**Chapter 1- Knowing the client and suitability**

1. **Building relationships**

For the client the benefits of long-tem relationships include:

* Convenience- no need to research insurance products/services
* Confidence- most SMEs do not employ risk mgmt professionals so owners rely heavily on the guidance provided by the insurance adviser
* Bespoke/tailored professional advice
* Ensuring value for money- if the adviser has an in-depth knowledge of a client’s business and their attitudes/preferences, they can tailor the insurance solution.

Long-term relationships also benefit adviser:

* Extra business opportunities- for intermediaries in particular
* Better retention rates
* Fast and efficient problem-solving
* Client industry insight

1. **Gathering information**

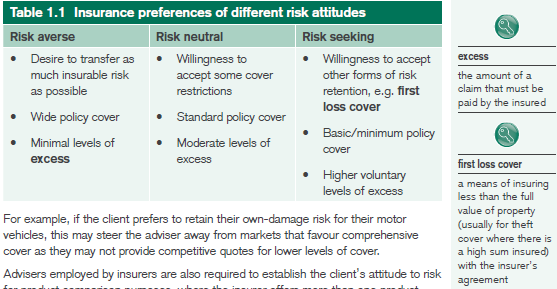
B1- Considering the clients wants and needs

The client will bring certain wants to adviser, analysing these wants is not always straightforward; it is important to look beneath the surface to identify their exact nature. Only then can the adviser make an informed assessment as to whether those wants are achievable.

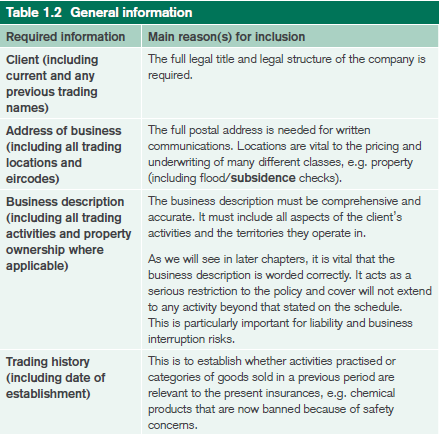
B2- Considering the client’s attitude to risk

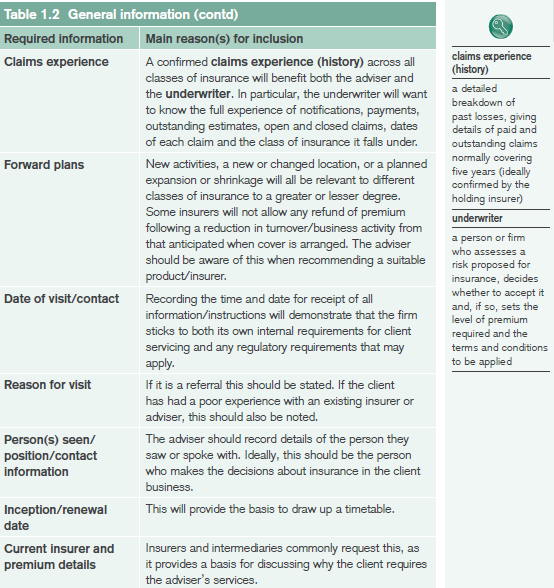
The client’s appetite for risk will influence their insurance needs and how much importance they give to them. No person or business is comfortable carrying every risk themselves, because:

* Unknown future costs are not always easy to meet from available resources (severity)
* No way of knowing how often risk will become a real event (frequency)
* The apparent likelihood of risk may be completely different to mathematical likelihood (frequency)
* Ultimately some risks, no matter how unlikely they seem to be, are potentially too costly to meet from available resources (severity)



B3- What information do we need from the client





1. **Presenting information to insurers**

When presenting the risk to insurers, the adviser should pay special attention to the following:

* Comprehensive business description- this is especially relevant to business interruption and liability covers. Adviser should also look out for any planned changes to the clients business activities
* Details and analysis of claims experience (history)- the adviser should give explanations of significant losses and details of any steps taken to stop the loss from occurring again
* Risk mgmt and safety statements- insurers need to know how businesses assess and manage their risks. Safety statement- a legally required doc that describes the mgmt of health, safety and welfare responsibilities of the org.

1. **Considering insurers and insurance products**

D1- Price

Often the most obvious factor for deciding between products and the client’s primary concern. The adviser must ensure that he client considers all the relevant factors before deciding.

