

## **Guidance Notes**

### **1. Disclosure of Material Facts**

It is essential that every proposer or insured when seeking a new insurance or renewing an existing policy, reveals to the insurers any material facts or information (including any material circumstance or change in circumstance) which might influence the insurer in deciding whether or not to accept the risk, and what the terms should be, or what premium to charge. Failure to do so may render the policy void at the option of the insurer, with effect from inception and enable the insurers to repudiate liability. In practice you should notify any changes in material circumstances as soon as they arise. If you have any doubts as to what constitutes a material fact or circumstance please do not hesitate to seek our advice.

### **2. Warranties**

The effect of a breach of warranty could make the policy void at the option of the insurer and thus it is vital these be complied with precisely. Where specific warranties apply their existence will be brought to your attention, but for the exact wordings reference should be made to the policy.

### **3. Terrorism**

Effective from the 1<sup>st</sup> of January 2003, terrorism cover is now completely excluded from all insurance arrangements. If you are at all concerned at this lack of cover, please do not hesitate to let us know in order that we may obtain a quotation, for your consideration.

### **4. Reinstatement as new**

The current practice for insurance of building or plant and machinery is to insure them on a "reinstatement basis", i.e. new for old. Insurers undertake to settle the claim on the basis of the cost of repairing or replacing the lost or damaged property by similar property, equal to but not better or more extensive than when it was new, subject to the limitation of the sum insured. No deductions are made for depreciation, wear or tear.

However the actual work of reinstatement must be carried out. If you decide not to replace or repair the lost or damaged property the Contract reverts to one of indemnity and cash payment will be made with deductions for depreciation, wear and tear.

## 5. Under Insurance

Most Material Damage Policies contain the "Average" Condition whereby a contribution will be called for, where under-insurance exists and a claim has occurred,

For Example:-

Sum Insured	£100,000
Established value at time of loss	£150,000
Established Loss	£ 50,000

Settlement

$\frac{£100,000 \text{ (Sum Insured)}}{£ 150,000 \text{ (Value)}}$	X £50,000 (Loss)	= £33,333 Paid By Insurer
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Therefore Policyholders under-insurance costs them £16,667

## 6. Health & Safety

As you are aware every place of work employing five or more persons must have a written Health & Safety policy. In addition Risk Assessments are required even for the smallest commercial concern.

Whilst it is possible to write your own Health & Safety Policy this may create difficulties in the event of any accidents at work which could, of course, involve substantial fines for Directors as well as action against the firm itself.

We are able to offer Health & Safety Consultancy services via a range of contacts with the ability to provide a tailor made program to meet your requirements. If for example you simply require Health & Safety advice it is likely that The MJL Consultancy or Croner Consulting could be for you. If however you require advice with regard to Employment Law and Contracts in addition to Health & Safety there are other alternatives available.

It is a proven fact that Health & Safety awareness is an important factor in insurer's attitude to the insurance risk and this does have an effect on premiums.

Please be aware these services are not regulated by the General Insurance Standards Council / Financial Services Authority.

## **7. Business Continuity/Disaster Planning**

If a major or minor loss or incident were to occur do you have any loss reducing plans in place? The incident may not necessarily be insurance related. Large suppliers or customers often demand that firms with whom they trade have such plans in force to ensure continuity for their own businesses. We are able to offer advice in this area should you require it. Please ask if you feel this would be of interest.

If you would like further information please contact our office. Please be aware this advice or service is not regulated by the General Insurance Standards Council.

## **8. Reporting Possible Claims**

Following the implementation of the Woolf Report with effect from 1st April 1999 it is now vitally important that all incidents which may lead to a possible Motor, Employers' or Public Liability, Third Party Negligence, claim or injury claim be reported to us without any delay. As a subsequent result it is also necessary for you to keep Employers Liability Certificates (starting in 1999 for 40 years) and have these available for HSE inspectors to validate on request.

## **9. Financial Services Authority**

You will already have had a Terms of Business letter and had it explained to you. Please read this document as it explains the terms under which we operate. It explains our status as an independent insurance intermediary, along with our charges, claims and complaints procedures. We would also like to draw your attention to your duty to disclose any information that may affect your insurance. Where we are acting as an agent of another broker or intermediary we will disclose this fact to you.

