

How to correctly advise your policyholders on the policy coverage gaps caused by the Covid-19 lockdown

Alan's Top ten tips to help get your policyholders cover correct

By Alan Chandler Chartered Insurer

E mail [alanchandler@uwclub.net](mailto:alanchandler@uwclub.net)

LinkedIn Alan Chandler

## Alan Chandler, Chartered Insurer e mail [alanchandler@uwclub.net](mailto:alanchandler@uwclub.net)

- **I have trained more than 2,000 individuals to become ACII qualified**
- I have trained over 50% of the individuals in the last 8 years that have gone onto achieve the highest ACII pass in the whole of the UK.
- I train to a pass rate of more than 96% in all CII qualification levels. Certificate , Diploma and Advanced Diploma.
- I have delivered the Allianz scholarship and academy programmes in both the UK and Ireland and the Ask Alan facility for Zurich.
- I have delivered training throughout Europe for many major brokers and insurers.
- I have trained students who have won national prizes in almost all ACII subjects including Insurance Law (MO5), Liability (M96), Commercial Property and BI (M93), Personal Lines Insurance (P86), Business and Finance (M92), Underwriting Practice (M80), Advanced Underwriting (960), Claims Practice (M85), Advanced Claims (820), Marketing (945), Advanced Broking (930) and Advanced Risk Management (992).

## Alan Chandler's **Remote** Technical Training Courses [alanchandler@uwclub.net](mailto:alanchandler@uwclub.net)

- D&O in a plain English nutshell
- GDPR/Data Protection
- Insurance Distribution Directive
- Vulnerable Customers
- Ogden update
- The perfect storm - Understanding how Covid-19, floods, solvency margins and Ogden are changing your insurance market place
- How broker E&O claims are increasing and how these can be mitigated
- The missed opportunity – how UK employments trends are changing yet the financial services sector is lagging behind
- Financial awareness for account executives and handlers
- Leadership in insurance
- Commercial property insurance
- Business interruption insurance
- Construction insurance
- Liability insurance (EL, PL and Products)
- Professional Indemnity insurance
- Motor Trade insurance
- Directors and officers insurance
- Motor Fleet insurance
- Engineering insurance
- Package insurance
- Legal Principles of insurance
- Household insurance
- Private Motor insurance
- How liability can arise under the law of tort
- Examination Techniques workshop

# Alan Chandler Training courses for Cii Examinations [alanchandler@uwclub.net](mailto:alanchandler@uwclub.net)

## **At Certificate Level**

- IF1 Insurance legal and regulatory
- IF2 General insurance products
- IF3 Insurance underwriting process
- IF4 Insurance claims handling process
- IF5 Motor insurance products
- IF6 Household insurance products
- IF8 Packaged commercial insurance

## • **At Diploma Level**

- MO5 Insurance Law
- M92 Insurance Business and Finance
- M93 Commercial property and business interruption insurance
- M96 Liability insurances
- M80 Underwriting practice
- M85 Claims practice
- M86 Personal Lines insurance

## • **At Advanced Diploma Level (ACII)**

- 530 Economics and business
- 820 Advanced claims
- 930 Advanced broking
- 945 Marketing insurance products and services
- 960 Advanced underwriting
- 992 Advanced risk management

- Basically I can set up an entire training programme to take people from nothing to fully ACII qualified.

