

Commercial Insurance - Important Information

Business Title	In addition to the main Company name, it is essential that you detail all subsidiaries. A separate policy is usually required for associated companies.
Business Description	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.
Insurance Act 2015 & Disclosure of Material Facts	<p>When you answer questions or agree with assumptions during the quotation process, you must disclose material facts or circumstances about the risk(s) you want to insure. A material fact or circumstance is something that would influence the judgement of an insurer in deciding whether or not to insure the risk. This is known as a 'duty of fair presentation' and includes disclosing the following:</p> <ul style="list-style-type: none"> • Information that you, your firm's senior management, or anyone responsible for arranging your insurance knows, or should know in relation to your business; and • Information that would be revealed by a reasonable search of information available to you or by making enquiries, and could include information held within your business or by someone else (such as your insurance broker). • Remember that if you fail to meet this duty, it could mean that the policy is void, or that the insurer is not liable to pay all or part of your claim(s). <p>Examples of material facts or circumstances include the following (please note these have been provided as examples only and the list is not exhaustive):</p> <ul style="list-style-type: none"> • Being declared bankrupt, participating in an Individual Voluntary Arrangement (IVA) or protected deed of trust in Scotland or making a compromise arrangement with creditors • Other policies in place covering the same risk • Previous claims or incidents which may have led to a claim but for which you did not actually submit a claim • Any caution, charge or conviction of a criminal offence for you or any director/business partner/trustee • Any motoring convictions or disqualification by any director/business partner/trustee or any driver of a company vehicle in respect of a motor insurance application • The organisation, directors, partners or trustees having been prosecuted or received a prohibition or improvement notice for failure to comply with any Health and Safety, Welfare or Environmental Protection legislation • Being declined cover by other insurers or having special terms imposed • Changes to your business activities • Changes to the Police response to alarm signals. <p>Please remember that if any of your details, material facts or circumstances change during the policy period, you must always notify us immediately.</p>
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. Typical example of warranties/conditions apply to Unoccupied Premises, Waste Storage & Removal, Intruder Alarms, Fire Protections, Use of Portable Heaters, Underground Services, Use of Welding & Burning Equipment or Sub-Contractors Insurance Checking Conditions.
Claims Notification	<p>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, <u>even if you feel you are not liable for the incident</u>. Failure to do so can prejudice your policy cover.</p> <p>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.</p>
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.
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
Financial Sanctions	Most Insurance policies will not make a claims payment if such payment was to expose the Insurer to sanctions that may be imposed by the United Kingdom, European Union, United States of America or United Nations.

Sums Insured and Average Condition

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:

Sums Insured	£35,000
Correct Values	£100,000
Claim / Loss	£20,000

Under Insurance clause applies as follows:

$$\frac{£35,000}{£100,000} \times £20,000 = £7,000 \text{ maximum payment}$$

Buildings and machinery - these figures should represent your best estimate of a replacement as new value at inception or renewal date. You should Include an allowance for:

- the effects of inflation since last renewal
- inflation in the next 12 months and subsequent rebuilding period (unless your insurance is arranged on a Day One Basis)
- an allowance for Debris Removal (Note a separate sum insured for stock debris removal is required) and Professional fees (Architects, Surveyors and Consultants), unless your insurance is arranged on a first loss basis.

It is important that you fully consider increasing your values/sums insured to reflect increases in rebuilding and replacement costs. Whilst we cannot provide inflationary figures to you there are organisations that are able to offer professional advice in this respect.

It is your responsibility to ensure values/sums insured are set correctly. Please note that should generic values (for example, rebuilding costs data) be obtained from independent organisations care should be taken when considering the adoption of these figures as they may not cater for your specific requirements relating to your individual insured property(ies).

Stock - this figure should represent the total maximum value of stock at any point during the next 12 months and should include work in progress. Include property belonging to Third Parties for which you have assumed responsibility

Any **non-capital items** of significant replacement value should be included in the **Machinery value** (e.g. patterns, models and moulds).

Consider carefully the basis of cover you have. If you wish to insure all or selected items of your buildings and machinery on a basis other than reinstatement then please discuss this with us. When arriving at new Base Values/Sum Insured account should also be taken of any additions and deletions since last reviewed.

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.**

For buildings we strongly recommend that once every 3 years a professional Buildings Costs Valuation for insurance purposes should be obtained.

Business Interruption

The Sum Insured for 'Insured Gross Profit' should include wages and is usually calculated as follows: -

1. Turnover i.e. income from sales & services £
2. Plus closing stock & work in progress £

Deduct

3. Opening stock & work in progress £
4. Expenditure on purchases (net of discounts) – *this normally refers to Stock & Raw Materials and not to purchases of equipment, machinery, utilities, office supplies and the like* £

= Insured Gross Profit for Insurance Purposes £

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.

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

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