



# insureyour

## VILLAGE HALL

### Underinsurance – A Growing Concern

In our day to day business we have the opportunity of speaking to the trustees of many village halls and community buildings about their insurance requirements. One of the questions that we will ask is 'when did you last have your buildings valued?'. Very often the answer is that they either don't know or 'not for many years'.

We find this extremely worrying.

The buildings sum insured is the amount of money for which the property is covered. The sum insured should represent the full current rebuilding cost of the property.

**Failure to insure for the full value may result in the partial settlement in the event of a claim as the insurer may reduce the amount payable in proportion to the degree of underinsurance.**

'Average' is a condition applied to most insurance policies to protect the insurer in instances of underinsurance. If the sum insured is incorrectly stated to the insurer and a claim is made on the policy, in most cases the Average condition will be applied.

For example:

Insured value stated to be £100,000  
Actual rebuilding cost £200,000  
Underinsured percentage 50%

If the building was completely destroyed the effect of the Average condition would be to reduce the sum insured by the amount of the underinsurance so in this example the insurer would pay 50% of £100,000, meaning the insured would only receive £50,000.

We have recently conducted a number of free buildings insurance valuations for our clients and discovered that collectively they were nearly £2m underinsured.

**One hall were underinsured by nearly 60%!**

It's important to remember that trustees have a duty to insure the charity's assets and liabilities and may be held personally liable if they fail to do so.

To reduce the risk of this happening, it's essential that you obtain a valuation of the building. Ideally you should have a valuation prepared by a qualified buildings surveyor however this can prove to be prohibitively expensive.

Most insurers who specialise in providing cover for village halls and community buildings now offer some form of valuation service. There are various different options available. Some will involve a site visit whilst others utilise an online service; some require you to pay a modest fee whilst others are provided free of charge.

**If your current insurance provider isn't offering you any help with dealing with the potentially disastrous impact of underinsurance then perhaps it's time to talk to someone who is?**

Why not get in touch and find out how Insure Your Village Hall can help you avoid the risk of underinsurance?

**Insure Your Village Hall**

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