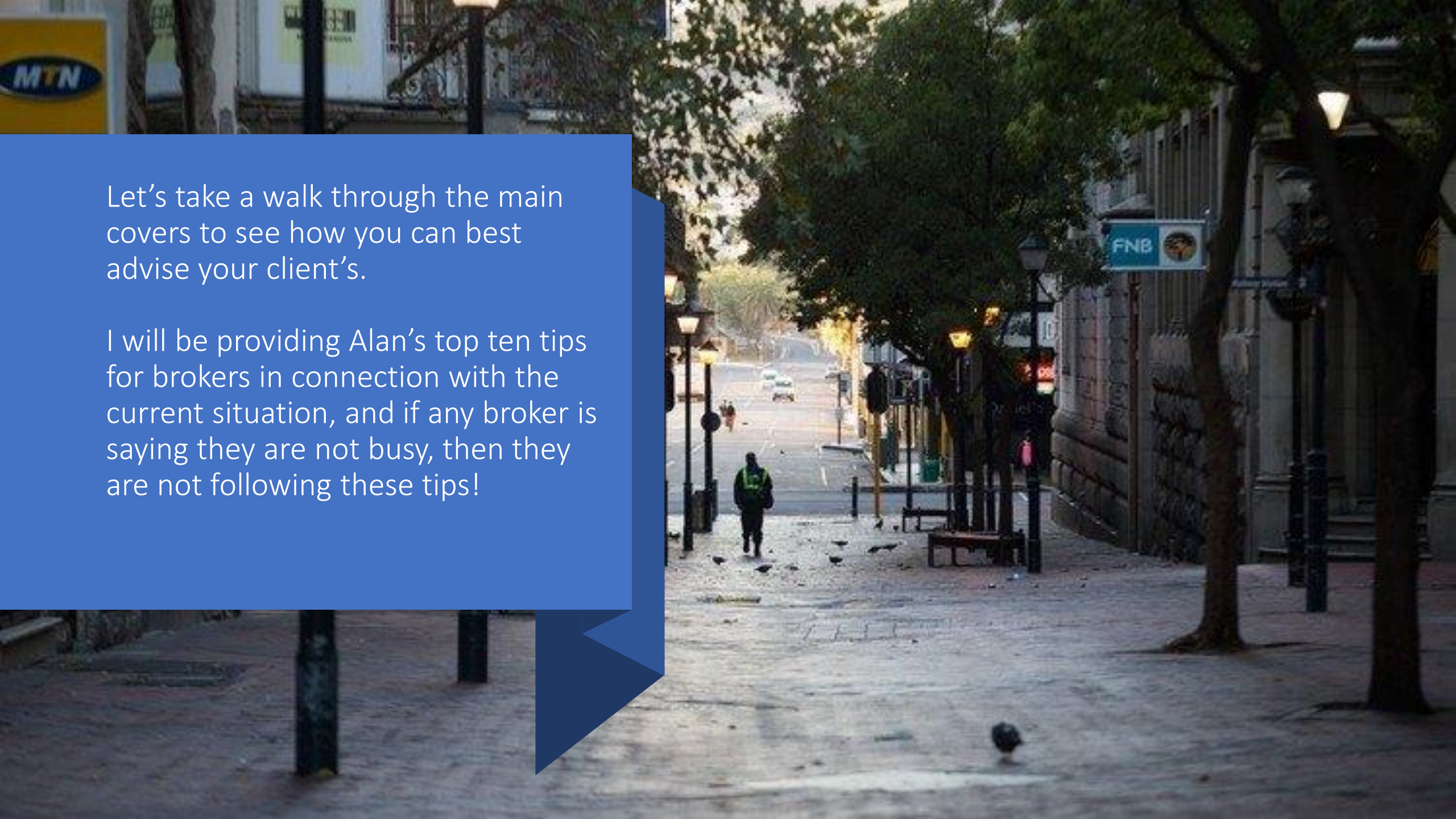
# Learning Objectives

- Delegates will be able to:
- Understand the correct position on contents at home coverage under a commercial policy.
- Understand the position on EL/PL coverage as it relates to the Covid-19 lockdown.
- Understand the increased D&O and cyber exposure caused by the Covid-19 lockdown.
- Understand the legal position on payment holidays.
- Understand the advantage of being on a declaration linked Bi policy.
- Understand how unoccupancy could affect policy coverage.
- Understand how the Insurance act 2015 applies to the Covid-19 lockdown

Covid -19 has changed everything but have you client's policies been updated and has your advice been good enough?

---



A photograph of a city street at dusk. The street is paved with cobblestones and lined with trees and streetlights. A person in a high-visibility vest is walking in the distance. A blue text box is overlaid on the left side of the image.

Let's take a walk through the main covers to see how you can best advise your client's.

I will be providing Alan's top ten tips for brokers in connection with the current situation, and if any broker is saying they are not busy, then they are not following these tips!

# Commercial Property at home



- Let's consider the normal commercial policy coverage relating to the parameters of property cover.
- What about specified All Risks ?
- Is all equipment covered or just specified items such as photographic equipment?
- Is the inner limit enough?

