

### **Coronavirus (COVID-19) – Insurance Update 3**

Following on from our previous Coronavirus Updates, we now have further information relating to a number of the items mentioned in the earlier updates and in particular, assistance with premium instalments.

If you did not receive the earlier updates, these can be accessed via the following links.

[Coronavirus Update 1 - 12 March 2020](#)

[Coronavirus Update 2 - 26 March 2020](#)

#### **Premium Instalment Facilities**

##### **Close Brothers Premium Finance**

Close are our main finance provider and have indicated that they will look to help customers facing difficulties. Please note that what follows is an indication of the assistance available, they will look to be flexible but subject to assessment of circumstances on a case by case basis.

##### **Commercial Lines Customers**

- Up to 3 months payment at 50%
- Depending on the instalment profile, the shortfall will be paid by extra payments in the following month(s) e.g. if the customer is on a 10 month profile, there will be an extra full payment in month 11 and a 50% payment in month 12
- Default fee waived

The Close helpdesk is very busy and in order to provide support to those most in need, they ask that you:

Call to discuss:

- If you have missed a payment or payment is due in the next 4 days
- If payment is due in the next 4-7 days. Customers should only call when their payment is 4 days away

Email when:

- Payment is over 7 days away. They will respond within 72 hours

Their contact information is as follows:

- Personal lines policyholder 0333 321 8566
- Commercial lines policyholder 0333 321 8567

Alternatively, you can email [customerservicespf@closebrothers.com](mailto:customerservicespf@closebrothers.com)

Please note that you will need to have your agreement number to hand which will be on the welcome pack or payment schedule received from Close.

### **Insurers' Instalment Schemes**

Some insurers have now announced measures to assist companies and will consider alternative payment arrangements on a case by case basis. One insurer is offering support via a financial partner in the form of a loan which may be an alternative to the Government's Business Interruption loan.

**If you require assistance, please contact us first and we will let you know whether support is available.**

### **Mid Policy Year Reduction in Estimates**

Some policy premiums (or elements of premiums) are based on estimated figures provided at inception or renewal. Employers Liability premiums are generally based on wages, Products Liability on turnover and Public Liability can be based on wages, turnover or a combination of the two. Business Interruption is also often based on an estimate of gross profit or revenue. By contrast, Property or Material Damage covers will be based fixed amounts based on value or the cost of reinstatement.

Currently, insurers may be reluctant to change estimates mid-policy (although this stance would have to change if the shutdown is prolonged) but many policies are subject to premium adjustments following a declaration of wages, turnover, gross profit or revenue at the end of the policy term. Rebates may be available at that time but please note many policies with declaration adjustment clauses will be subject to a minimum retention.

We will discuss any potential rebates with you at the time of your renewal.

### **Cancellation of Policies**

It is understandable that this may be a consideration if your business cannot operate at the present time. However, most businesses will still face everyday risks in respect of their assets and liabilities with some covers such as Employers Liability and Motor being legal obligations, and some covers required to meet contractual obligations.

The need to maintain Products Liability and Professional Indemnity covers in relation to activities and decisions made prior to the shutdown was explained in the previous [Update 2](#). Similar considerations apply to Management Liability risks.

### **Company Vehicles**

**NHS Volunteers** – all UK insurers have now agreed that vehicles can be used for the voluntary support of the NHS or local communities and there is no need to notify the insurer.

**Laid-Up Cover** - some insurers will allow you to reduce cover to a laid-up basis either as:

- Laid-Up Accidental Damage, Fire and Theft or
- More restrictive Laid-Up Fire and Theft only

Vehicles will need to be SORN via the DVLA and cannot be driven or parked on the road. The Government [website](#) gives examples of 'off the road' being on a drive or on private land, however, please note that by 'road' they mean as defined by the Road Traffic Act. Under the Act, 'road' includes areas such as forecourts and car parks to which the public have access. We would therefore recommend that vehicles are only laid up in areas to which the public do not have access.

Please also note that most insurers will not be keen on all fleet vehicles, particularly those of high value, being laid up in the same location and will prefer vehicles at different locations to avoid the risk of fire spread.

### **Unoccupancy and 'Mothballing'**

Most mainstream insurers have agreed to waive conditions and restrictions relating to unoccupancy during the crisis subject to reasonable precautions being taken in relation to security, fire and water damage risks. Some insurers have waived the need to notify unoccupancy, but we would still ask you to notify us and we can notify your insurers accordingly.

We have had several questions as to what constitutes reasonable precautions and the following provides guidance on issues including the management of empty or properties with reduced operations and shutting down construction and hospitality sites. It is appreciated that post-lockdown some of this guidance will be impractical, but **please ensure you comply with any conditions or warranties that currently apply to your policy, particularly relating to waste storage and security. Insurers are taking a flexible view where this is not possible, but please let us know if you cannot comply.** We have colour coded the various sections, to make it easier to skip through if they are not relevant to you.

### **Empty Properties**

**Site Security** – check perimeter fences and gates are in a good state of repair and locked where relevant.

**External lighting** – check the lighting is operational including any associated movement sensors.

**Building Physical Security** – check that all lockable items are operational including windows, doors, loading bays and security shutters. Electrical locking systems should be isolated if possible. The use of external key safes is not recommended.

