

UNDER INSURANCE... IT CAN COME BACK TO BITE!



30%



It is estimated that 70% of business insurance policies are under insured by at least 30%.

What this means is that when you make a claim, your payment can come up short. Feeling short changed is not great for any relationship, that's why at City Rural we do an annual review of your policy to ensure you are adequately covered.

The formula on a policy with 80% co-insurance is:

$$\text{Adjusted Loss} = \frac{\text{Declared Value}}{\text{Value}} \times \text{Loss}$$

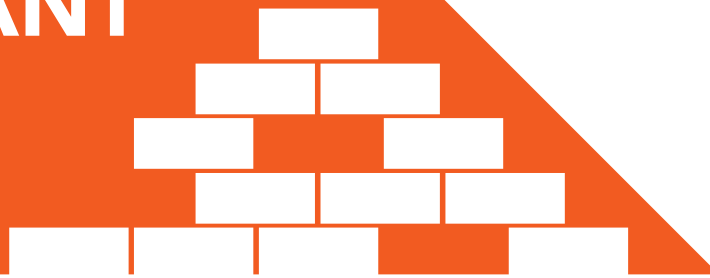
If we insured for \$500,000 and the value at risk was say, \$1,000,000 with a loss of \$200,000 the claim would be adjusted as follows:

$$\text{Adjusted Loss} = \frac{\$500,000}{*\$800,000} \times \$200,000$$

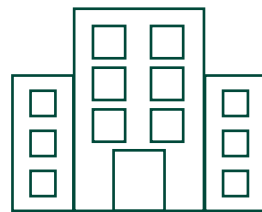
Adjusted Loss = \$125,000
(Uninsured Loss at your cost is \$75,000)

*80% of \$1,000,000

RISING REBUILD COSTS...AN IMPORTANT FACTOR!



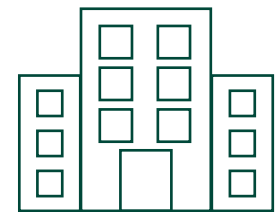
With the increased costs of material, labour and compliance, building costs have increased by approximately 50% over the past 5 years. The rebuild costs are 'like for like' which means to rebuild the exact same building as it was before the claimable event.



2012

Office Building
Adelaide

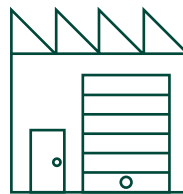
\$3,000,000



2017

Office Building
Adelaide

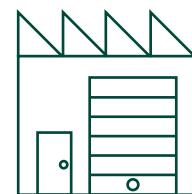
\$4,500,000



2012

High Bay Warehouse
Adelaide

\$750,000



2017

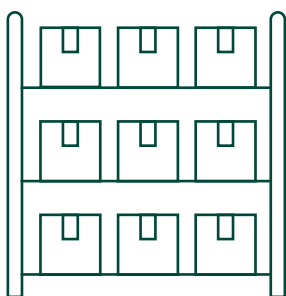
High Bay Warehouse
Adelaide

\$1,125,000

**REMEMBER:
DON'T WAIT UNTIL RENEWAL
TO MAKE CHANGES.
YOUR POLICIES CAN BE
UPDATED AT ANY TIME
THROUGHOUT THE YEAR**

HOW WE HELP:

- ▼ We can get indicative Valuations
- ▼ Access to professional Valuations Services
- ▼ Access to calculators to help with Sums Insured
- ▼ Discussions about your Sums Insured at renewal or when changes are made
- ▼ Negotiate removal of the underinsurance clause in your policy
- ▼ Negotiate with Insurers and Assessors on your behalf



Ensure your Sums Insured include the true replacement value of stock, equipment, contents and the building itself.

THINGS TO THINK ABOUT:

- ▼ Have you bought new machines or increased stock levels?
- ▼ Have you added solar panels or alternative electrical supply?
- ▼ Have you renovated?
- ▼ When did you last get a valuation?
- ▼ Have your tenants changed?

IF YOU HAVE MADE ANY OF THESE OR OTHER CHANGES TO YOUR BUSINESS OPERATIONS, CALL US WITHOUT DELAY.

PHONE: **08 8272 7785**

INTERSTATE: **1300 887 429**



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