D2- Levels of service (including claims service)

Advisers ill look for:

* A dedicated relationship manager/executive to build a strong partnership with
* Fast and efficient quotations and accurate documentation
* Easy access to underwriters/decision-makers
* Competent survey system that is speedy and efficient
* Efficient claims handling and prompt payment of claims
* Fair and quick approaches to complaint resolution
* Availability of credit facilities or flexible payment options

D3- Breadth of cover

Adviser will normally seek the widest possible cover. It is therefore important to understand the variations between different insurers’ policy wordings, so accurate comparisons can be made. Cover comparison charts are a means of visually displaying the key differences between the characteristics of different insurer’ policies.

D4-Insurer’s capacity

Is the insurer’s ability to accept risk or meet future request for increases in cover. All insurers have limits to the maximum size of risks they can accept.

D5- Insurer’s experience

Certain insurers will gain a reputation in the mrkt for their expertise in relation to particular types of risk- taxis, construction etc.

D6- Continuity

The adviser should recommend continuity with a clients existing insurer where this seems the most appropriate way forward.

D7- Advisers experience and judgement

An adviser’s ability to exercise sound judgement relies on a no of factors; their knowledge of the mrkt, their familiarity with different insurer’s approaches to types of risk.

1. **Presenting the recommendation to the client**

Principles governing this statement of suitability are as follows:

* The adviser must offer the most suitable option available. For intermediaries, this will either be a based on either a fair analysis of the mrkt or a limited analysis of the mrkt
* The adviser must offer a product that meets more of the client’s needs than any other product, they can offer their professional opinion
* If there are genuine reasons for offering options than recommending a single product, the adviser must highlight all relevant differences in cover levels, T&Cs to allow the client make an informed decision

**Chapter 2- Commercial motor insurances**

1. **The compulsory nature of motor insurances**

Motor insurance is the only complete class of insurance business that is compulsory by law in Ireland

1. **The scope of cover**

Policies are subject to limits of indemnity (financial limit imposed by an insurer, representing max amt it will pay in any one claim). No limits apply to 3rd party injuries. The standard property indemnity for a private car is €30m and €1.3m for a commercial vehicle. Premiums are based on several exposure measures (an actual or proxy measure or risk as appropriate to the type of insurance, including (for single-vehicles policies:

* Vehicle- make model, year, carrying capacity and value
* Business description
* Driver details- inc penalty points/convictions, licence type, health issues etc
* Location of use
* Cover required
* Use of vehicles- specific use- such as agriculture use, taxis, business use
* Past claims experience

In the case of fleet-related, the most important factor is past claims experience.

Similar to private motor insurance, there are 4 levels of cover for commercial vehicles:

* Road Traffic Act Cover- min level if cover required by law
* 3rd party only
* 3rd party fire and theft
* Comprehensive

B1- Road Traffic Act

It is usually only provided when the claims experience is very poor or driver has past driving convictions. Cover applies in Ireland and EU and must provide indemnity for:

* Bodily injury or death, caused to 3rd parties inc passengers (unlimited in amt)
* Loss of, or damage to, property belonging to 3rd parties, subject to min of €1.22 m/claim
* 3rd party claimant costs and other expenses of handling a claim
* Emergency treatment for 3rd parties caused by, or arising out of RTA liability
* Liability arising from trailers attached to, or becoming detached from vehicle insured under the policy

Cover is restricted to the use of vehicle ‘in a public place’

B2- Third party only cover

* Anyone driving or ‘using’ the vehicle with permission (if allowed on the Certificate of Motor Insurance)
* The insured’s employer or partner (if their use is covered by the policy)
* Persons getting into or out of the vehicle
* The person in charge of the vehicle
* The hirer of the vehicle (for negligence by the PH)
* Or their personal representatives (if the person is deceased)

TPO also covers:

* 3rd P emergency treatment where required by law
* Liability arising from loading/unloading the vehicle
* Increased limit of indemnity for 3rd P property damage- typically €1.3m for any 1 accident, but with higher options available
* Legal representation to defend a charge- subject to limit- typically €1,000 - €10,000
* Use of unlicensed drivers where a licence is not required by law and the person is only enough to drive

Exclusions:

* Any loss or damage to the insured vehicle or the insured’s property
* Use other than for business activities of the PH
* Driving of other vehicles

B3- Third party fire and theft cover

In addition to the cover under TPO, TPF&T also provides cover for:

* By fire (including self ignition), lightning or explosion
* During an attempted theft or while it is stolen
* If stolen but not recovered

