

Commercial Insurance - Important Information

Business Title & Business Description	In addition to the main Company name, it is essential that you detail all subsidiaries. A separate policy is usually required for associated companies. Your Insurers will only provide cover for the activities detailed in the policy. Other activities must be discussed and agreed with them for cover to be operative.						
Policy Period/ Premium Payment	Unless otherwise stated the policy period and premium charged for both new policies and renewals is for a minimum period of 12 months. If a policy is cancelled mid term by you your Insurer may not allow a refund of premium. If you pay by monthly instalments you may also be liable to pay the balance of premium due.						
Warranties/ Conditions	If a Warranty or Condition is breached, this may make your policy voidable or cover invalid and so it is vital that they are complied with precisely.						
Insurance Act 2015 & Disclosure of Material Facts	The Insurance Act 2015 applies to commercial policies you undertake or amend with effect from 12 th August 2016. As a policyholder, this affects how you provide your information to us, and make you responsible for ensuring you have presented a fair presentation of your business.						
Sums Insured and Average Condition	<p>The Duty of Fair Presentation requires you to provide us with details of your business which involves ensuring you have undertaken 'reasonable search'. This includes providing knowledge of all your senior management team and information held by 3rd parties, such as accountants, this would include any material information that would affect the judgement of an insurer, or enable them to request additional information before taking on your risk. Examples of this are accurate details of previous claims/incidents, drivers of company vehicles with motoring convictions or a change in business activities or circumstances.</p> <p>This information must be presented in a clear and accessible format, highlighting any information that you think is important. If you are unsure what constitutes material information, please ensure you discuss this with us. You must not deliberately or recklessly withhold information from us or your Insurer.</p> <p>Most Material Damage & Business Interruption policies contain the Average Condition whereby a contribution will be called for or deduction made from any claim where under insurance exists. This means that in the event of a loss, if the Sum Insured is found to be less than the value at risk then settlement of a claim will be reduced in proportion. For example:</p> <table border="0" data-bbox="507 1037 903 1122"> <tr> <td>Sums Insured</td> <td>£35,000</td> </tr> <tr> <td>Correct Values</td> <td>£100,000</td> </tr> <tr> <td>Claim / Loss</td> <td>£20,000</td> </tr> </table> <p>Under Insurance clause applies as follows:</p> $\frac{\underline{\pounds 35,000}}{\pounds 100,000} \times \pounds 20,000 = \pounds 7,000 \text{ maximum payment}$ <p>Sums insured on Stock should represent the maximum value of stock held at any one time with an allowance for the cost of work in progress for full and part complete products and costs of debris removal. Sums insured on Buildings, Machinery and Contents other than Stock should normally represent the 'Reinstatement' value of the items insured i.e. the cost to reinstate these to a condition equal to but no better than when new including allowances for Professional Fees, Site Clearance, Debris Removal and Demolition Costs.</p> <p>In calculating your sums insured you also need to take into account your VAT status. If you are not registered for VAT, you will be unable to recover any VAT payable following a loss. Your sum insured should make provision for this at the current rate.</p> <p>For buildings we strongly recommend that once every 3 years a professional Buildings Costs Valuation for insurance purposes should be obtained. We can, if required, provide details of firms who are able to undertake such a service for you.</p>	Sums Insured	£35,000	Correct Values	£100,000	Claim / Loss	£20,000
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Business Interruption	<p>The Sum Insured for Gross Profit should include wages and is usually calculated as follows: -</p> <ol style="list-style-type: none"> 1. Turnover i.e. income from sales & services £ 2. Plus closing stock & work in progress £ _____ <p style="text-align: right;">£</p> <p><u>Deduct</u></p> <ol style="list-style-type: none"> 3. Opening stock & work in progress £ 4. Expenditure on purchases (net of discounts) – <i>this normally refers to Stock & Raw Materials and not to purchases of equipment, machinery, utilities, office supplies and the like</i> £ _____ <p style="text-align: right;">£ _____</p> <p>= Gross Profit for Insurance Purposes £</p>						

The chosen figure needs to be adjusted so that it is adequate for the duration of the interruption/indemnity period and take into account Business trends/possible growth etc. For example, a fire occurs on the last day of your period of insurance and there is a six month interruption thus meaning that the sum insured chosen at inception/renewal would need to reflect the anticipated position some eighteen months into the future. Please contact us to discuss if you are in any doubt.

