

# Underinsurance

## In focus - Retail Warehouses

### What is underinsurance?

Underinsurance happens when you don't have enough insurance cover to meet your needs. If the stated value of your property and assets aren't correct, or the time it takes to get your business back up and running after a loss are underestimated, you could be underinsured.

It sounds pretty straight-forward and easy to avoid but with things like the cost of living crisis, labour shortages, supply chain issues and material costs rising globally, we are seeing a steady increase in the number of people and businesses being underinsured.



### What happens when you're underinsured?

The crux of it is that you leave yourself at real risk of having a significant shortfall to pay should you need to make a claim.

### What are the main areas of concern for Warehouses?



**Check your policy limit** - The limit needs to represent the maximum value held at any one time, insurers will factor in an average exposure when calculating your insurance premium. This means should you need to make a claim, the insurer will likely pay the average amount rather than the maximum.



**Be aware of stock levels** - Take into account maximum stock holding during busy periods and when these periods are. You should also assess what the average value of stock held is outside of busy periods. Whilst your limit should cover the maximum value of goods at any one time, underwriters will consider lower rates should the stock holding be lesser during less busy months.



**Third parties** - If you're using a third party to store your goods, check if they are actually insuring your goods or insuring their 'liability' for your goods. Third party warehousekeepers/fulfilment companies have terms and conditions which limit their liability for your goods (UKWA, BIFA, RHA Storage) so don't assume the goods are insured, and if they are, check what they're insured for.

### Jargon busting



#### Sum insured

The stated value of the item(s) covered in the policy

#### Period of indemnity

How long it will take you to get back to normal

#### Average clause

The percentage difference between your recommended total sum and the actual sum

### Expert Insight

"Inflation has caused a surge in the price of goods, increasing cargo owners stock holding to rates rarely seen before. Stay in touch with your broker, check your limits and know the ramifications of underinsurance."

Danial Wright, Client Director - Freight and Marine



## Why choose Macbeth?

We'll be honest (because that's how we like to do business.) You can buy insurance from any insurance broker. But our business isn't really about insurance and finances; it's about people and relationships. We love getting to know you and your business, finding out what you need and making sure you get it. It's why so much of our business comes from referrals.

And, with over 30 years' experience under our belts, it's fair to say we know a bit or two about insurance.



**WorkingFeedback**★

**Excellent** from **741** reviews



I'm well aware that you need to trust your insurance provider. And I've always preached – and practised – open, honest business, conducted with integrity. Trust builds. This is how.

**Paul Macbeth, CEO**



## What happens if I need to make a claim?

We're here for you when you need us most.

The way we see it, arranging insurance is only half the story. As a business that puts people first, there's no question that we're here to help should you ever need to make a claim. And it couldn't be easier. All you need to do is call your Client Manager at Macbeth, office or mobile, no matter what time. No need to dig around for your policy details.

**Just explain what's happened and we'll take over from there.**

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