plans, find contractors, commission the build, start the build, get buildings' approval, restock the business – AND rebuild the trading relationships that had suffered in the interim?

Does your business have growth plans that need to be factored in 'between' renewals?

Fires and floods don't wait for renewal dates. If you have an expansion planned, it makes sense to declare known costs and increases in value accordingly, even if they're planned for only a month or so before the policy renews.

Do you have an up to date business continuity plan?

If the worst happened – do you know what you'd tell your staff, what you'd ask them to do, where you could relocate to, how you'd access stock and equipment, and how you'd carry on trading until your premises were restored?



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