

# Rowlands & Hames – Coronavirus / Covid-19 Guidance Newsletter

**Newsletter 3 - As at 3pm on 14<sup>th</sup> May 2020**

## Introduction

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Welcome to the latest Covid-19 newsletter from Rowlands & Hames – previous newsletters can be found at <https://rowlands-hames.co.uk/coronavirus-covid-19-rowlands-hames-advice/>

## Return to Work / Already at Work

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Please also see Rowlands & Hames Returning to Work 'pack' at <https://rowlands-hames.co.uk/wp-content/uploads/Returning-to-work-Insurances.pdf>

Following the Government's announcement for all employees (other than those who cannot work from home and/or sectors unable to open premises) to return to work, it has issued a range of guidance 'by sector' and 'activity' which may prove useful – the Government's Safe Working document can be found at <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19>

So far, it contains specific advice on:

- Construction and other outdoor work <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/construction-and-other-outdoor-work>
- Factories, Production Plants and Warehouses <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/factories-plants-and-warehouses>
- Labs and Research facilities <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/labs-and-research-facilities>
- Offices and Contact Centres <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/offices-and-contact-centres>
- Working in other people's homes <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/homes>
- Take-away food and drink operations <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/restaurants-offering-takeaway-or-delivery>
- Retailers – were permitted to open <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/shops-and-branches>
- Garages / Dealerships and other vehicle risks <https://www.gov.uk/guidance/working-safely-during-coronavirus-covid-19/vehicles>

We understand these Advice Guides will be updated on a regular basis.

The HSE's Covid-19 pages are also very useful at <https://www.hse.gov.uk/news/working-safely-during-coronavirus-outbreak.htm>

## Insurances Affected by the Covid Crisis generally and the 'Return to Work'

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### Trade Credit Insurance

For those clients with Trade Credit insurance (domestic and/or export sales) where your trade debtors are insured against insolvency, refusal to pay (protracted default) or for buyers in non-OECD countries, 'Political Risks', the Treasury has announced an arrangement where it will act as a Reinsurer. This avoids the Credit Insurers reducing limits on Buyers given the economic climate. This is fantastic news and whilst details have yet to be finalised (promised by the end of the month), this should avoid wholesale reductions in our customers' credit insurance limits being imposed, thereby restricting trade. This is certainly a growth area and we receive many enquiries from firms who wish to insure their debtors. Please speak to your usual contact at R&H for further information.

### Advanced Payment Insurance

Like Credit insurance but where firms may be asked to pre-pay for orders – this is becoming quite common during Covid. As suppliers aren't keen to expose themselves to non-payment, they are increasingly demanding pre-payment, but of course the customer then needs to ensure their money is safe and the supplier will still be around to deliver the product – so they insure against the supplier going insolvent to ensure the advanced payment is safe. Again, speak to your usual contact for advice here. This is not quite as simple as credit insurance to organise, but one or two insurers will consider.

### Management Liability (MLP) - Employment Practice Liability, Directors' & Officers', Corporate Liability

Covid and the relationship between employers/employees, companies/directors and various stakeholders, will inevitably be impacted. We anticipate issues with furloughed staff, significant numbers of redundancies, plus various allegations of wrongdoing by third parties/stakeholders (including the likes of the HSE or other Government Agencies) against directors and companies, both during and post Covid.

MLP has become a 'must have' rather than a 'nice to have' insurance – if you don't already enjoy the protection of MLP insurance, speak to your usual R&H contact – premiums are relatively inexpensive given the significant risks increasing almost by the day.

Be very careful in your dealings with employees, contractors, suppliers, customers, regulators, local authorities, the HSE etc., in ensuring you act in accordance with all the Covid guidance (as well as previous guidance). Speak to your HR advisors, accountants, payroll specialist and solicitors (or use your free employment law helplines often provided with some policies), plus Health & Safety/risk management consultants. Ensure records are kept of all interactions as they may be needed if disputes arise.

### Cyber Liability (including optional Social Engineering 'Cyber Fraud')

The risks of Ransomware, Privacy Breaches, Hacking Attacks etc. have never been as high, especially now with many firms' employees working from home where the security protocols/network security may not be as high as when working from the office. This is a major opportunity for criminals to gain access to companies and their data.

If VPNs are not being used, ask an IT consultant to review your working practices to ensure security is effective for home working. We still come across firms relying on employees' own personal laptops to be able to work from home – this is not good practice and opens-up all sorts of security and data privacy issues! The lack of suitable firewalls/anti-virus and other usual network security protocols can be devastating.

If you do not already hold Cyber Liability Insurance, do please speak to your usual R&H contact for a quotation – premiums are relatively cheap, although they are gradually increasing.

## **Employers' (EL) & Public (PL) Liability exposures**

Activities - This will be a major risk exposure during the months to come with firms being exposed to potential EL claims from its employees if they catch Covid and allege it was caught at work, and from the PL perspective if a member of the public believes they caught Covid from you and your employees. It's critical that you follow the Government's advice as referred to above and follow any HSE guidance at all times, document everything you do, undertake regular Covid-19 specific risk assessments (potentially location by location, activity by activity) and ensure all parties, employees and the customer/visitors/third parties receive, read, understand and agree to comply with etc. in writing. Employees should be aware failure to comply with Covid steps will result in disciplinary action in the same way as other non-compliance with H&S law. Special care must be taken if vulnerable parties are involved. Consider additional Covid related signage, work-station safety (including if working from home), etc. as per the guidance. Working-from-home risk assessments are essential as we have mentioned before. Employees may well sue due to poor home-working arrangements. Do not forget the risks to potential visitors to your premises too. Many insurers are offering specific Covid back to Work guidance – ask us for details.