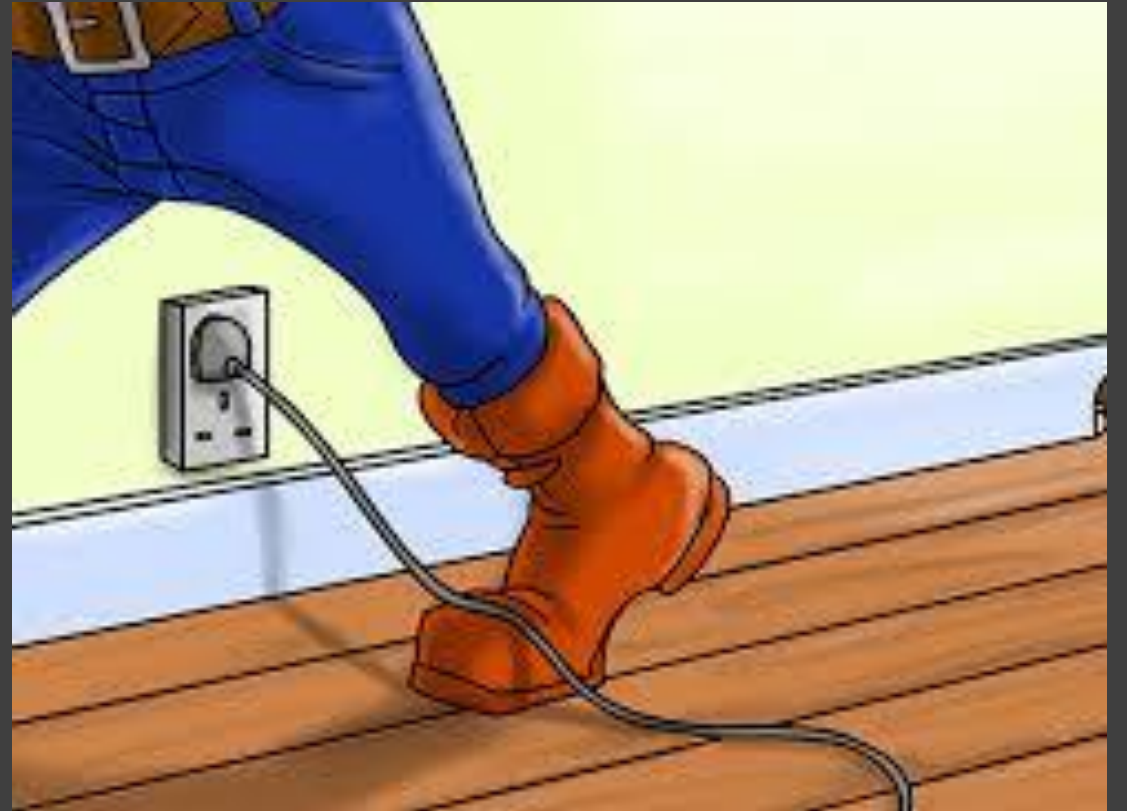




## Tip One

Check to ensure that the client has specified all risks and check that the limits are enough

EL and PL cover – workstations set up in a hurry could lead to all sorts of new claims



# EL and PL cover

Health and Safety at Work Act 1974 states that an employer must provide and maintain proper premises and equipment and provide a safe system of work.

The Management of Health and Safety at Work Regulations 1999 states that an employer may be sued, if an accident at work is attributable to an employer's failure to implement a suitable and sufficient risk assessment.

Your clients must provide some sort of documented guidelines for their employees – bear in mind for many companies this is the first time they have ever had a home working situation and it arrived quicker than they thought!

# What about those employees that stay at work- new EL exposures here also

- Lack of PPE especially masks, should they have been supplied?
- Lack of distancing in the work place.
- New claims could be on the way.
- Policyholders need to think about creating new documented systems of work. Remember when there is a general return to work the virus will not have gone!





## Tip Two

Do proactively remind your clients about the importance of providing written risk assessments and guidelines, relating to both home working and the new workplace, where distancing is a requirement.

# Does my EL policy pick up furloughing?

A typical Employers Liability definition of an employee is fortunately very wide an example is below:

- Persons under a contract of service or apprenticeship
- Anyone engaged under any training or educational or works experience programme
- Labour master or labour only sub-contractor or any person employed or supplied by them
- Self employed persons
- Any person hired to or borrowed by the insured
- **WHILST WORKING FOR THE INSURED IN THE COURSE OF THE BUSINESS**

This is a new area of law so does the EL policy respond?

## EL/PL/Products Cover

- Declarations will be an important feature going forward.
- Some insurers do NOT give refunds if the wage roll/turnover decreases. If you know your policyholder may well have a drop in these figures, then think carefully about which insurer you select at renewal – DO ASK ABOUT THE REFUND OPTIONS ON DECLARATIONS BEFORE YOU MOVE INSURER.
- Key here is there should be no surprises, have an open dialogue with insurers at the beginning of a contract about whether the policy gives refunds, not an argument at the end!



