

Resources

Underinsured:  
covered on paper,  
exposed in reality

### Claim settlement letter

Dear customer

Please find below proof your claim settlement.

#### Summary

Your sum insured:	£50,000
Professional valuation:	£100,000
Percentage difference:	-50%
<b>Loss amount:</b>	<b>£20,000</b>
<b>Less average clause:</b>	<b>-£10,000</b>
<b>Total payout</b>	<b>£10,000</b>

Yours sincerely,



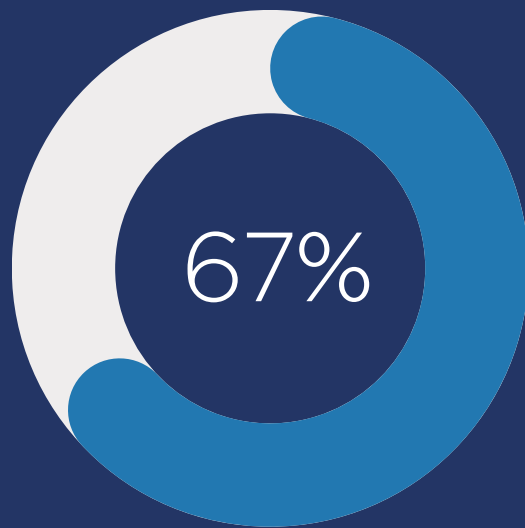
**QMT**COMMERCIAL  
INSURANCE BROKERS

# What is underinsurance?

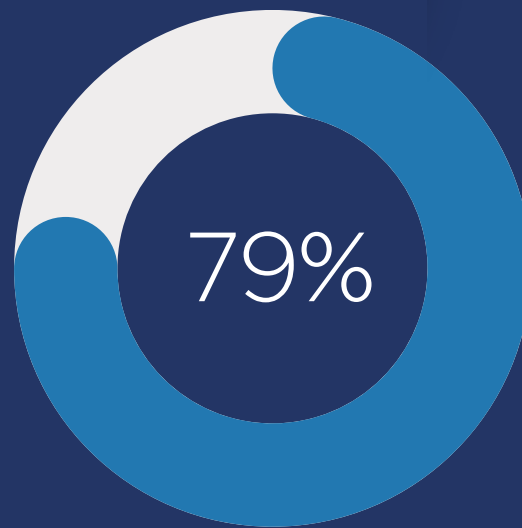
Underinsurance happens when the level of cover you have chosen is lower than the full value at risk



# The scale of the issue



of reviewed  
commercial policies  
were underinsured



average shortfall in  
the cover amount  
needed



Source: Aviva (based on 2025 data)



# Common insurance shortfalls

## **Sum Insured Limit**

The amount insured - carefully factor in full rebuild costs, relevant professional fees and contents in case of a total loss (e.g. fire)

## **Business Interruption**

Consider not only the estimated loss of revenue, but the time it may take your business to reach pre-loss levels of operation

## **Liability Limit**

Your Limit of Liability should align with your activities, scope of operations, contracts and where you do business.

# What's the impact?

- Delays to production
- Supply issues
- Staff departure
- Low employee morale
- Revenue loss
- Reduced share price
- Issues with cashflow
- Damage to reputation
- Loss of customers



# Preventing underinsurance

A professional valuation of your company's assets will help you choose the right level of cover.

Regular consultations with your broker are also important to determine your needs.



# Need help with your insurance?

Our team of friendly advisors are here to support you, whether you need a quote or have a query.

01227 285 540

HEAD OFFICE

01233 222 562

ASHFORD BRANCH

Find more tips and resources:  
[www.qmtcommercial.co.uk/hub](http://www.qmtcommercial.co.uk/hub)