Turnover estimates & wage-rolls – with some larger (non-package) clients we've managed to negotiate one-off rebates should your turnover have been affected and the wage-estimates provided at last renewal now being 'over the top' once furloughed wages are removed. Not every insurer will agree but many will agree to a one-off rebate to reflect the reduced exposures. Speak to your usual R&H contact if you wish to discuss.

## **Stock Insurance / Marine/Goods in Transit**

Sums insured or estimates may well be too high following any shutdown or reduction in trading – speak to your usual R&H contact to discuss if these can be adjusted mid-term.

## **Additional Equipment/Fixtures & Fittings**

If you spend significant amounts on Covid adjustments at the workplace please remember to let us know, so we can adjust your 'contents, fixtures & fittings' sums insured to reflect the additional exposures. Those with significant stocks of PPE will also need to consider sums insured.

## **Business Interruption (BI) – Gross Revenue/Fees. Insurance Gross Profits and even Rents**

BI Insurance looks forward and often several years into the future, following an interruption during the current policy period, i.e. it may be fire on the last day of the policy period which could take you 2, 3 or even four years for your turnover and insurance gross profits to recover from. Now is not the time to reduce your sums insured here unless there is creditable rationale i.e. turnover/insurance gross profit will not recover to previous levels for several years hence, or your business plan is changing following Covid etc. Firms that have excelled during Covid may indeed need to increase their cover!

Speak to your usual Rowlands & Hames contact if you wish to discuss your own situation.

## **Annual Travel**

Premiums will be increasing and Covid related claims will be excluded from the next renewal – if future travel has already been booked be sure to talk to us to ensure Covid cover continues for those pre-booked trips being undertaken after renewal. No Covid cover will be available for any new booking, however.

Firms should also review the proposed number of trips which premiums are based upon, as this may affect the premiums.

## Key Person Insurance / Loan Protection / Shareholder Protection

Covid has certainly focused firms' minds on their key-personnel and shareholders and asked, 'What if?' etc.

If you have key-personnel and their loss would impact significantly on either the firms' continuing income or the general value of the business, now is the time to review any existing Key Person insurance and look at additional cover to protect the firm's income and its value to the shareholders. Seek a Key Person quote. Quotes can start from as low as £5 per month for £100,000 over say 5 years.

If there are outstanding loans, including recent Government backed Covid loans, if key personnel are lost would the loans be able to be paid-off? Seek a Loan Protection quote.

If the firm were to lose a shareholder, could the remaining shareholders afford to buy out the shares from the deceased shareholder's estate? Seek a quote for Shareholder Protection.

R&H Financial Planning will be pleased to provide quotations. Speak to your usual Rowlands & Hames contact and we will put you in touch with a colleague.

## Travel Insurance Claims

We reiterate the first port of call is always via the travel agent or the operator if booked directly. If you are unable to travel due to the operator's inability to provide the service (i.e. hotel is closed, or flight is not flying) EU law states you are entitled to a cash refund.

We would advise against accepting vouchers or credit notes unless you are 100% confident you will be able to use them in the future and the travel agent/operators will still exist!

Where travel agents/operators are refusing or seeking to delay this refund or offering vouchers or credit notes, we recommend a Consumer Credit Act Section 75 claim via your credit card (assuming used, citing breach of contract) or seeking your bank's help using a charge-back facility if a debit card was used (Note - Always book holidays with credit cards!!)...

Only once these routes are exhausted can the travel insurance be utilised to recover 'unrecoverable' costs.

Travel insurers have received tens of thousands of claims and Covid will cost them millions in claims, we are experiencing lengthy delays in claim settlements.

## Premium Finance

Those insurers who provide their own premium finance and third-party premium-finance providers such as Close Brothers Premium Finance are assisting clients with rescheduling premium instalments – if you should need further assistance with this, let us know and we will remind you of the appropriate contact at each organisation – unfortunately when it comes to Covid rescheduling they insist they speak to the client directly as any agreements are formal legal adjustments to the existing loans which only you can enter into.

## Business Interruption Covid claims

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As we have already set-out when lockdown started, there are very few firms insured for the Covid interruption, with epidemic/pandemic cover either not included or specifically excluded. Nevertheless, there are some policies which may inadvertently (usually due to poor policy drafting) provide cover and these policies will be among those the FCA is going to court with, seek legal declarations as to policy interpretations. Those clients where we feel there could be an iota of opportunity to claim will have already been contacted by us. R&H is keeping a watchful eye on developments with the FCA, the Ombudsman and the Government, plus some ongoing legal cases.

## Rowlands & Hames

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Our team continues to work from home, with the ability to access all your information as before, our telephone system continues to operate as before – it is very much business as usual, it is just that we are all at home.

We continue to arrange mid-year reviews, pre-renewal meetings and renewal meetings as well as the usual ad-hoc meetings for our larger commercial clients and for any clients which requires it, however these will for now be via Teams, Zoom, WhatsApp, Skype, Google Meets etc as far as possible. We will attend site if required but clearly for now at least we would prefer online meetings.

Loss Adjusters are increasingly 'adjusting' claims losses using technology, as are vehicle repair engineer inspectors and insurers' property/liability surveyors – to date this is all working very well.

Most insurers can now operate well from home, with only a few still having problems with their lack of technology.