

The Underinsurance Gap

Most blocks of flats are insured for less than they would cost to rebuild, and nobody finds out until a claim is cut.

**7 IN 10**

UK properties insured for less than their rebuild cost
(RebuildCostASSESSMENT.com, 2025)

6 IN 10

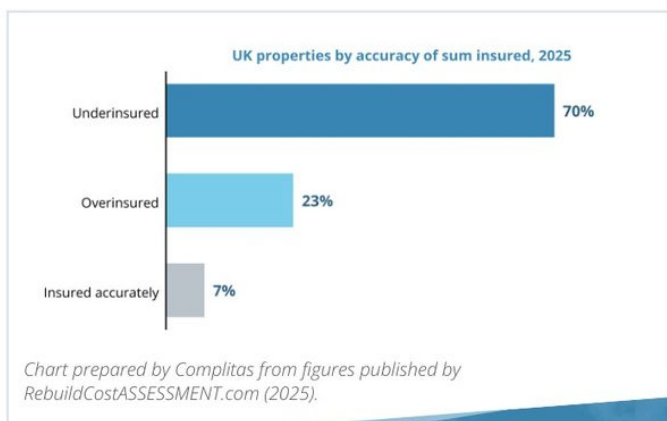
blocks of flats with declared values set too low before appraisal (2025)

£12,500

per flat: the shortfall in an illustrative £900,000 claim on a two-thirds-insured block

One sum insured. One claim. One shortfall.

This case study draws on published industry data and anonymised Financial Ombudsman decisions to show how blocks drift below their rebuild cost, how the average clause cuts even a partial claim, and why undisclosed defects can reduce cover further, or void it altogether.



Inside the full case study

The numbers: how often blocks are underinsured, and by how much

How one claim plays out under the average clause, in an illustrative 24-flat block

Fair presentation: why an incomplete picture of the building can cut or void cover

What it means for managing agents, building owners and residents

How a BSMP and CompliScore give brokers and insurers evidence they can rely on

