



Is your customer at risk
of a **claim payout being
significantly reduced**
following a large loss?

RISK ALERT

If you accidentally under declare your customers sum insured values insurers will apply significant reductions under the Underinsurance General Condition contained within business insurance package policies!

Business Package Policy Scenario:

Building Sum Insured Declared Value	\$500,000
Actual Reinstatement Cost <small>(including Removal of Debris (ROD) and Extra Cost of Reinstatement (ECOR))</small>	\$1,000,000
Amount of Loss:	\$350,000 <small>including ROD & ECOR</small>

Underinsurance Adjustment Calculation:

Declared Value \$500,000 / 80% of Actual Reinstatement Cost
\$800,000 = **62.5%**

Adjusted Claim Settlement Amount: \$350,000 x 62.5% = \$218,750

Claim Settlement Reduction = **-\$131,250**

You are at risk now more than ever!

Why?

Construction costs have
risen 17.2%
(period Dec 21 to Dec 22 - Australian
Bureau of Statistics)

Australian labour
costs soar by 10%
(Cordell Construction Cost Index
Report)

**Don't run the risk of underinsurance!
Talk to your clients about arranging an
updated property valuation today!**