The Indemnity Period should allow adequate time to clear the site, obtain planning permission, reinstate the property, replace machinery & recover Turnover to the level before the loss. If this period is more than 12 months, the Gross Profit sum insured should be adjusted accordingly.

Vehicle Conditions

Certain conditions apply to transit and motor-related losses. For example:

- Theft of stock, tools or equipment from unattended vehicles is usually excluded overnight (subject to policy conditions);
- Theft cover excludes incidents where the ignition key is left in or on the vehicle.

Health & Safety

Legally you cannot ignore this aspect of your business. Insurers increasingly consider your attitude and implementation of Health & Safety and Risk Management controls. For more information please consult website www.hse.gov.uk

Employers Liability

To comply with compulsory insurance legislation a Certificate of Employers Liability Insurance must be displayed at all premises.

Computers

General exclusions of damage to computer equipment and records by virus and hacking now apply, but specific tailored policies are available. We recommend review of system back-up procedures including the removal of data from the business premises outside normal working hours. Your sums insured should include valuable software, CAD systems, dongles etc.

Subsidence & Landslip

In respect of commercial property this cover is only available upon request and not automatically included.

Pollution Liability

Liability is automatically excluded in respect of pollution or contamination unless caused by a sudden, identifiable, unintended and unexpected incident.

Claims Notification

You are obliged under policy conditions to notify your Insurers immediately of any circumstance or event that may give rise to a claim under the policy, even if you feel you are not liable for the incident. Failure to do so can prejudice your policy cover.

Recent guidelines tell us that you should report any incident where a formal claim is made against you or where you have caused damage to third party property. Additionally, you should report to us all personal injury claims involving; an absence from work of 3 days or more, injury to a child, head injury, fractures or breaks, fatal accidents, loss of finger(s) and all other amputations, incidents requiring ambulance attendance or hospital treatment.

Theft

Indemnity is generally only provided following forcible and violent entry to or exit from the property insured, or hold up.

Most package policies incorporate a "Minimum Security" condition requiring your premises to be protected by specific types of security and locking devices for doors and windows. In addition your policy may require additional levels of protection such as Shutters, Bars, Grills or an Intruder Alarm system to an agreed specification and level of protection. It is important that you fully comply, as failure to do so will invalidate your cover in the event of a claim.

Reasonable Precautions

Your policy requires you to take all reasonable steps to prevent accident incident, injury and damage. You should safeguard any property insured and maintain such property in a good state of repair.

Asbestos

Most Insurers will not provide an indemnity in respect of claims arising directly or indirectly from mining, processing, manufacturing, removing, handling, disposing of, treatment of, distributing or storing of asbestos. It is therefore vital that you check your specific policy for scope of cover provided.

Statutory Inspection

Certain items of equipment such as pressure systems, lifting machinery, power presses & local exhaust ventilation require statutory inspection at specified intervals. Engineers will try to note and/or examine any additional items during their visit(s), but it remains the client's responsibility that examinations are carried out according to the relevant legislation. It is therefore essential that an accurate schedule of plant is provided and kept up-to-date. In the event of non-compliance, authorities such as the Health & Safety Executive will pursue the owner, not the insurer.

Terrorism

Acts of Terrorism (other than legal liability) are now totally excluded and the previous inner limits no longer apply. Cover can be purchased as an optional peril from specialist insurers and quotations are available upon request. Legal Liability Covers are subject to limitations and restrictions. Please refer to your specific policy for the appropriate limits.

If you have any queries please do not hesitate to contact us.