## **10. Notes for guidance of clients using motor vehicles**

Questions in proposal forms are designed to elicit material information. However, individual driver's circumstances are constantly changing and completion of a proposal form does not fully discharge the duty to disclose material facts.

Therefore it is essential that we are advised of all **relevant** changes so that the insurers can be informed.

### **The major questions are:**

- \* Any driver with a PHYSICAL INFIRMITY which could affect his driving?  
For example, loss of limbs or eyes, impairment of sight or hearing, loss of movement of limbs, etc.

- \* Any driver convicted of any driving offence and/or had his/her driving licence suspended during the last five years?

MANSLAUGHTER OR CAUSING DEATH BY DANGEROUS DRIVING

DRIVING UNDER THE INFLUENCE OF DRINK OR DRUGS

DANGEROUS DRIVING

LOSS OF LICENCE DUE TO "TOTTING UP" (i.e. 3 endorsements in 3 years or accumulation of 12 points under the new Road Traffic Regulations).

We have no doubt that new employees who may drive your vehicle have their driving licence's checked for validity, and that their driving and accident records are ascertained. However, we would recommend this to be of a continuous nature, i.e. verified ANNUALLY, and including those questions shown above.

**Additionally:**

- \* If non-employees (i.e. wives and children of employees) are permitted to drive, the above comments also apply.
- \* These persons may only use the car for SOCIAL, DOMESTIC or PLEASURE PURPOSES or the COMPANY'S BUSINESS (i.e. NOT for wife on her business or by an employee in conjunction with a secondary occupation).
- \* Vehicles allocated to individual employees – check that vehicles are maintained in a fully roadworthy condition – especially tyres and brakes.
- \* All accidents are reported to a responsible person in your company immediately.
- \* Details of any additional young drivers to be notified.

**11. Claims-Procedures**

Please note that these procedures are intended for your guidance only and must not be construed as a statement of policy claims conditions.

**Employers Liability**

Even when no claim has been made by an injured employee, you should notify us immediately of any accident which involves absence from work or hospital treatment.

If and when a claim is made on behalf of the injured party please send us all the relevant correspondence unanswered.

Please do not at any stage admit liability.

### **Public and Products Liability**

Even where no formal claim has been made by a third party you should notify us immediately of any accident involving injury to a third party or damage to a third party property.

### **Motor**

Please contact us immediately and we will advise the correct procedure you're your insurer. Alternatively ring the insurer direct on their claims line. The number will be in your policy booklet. Please also forward any third party correspondence unanswered.

If an urgent inspection is required, please telephone us with details of where and when the vehicle can be inspected.

Please ensure that full details of any third party are obtained and where possible details of their insurers and policy number. Where your driver is involved in an accident which is clearly the fault of an identified third party, we will attempt to recover your uninsured losses. Uninsured losses are usually (a) the amount of the excess and/or (b) charges reasonably incurred in hiring an alternative vehicle.

*Please do not at any stage admit liability.*

### **Professional Indemnity**

Should you become aware of any claims or circumstances which might give rise to a claim, you should notify us or your insurers direct, immediately and in writing. Failure to do so could prejudice your position.

Notifiable circumstances can not be easily categorized. Many situations can be recognized as potential claims before they actually become formal legal actions. It is important that the warning signs are noticed and acted upon as soon as possible to reduce the chances of the claim developing further, and to ensure that your interests under the policy are fully protected.

### Danger Signs Include :

1. Verbal complaints from dissatisfied customers or a threat of 'taking matters further'.
2. A letter of complaint alleging neglect, error or omission.
3. A customer refusing to settle or delaying settlement of an account for an unreasonable length of time.

These are examples of the type of circumstances that might give arise, but are not fully exhaustive. If you are in any doubt whatsoever, then you should notify us, or your insurers immediately.

Once you are aware of a situation which might give rise to a claim you must be careful not to prejudice your or your insurers position. Most importantly you must NEVER admit liability. A holding statement verbally or in writing that you are 'looking into the matter' is the most you should say, ideally you should say nothing to the potential claimant. Sometimes a part admission to diffuse a difficult or awkward situation may invalidate your policy, if the move was not sanctioned by your insurers.

### **Other Claims**

Notify us immediately you are aware that injury/loss or damage has occurred.

Please remember that the late notification of any claim could prejudice your right to protection under the policy.