



OVER OR UNDER INSURED, WHAT'S IT TO YOU?

It's happened: your business experienced an event that triggered an insurance claim. With risk being inherent to all business operations, this means that most organizations have to deal with the insurance claims process at one point or another, even if they have a deep rooted culture of risk management and safety.

Should you have to initiate a claim, you want the process to go as seamlessly as possible. Unfortunately, gaps and overlaps in your coverage and insurance portfolio can throw a wrench in the process. Here's why.

UNDER COVERED AND OVERCONFIDENT

Both insurance portfolio and coverage gaps impact your ability to obtain monetary recourse after a triggering event.

- **An insurance portfolio gap** describes instances when an insured doesn't have a policy in place to cover an event.
- **A coverage gap** can occur when you do have coverage for specified events, but exclusionary language, restrictive sub limits, or inadequate limits create a discrepancy in the amount of financial protection you thought you had, versus what you do have.

For example, if a building is damaged after a natural disaster but you haven't updated its valuation in years, the limits on your property insurance policy might not be high enough for you to have all the funds you need to rebuild.

The financial fallout from accidents can quickly add up, reaching thousands or millions of dollars, which poses a significant threat to your business' balance sheet.



Read our [common questions to ask yourself](#) when determining which coverage gaps and overlaps impact your business.

TOO MUCH OF A GOOD THING MIGHT NOT BE GOOD

On the other end of the spectrum, let's say you're over insured or have overlapping coverage. While it's certainly better to have coverage than not, these scenarios aren't ideal for several reasons. For starters, you're unnecessarily spending money that could be allocated to other areas of your business.

Duplication of Coverage

When it comes to overlapping coverages and triggering events, determining which carrier is covering the claim, the proportions of payment, and the primary payor can amount to delays in the claims process and potential frustrations. Though a broker should be able to act as an intermediary on your behalf, you'll still have to dedicate time and attention to answer questions carriers might have regarding overlapping policies.

Appropriate Limits for Clients Needs

An effective broker also helps clients determine the appropriate amount of coverage. As exposures change, that might mean reducing limits to avoid over paying for coverage that is not needed. To establish "the right" limit, it is important that a broker review exposures, understand the client's industry, evaluate loss trends, and review benchmarking to land on a limit that best fits the clients needs.

MANAGING YOUR INSURANCE PORTFOLIO

Without the expertise required to navigate the complexities of insurance, it's easy to fall victim to the pitfalls of insurance gaps and overlaps, which is why we recommend working with a trusted broker partner who can [review your insurance portfolio](#) and provide data-driven recommendations about how to best align coverage for your risk in the present, and as your business experiences changes.

Connect with our team today for a policy review to ensure you're properly covered to protect your business.

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