



# Helping customers avoid underinsurance: we're offering a valuation by Kroll

2021 was a year like no other for inflation in the cost of building materials. This continues at record levels into 2022.

Data published by the Office of National Statistics in the Monthly Statistics of Building Materials and Components Report, showed that the material price index for 'All Construction Work' increased by 21% in January 2022 compared to the same month in the previous year.

## What does this mean?

A recent analysis of real property assets showed that 68% of buildings valued from 2020 to 2021 were underinsured by 25% or more. 19% of those being underinsured more than 100% (sample size 1,455 properties). This is real data provided by Kroll Valuation Services.

## Why is this happening?

Many things have impacted the cost of rebuild:

- Global material supply chain shortages and delays
- Skilled workforce shortages increasing the cost of construction work as well as transportation labour and other ancillary trades
- Fuel and energy cost increases
- A buoyant housing and development market

At AXA we don't want our customers to face a loss, then discover they don't have full cover and be at risk of losing their businesses as a result of underinsurance.

## We're offering customers a valuation by Kroll

Together with our Underwriting, Business Resilience teams and Kroll (Duff and Phelps), we want to ensure that we can assist with this critically important issue.

We'll offer valuations by Kroll and if your premises are underinsured, we'll deduct the price of the valuation (to a maximum of £5,000) from the premium increase required to ensure your premises are adequately protected\*.

RICS surveyors (including Kroll) won't include VAT in their valuations. Your customer should also contact their tax adviser for advice on addition of tax that may be relevant to their valuation.

Your client will also have the benefit of average free cover for 3 years from the valuation and we'll ensure that index linking is applied at each renewal as accurately as possible.

Please speak to your underwriting contact in the first instance regarding this request.

\*Subject to wider Terms and Conditions