



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 Co-Insurance memorandum contained within commercial insurance policies!

ISR 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>

Co-Insurance Adjustment Calculation:

Declared Value \$500,000 / 85% of Actual Reinstatement Cost
\$850,000 = **58.82%**

Adjusted Claim Settlement Amount: \$350,000 x 58.82% = \$205,870

Claim Settlement Reduction = **-\$144,130**

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!**