**Access Control** – check to ensure this is operational and maintained.

**CCTV** – check to ensure this is operational and maintained, including recording and any remote monitoring (this may enable you to avoid physical inspections of the property).

**Intruder Alarm** – check to ensure this is fully operational and maintained, including offsite remote monitoring. Any reduction in Police response or keyholder availability needs to be advised to us.

**Where no CCTV or Intruder Alarm exists** - consider temporary systems or a security company.

**Fire doors** – ensure all internal fire doors and shutters are closed.

**Automatic Fire Alarm** – check to ensure the system is fully operational and maintained, including offsite remote monitoring.

**Automatic Sprinkler protection** – this should remain fully operational and maintained. Weekly testing should continue if possible. If tests cannot be undertaken, please let us know.

**Waste** – internal and external waste should be removed from site. Where possible external storage should be located as far away from the building as possible, ideally a minimum of 10m from the building. Lockable bins are also recommended.

**Letterboxes** – consider sealing if possible. Arsonists/vandals are known to ‘post’ ignited material or fireworks to start fires.

**Money** – should not be left on the premises unless in an approved safe (and within your insured limit)

**Car parks** – if vulnerable to incursion and potential fly-tipping, consider additional measure to deny access to the site such as concrete blocks.

**Utilities (electrical, water, heating)** – shutdown and isolate/drain any non-essential utility services that are not required for operational reasons, maintaining minimum temperatures to prevent freezing, or for security to ensure alarms remain operational.

**Inspections of Premises** –Where possible arrangements should be made for a weekly internal and external site inspection. Ideally this should not be by lone workers if you can comply with social distancing rules. Security companies can also be considered.

If inspections are undertaken by a lone worker they must be in accordance with the current HSE Guidance for Lone Working Conditions which include assessment of:

- Areas of risk including violence and manual handling and whether the workplace itself presents a risk to them
- Requirements for training, levels of experience and how best to monitor and supervise them
- Having systems in place to keep in touch with them and respond to any incident
- Suitable PPE such as disposable gloves to follow current NHS guidelines on washing hands/sanitising hard surfaces.

## Premises with limited use/staffing

**Unattended Processes** – if these need to continue please let us know.

**Hot Work** – non-essential hot work activity should cease unless a continuous fire watch can be maintained during and for at least 1 hour after the work ceases.

**Maintenance** – the ongoing planned preventative maintenance regimes should continue especially for critical plant and machinery, utilities and protection equipment, although adjustment to maintenance or servicing may be appropriate due to less use.

**Tenants** - should be advised to contact their own business insurers to understand any specific measures that they wish to be taken.

**Inspections of Premises** – where the site is operational with limited staffing, an inspection should be carried out at the beginning and end of the working day.

## Construction Sites

**The following is a suggested checklist if a site needs to be closed.**

### **Excavations**

- Securely fenced
- Sides battered/benched.
- Open manholes sewer interventions closed.
- Attenuation tanks sealed
- Pile caps sealed
- Caissons sealed

### **Plant Security**

- High Rise Cranes secure and slew brake free.
- Mast Climber secure.
- Excavation Plant secure and immobilised.
- Small plant items off hired/removed from site.

### **Scaffolding**

- Secured and checked

## **Hospitality (Hotels, Restaurants, Leisure) Sites**

The following is a suggested checklist for closed sites.

### **Plant Rooms**

Boiler plant, HVAC Systems and any other specialist plant i.e. jacuzzi, saunas, steam rooms, etc should be isolated unless auto dosing systems are in place.

Swimming pool filtration and dosing of pool water – should be left running for water cleanliness and avoidance of Legionella.

Calorifiers and hot water systems need to be maintained at a constant temperature to prevent Legionella Growth over a prolonged period. If this is not possible, they should be dosed sufficiently to limit bacterial growth.

### **Kitchens**

- All spoilable food needs to be removed
- Freezer alarms should be set
- Food waste must be removed
- All food preparation surfaces should be cleaned down and sanitised
- Pest control measures should remain in operation
- Gas/Electricity should be isolated where possible

### **Passenger Lifts and Escalators**

- Locked off/Isolated

### **Bars and Cellars**

- All spirits/wines etc should be removed to a secure spirit store.
- Beer and co2 Gas lines should be turned off and the cellar secured
- Bar grilles should be locked/secured

### **External**

- Outdoor furniture/Parasols etc should be securely stored

## **Insurers' Claims Service**

Understandably insurers are facing challenges maintaining their service with many of their supply partners such as builders and garages in lockdown and the social distancing rules. With motor claims, many insurers are prioritising claims involving NHS or essential service vehicles, although with a reduction in the volume of claims following the lockdown, there should not be too much disruption.

In the event of any issues with claims please let us know.

Once again, please note that this is generic advice and if you require more information about your own policies, please speak to your usual Nsure contact.

Additionally, we have a range of factsheets on our [website](#) with useful information about various types of insurance including Business Interruption, Cyber, Directors and Officers, GAP, Intellectual Property, Professional Indemnity and Terrorism. There is also advice on underinsurance and write-offs.