Your building's value has changed. Has your insurance?

When you take out insurance, you expect it to be there when you need it most. But what if it isn't? Not because of a mistake, but because you don't have enough cover. That's underinsurance and it's more common than you might think.

Over 70% of commercial buildings are thought to be underinsured.[1] For care providers, that can mean facing repair bills of hundreds of thousands of pounds, or even millions, after an incident.

What does underinsurance mean?

Simply put, underinsurance is when the amount you're insured for doesn't match the true cost of rebuilding or repairing your property. Even a small gap can leave you exposed to huge costs.

Let's say a care home was insured for £400,000. Over time, inflation and a renovation push the home's value up to £680,000. Then a fire destroys the building. Everyone is safe, but the property is gone. When the claim is made, the insurer applies the average clause, which means the claimant gets just £400,000 instead of the £680,000 they thought they'd get. **That means it's up to you to find the remaining £280,000.**

For most care homes, that's simply an impossible sum to find.

Why does underinsurance happen?

The value of your building isn't set in stone. That's because the cost of materials like brick, steel and timber usually get more expensive, with labour costs rising, too. When you factor in inflation and the cost-of-living crisis, rebuilding becomes a far more expensive project than it was when you first took out the cover.

Renovations you haven't declared and unique building features can also lead to underinsurance.

A real-life example

One care provider insured their property for £13,271,000, but a risk assessment revealed that the true value was £15,500,000. That's a shortfall of over £1.5million. If an incident happened, and they had to make a claim, that gap could have been devastating.

The problem with underinsurance is that it doesn't tell you it's there, meaning you only find out when it's too late…unless you check first. That's why we recommend a professional valuation every three years.

[1] https://www.rebuildcostassessment.com/post/2025-property-insurance-infographic

Don’t wait until disaster strikes

There’s a lot of juggling involved when you run a care home. Something like underinsurance can feel like the last thing on your priority list, but it’s a very real risk, but it’s also preventable.

Let’s talk

Unsure you’ve got enough cover? We can help make it simple.

Get in touch with James Anscombe on **07967 850015** or email **james.anscombe@everywhen.co.uk**.

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