

Coronavirus and Important Insurance Implications

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I N S U R A N C E G R O U P

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Overview

There are only a handful of compulsory insurances which a business may be required to purchase, however a robust and fit for purpose insurance programme supports the risk management and good governance of a business – and should be an enabler of sustainable profitable growth.

This session will look at:

- The UK Insurance Market prior to March 2020
- The COVID-19 World
- Managing your Business, Assets, Liabilities and People
- “Top Tips”

The UK Insurance Market prior to March 2020

We were experiencing a **Hardening market**

- Premiums had been falling for 10 years or so
- The cost of claims was increasing
- Insurer capacity was reducing
- Insurer terms were becoming more restrictive
- There was less competition
- Premiums were increasing
- Some trades were finding it difficult to get cover

The UK Insurance Market prior to March 2020

Why?

- There had been excess capacity in the market = increased competition
- Ogden discount rate, inflation
- Large claims e.g. Grenfell Tower & Flood
- Narrower cover – concentrating on core risks
- Insurers were going out of business or withdrawing from UK regional business
- Brokers were consolidating – is Big best?
- Insurers accounts were underfunded
- Professions and some Construction activities in particular – Architects, Cladding, High rise buildings
- Brexit uncertainty?



COVID -19

- December 2019 Wuhuan, China
- The world alerted 31.12.2019
- 29th January 2020 - First Case in the UK
- Within 2 months – spread to 100+ countries
- February 2020 – W.H.O called it COVID-19
- 5th March 2020 becomes a notifiable disease in England
- 11th March 2020 Declared a Global Pandemic by World Health Organisation
- UK Government takes action in mid March 2020
- Business closures, Social distancing, Remote working
- How does this affect your business?



Managing Your Business, Assets, Liabilities and People

Current Considerations

- Legislation
- Unoccupied Property
- Business Interruption Cover
- Working from Home/Change in Work Practice
- Increased Cyber Exposure
- Motor Insurance
- Insurance Premiums/Cover and Payment terms
- Mental Health and Well Being

Legislation

Legislation since the Habeas Corpus Act of 1679 there are 1,000's of Primary Acts in the UK (more than 670 since the year 2000 alone!!!)

Companies Act 2006, Data Protection 1998, Various Discriminatory Acts, Environmental Protection Act 1990, Insurance Act 2015,

Important here is Health & Safety at Work Act 1974

Fundamentally – you must provide a safe place of work and safe working practices and procedures

And you check this by undertaking risk assessments

A furloughed employee is still an employee.



Unoccupied property

Your business or the tenants of a Landlord

- Insurer Unoccupancy Conditions
 - All insurers are slightly different
 - Most have been sympathetic – with guidance given
 - Numbers of days
 - Security
 - Electric/Gas/Water
 - Heating/Alarms
 - Inspections
 - Waste and Post
- Did you have any prior Risk Improvements which have not been done?



Business Interruption cover

Insurance – **a mutual pool of money to pay the losses of the few from the premiums of the many**

By its nature a Pandemic does not meet the above risk profile

A loss on such a scale is almost impossible to calculate, thus modelled by an insurer and so is commercially uninsurable, like war and nuclear risks. Pools have been specifically created for Flood & Terrorism following losses.

A BI policy is intended to cover your loss of profits as a result of damage affecting your premises, your customers or your suppliers. It can also include a denial of access to your premises where there may or may not be damage – but it is likely to be location specific.

By its global nature it is highly likely that your policy was not designed and will not respond to a COVID-19 claim

A recent survey by the Department of Digital, Culture, Media and Sport found only 11% of businesses bought a Cyber policy – and we are all aware of the risks – Do You buy Cyber Cover?

Hindsight is a wonderful thing!

Working from home/Change in work Practice

- Does an employees Home insurance allow home working?
- Has your EL and PL been extended for home working?
- Have you provided technology – is it insured - & in transit?
 - Laptop/Computer/Screens
 - Tablet
 - Mobile Phone
 - Printer
 - Chair/desk
- Is the employee using own Technology – is it insured?
- Where is the Employee working – safe and comfortable?
- Do you now have shift patterns/night-time workers
- Changes to any manufacturing process – e.g. if making essential medical supplies/sanitizers
- Change of use to your building e.g. hotel changed to medical recovery unit?
- Maintaining social distancing





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Increased Cyber exposure

- The market has seen a significant increase in scams and attacks
- No better time for a cyber criminal to strike
 - New ways of working
 - Unfamiliar technology
 - Working alone – referral/supervision
 - Who can access your systems – could a child press a key on an unattended keyboard?
- Test Remote log-in Capabilities – Multi factor authentication
- Train your employees on spotting phishing emails
- Prepare what you would do in an attack – in advance
- Be vigilant



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Motor Insurance

- Are you still using your vehicles?
- If No – where are they parked? Security?
- If Yes - For your business or volunteering
- Social distancing – driver & mate
- Employees own vehicles – used for business?
- SORN



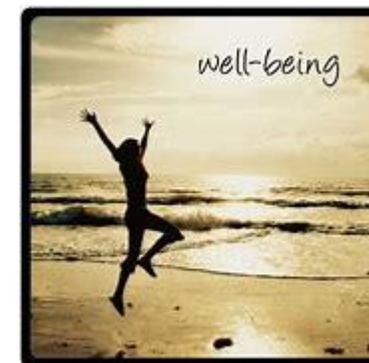
Insurance Premiums/Cover and Payment Terms

- Don't cancel cover without professional advice
 - Claims Made v Claims Occurring Policies
- Is your cover representative of your business now
 - Turnover Estimates
 - Wage roll Estimates
 - Activities of Employees
 - SORN'ed vehicles – Insurance and Tax
- Your cash flow
 - Spread payments
 - Extend credit periods
 - Payment "Holidays"



Mental Health and Wellbeing

- Try to maintain a work routine
- Talk – to you, their colleagues, their client's and their prospects (and it all doesn't need to be about work – social interaction is important)
- Vary your communication choice – Text, Call, Video
- Try to set tasks for the day
- Be active
- Have a real work/life balance
- When you are done for the day – **STOP**



“Top Tips”

- Keep your premiums paid up to date before making any decision
- Have you revised your Turnover and wage roll estimates?
- Have you made your fleet declaration?
- Have you SORN'ed any vehicles? Insurance and Road tax savings
- Employees may have a Tax free allowance for additional household bills
- Be vigilant for Cyber attacks – Charity, WHO, NHS etc. websites selling masks or PPE, holiday/travel companies, twitter updates with links.....the list goes on
- Really consider a cyber insurance policy
- Constantly check government updates: www.gov.uk/government/publications/guidance-to-employers-and-businesses-about-covid-19
- Seek expert professional advice

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- Award winning – Cyber broker of the year 2019
- Large enough to have national credibility – small enough to care
- Here to Help **You**



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