## Tip Three

Do find out about whether the current and any potential EL/PL/Products policy allows refunds on wage roll and turnover declarations.



# Increased D&O exposure

- Unfortunately there is going to be a significant increase in bankruptcies – this fact automatically increases the D&O exposure.
- Additionally there may well be a new wave of claims against individual directors around being forced to work in unsafe environments and lack of PPE.
- The ironic thing about D&O is that when the entity can least afford the cover it is the time when the directors need it most!

# Increased Employers Practices Liability exposure

- The unfortunate reality is that many furloughed staff will ultimately be made redundant and many law suits will undoubtedly follow particularly from the smaller firms – why?
- Your clients need a high level of EPL and as their broker you need to be proactively pointing this out.



## Tip Four

It is essential you highlight the need to have D&O AND EPL cover in place with very high limits of indemnity not token gestures!

Brokers get busy cross selling in this time of need.

# Cyber liability

- This is unfortunately at the moment Christmas day every day for hackers, as firms set up remote IT links in a hurry and many leave themselves wide open.
- Has your client purchased cyber cover ?





## Tip Five

Do remind your clients that it is essential they take out cyber cover?

Brokers get busy advising on this essential cross sell and do point out that currently your clients have never been more exposed.

# Business interruption cover

- I have already run a series on bi and covid-19.
- Today I want to focus on the importance of declaration linked cover.
- What is the maximum refund usually offered under a declaration linked wording?



## Tip Six

Do start getting the clients into a discipline of submitting their Gross profit or Turnover declarations on their Bi.

# Payment holidays

- Many clients will start asking for payment holidays so what is the legal position?
- The client has gone into a contract with insurers and unless the insurer agrees to any payment holidays then none have to be given.
- Importantly, even if a client is allowed it by an insurer it is a postponement of payment not a deletion of payment.





## Tip Seven

Do not over promise and under deliver on payment holidays!

Contract law has not altered with Covid-19 .

# Will the unoccupancy of the premises invalidate your policyholders cover ?



- Most insurers have already given some sort of extension so do be aware by insurer of the days granted.



## Tip Eight

Do make diary notes of when each insurers unoccupancy period comes to an end.

Do make sure that if checks are still required by the insurer that your client is doing them, if they object on grounds of safety have a proactive conversation with the underwriter – do not hope it will be okay if they do not comply!

# Laid up cover on fleets



- Some fleets have reduced the coverage on some of their vehicles to laid up only.
- Underwriters do think about the aggregation exposure here to the likes of fire and hailstones.



## Tip Nine

If your client does opt for laid up cover for some of their fleet vehicles, then it is essential they know that laid up means just that – it becomes illegal for those vehicles to be driven.



# The Insurance Act 2015

- The commercial insured must make a fair presentation of risk
- Some things are common knowledge as per Carter v. Boehm (1766)
- Many things are not common knowledge and must be reported to the insurer immediately.



## Tip Ten

Do remind your clients of their ongoing duty to make a fair presentation of risk to insurers. If they are changing their business temporarily then it is essential they let you know.

# Alan Chandler Training [alanchandler@uwclub.net](mailto:alanchandler@uwclub.net)

## Ten top tips for brokers in connection with Covid-19

1. Check the correct specified all risks is in place.
2. Remind clients about the need to have written guidelines in place for employees relating to their new work environment.
3. Do find out about the refund position on a EL/PL/Products policy before renewing/changing insurer.
4. Do cross sell D&O and EPL – the exposure is now larger than ever.
5. Do cross sell Cyber the exposure is also larger than ever.
6. Do get your clients back into the habit of submitting declarations under a declaration linked bi wording.
7. Do not over promise under deliver on payment holidays.
8. Do make a note of when each insurer's unoccupancy periods are ending.
9. If your client opts for laid up cover make sure they will not be driving the vehicle at all.
10. Do make sure your clients know to inform you immediately of any change to their risk.

Broking staff if you are doing all this you should be very busy indeed!



# Learning Objectives

- Delegates will be able to:
- Understand the correct position on contents at home coverage under a commercial policy.
- Understand the position on EL/PL coverage as it relates to the Covid-19 lockdown.
- Understand the increased D&O and cyber exposure caused by the Covid-19 lockdown.
- Understand the legal position on payment holidays.
- Understand the advantage of being on a declaration linked Bi policy.
- Understand how unoccupancy could affect policy coverage.
- Understand how the Insurance act 2015 applies to the Covid-19 lockdown