INSURANCE: WHY IT CAN PAY TO 'LUMP IT'

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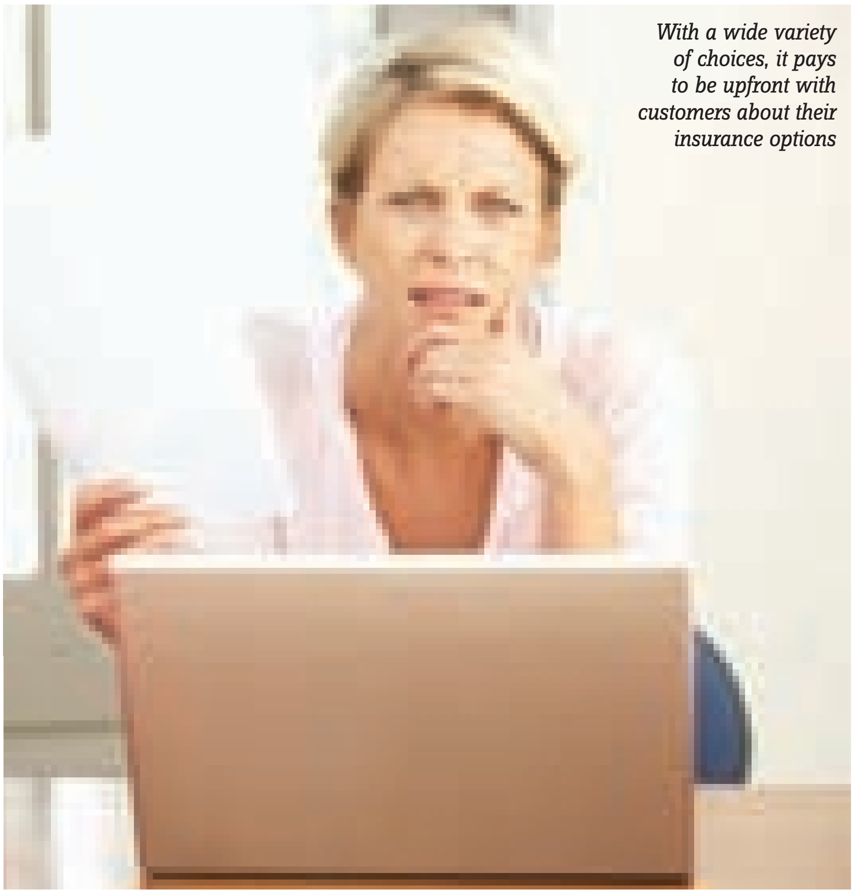
Traditionally, completing a valued inventory has always been the most practised way of ensuring an end customer provides the full replacement values of their household contents (value of goods at destination). It is time-intensive for the consumer and can sometimes lend itself to the contents listed being undervalued, as the customers may try to minimise the anticipated cost of the insurance. These actions could cause the customer huge financial problems as well as service level issues for the provider, in the event of a claim.

Examples of problems that can occur where valued inventories are required include:

- Goods that are not declared and valued on a traditional inventory list will not be insured
- In the event that goods are not listed for their correct value and are then damaged, the insurers may then apply an 'average' when assessing a claim. For example, if an item was under-insured by 50 per cent, then the insurers would only settle 50 per cent of any repair cost

In the past decade, a number of factors have led to an increasing number of companies considering lump-sum valuation where it is appropriate as a means of protecting their clients' possessions, which in itself offers benefits to the company:

- As society continues to place huge value on time, customers are less inclined to fully complete valued inventory forms. Lump-sum valuation allows companies to work with customers on a minimum £rate/m^3 basis, removing the need for lengthy inventory forms and ensuring that all contents being moved are accounted for
- It is important to remember that the customer needs to be made fully aware that the £rate/m^3 equation is an absolute minimum. If the customer believes that their goods are worth more, they must declare the higher sum insured. It is a requirement of the insurance that the sum insured reflects the full replacement value at destination. If your customer fails to declare the correct valuation, it will simply result in disputes if a claim were to occur. So it is imperative that your customers are advised of this key information at the quoting stage. Failure to do this could leave you in a situation whereby your customer is likely to blame you for advising them to use the lump-sum valuation basis.



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With a wide variety of choices, it pays to be upfront with customers about their insurance options

Of course, the option for customers to complete valued inventories will always be available as a means of arranging the necessary cover, but lump sum valuation is becoming more popular as it also offers a better revenue stream for the movers as it eliminates the chance of their customers declaring extremely low sums insured. A surveyor representing the mover is able to work with each customer to help them identify m^3 and, by doing so, speeds up the process of calculating the minimum sum insured. The customer is then able to assess whether the figure is accurate.

In a world where information is readily available to customers online regarding the choices they make, you may need to ensure you spend time upfront making your customers fully aware of the pros and cons of each method of valuation.

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