In addition to typical exclusions, this cover typically excludes:

* Driving of other vehicles
* Breakage of glass in windscreens and windows

B4- Comprehensive cover

As well as the above, COMP cover includes accidental loss, or damage to the insured’s own vehicle, other than as a result of theft or fire and also includes:

* Spare parts and accessories kept in, or on the vehicle
* Radio subject to limit (e.g. €750)
* Breakage of glass in windscreens or windows. May be subject to a limit and possible an excess, but does not affect the NCD
* Indemnity to principals where required

Cover typically excludes:

* Depreciation, wear and tear
* Mechanical/electrical fault or breakdown/derangement
* Isolated damage to tyres
* Theft/attempted theft, where the vehicle is unlocked
* Loss of use, e.g. the cost of hiring a replacement vehicle
* Import costs outside the EU
* Damage caused by solidifying of substances. These vehicles must be regularly maintained and working practices must be enforced to prevent solidifying of contents

B5- Territorial limits

Territorial limits for full policy cover apply within Ireland, NI, GB, IoM and Channel Islands. Policies automatically provide min cover required by law for territories with the EEA.

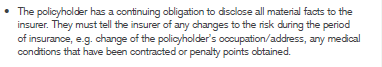
B6- Optional benefits

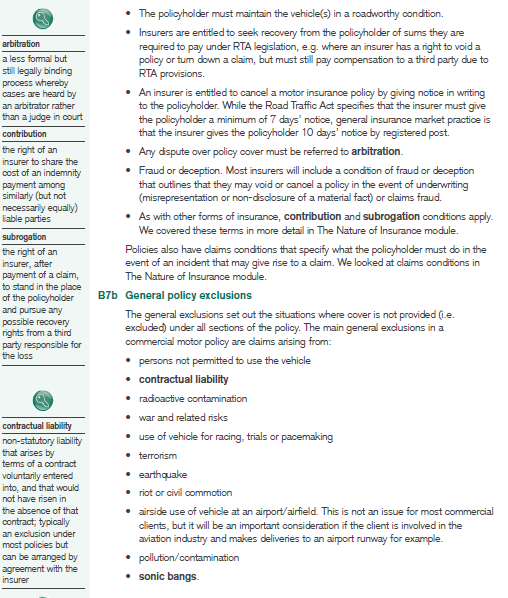
Optional benefits include:

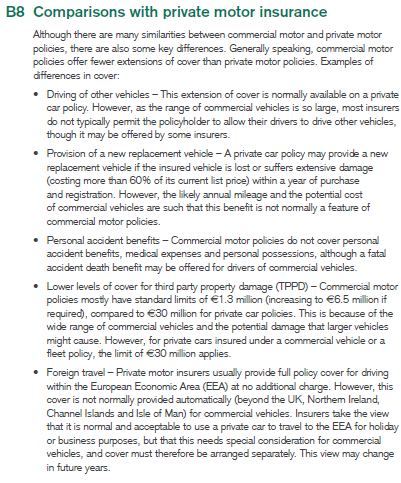
* Trailers- although policies provide TPC to this, cover may extend to cover damage to specified/unspecified or attached/unattached trailers
* TP working risk (tools of trade)- covers situations where a vehicle is being used off-road (crane/cheery picker). This may already be covered under a public liability policy, so adviser should make sure cover only applies to one policy
* Fatal accident benefit- provides a personal accident death benefit for the driver only
* NCD discount or step-back option
* Cover for incorrect fuel type or lubricant- damage cause to engine is not covered- only draining the engine

B7 Policy conditions and exclusions

B7a- General Policy conditions







1. **Considerations for different types of commercial vehicle**

C1- Goods-carrying vehicle

This type forms the largest group of commercial vehicles and varies from small vans to articulate vehicles, tankers and refrigeration vehicles. The limit of indemnity for damage for TP property is €1.3m for smaller vehicles, rising to €2.6m for HGV.

C1a- Trailers

Trailers are a significant asset and the question of insuring them is not solely based on the min legal requirement. The cover can be summarised as follows:

* 3rd party attached trailer cover- standard cover is for 3rd party liability while drawing trailers that are directly attached to the insured vehicle. Covers 3rd part injury/damage caused by the trailer, but not damage to the trailer itself
* 3rd party unattached trailer cover- this extension covers 3rd party liability arising from an unattached trailer. If the trailer/s are specified (individually listed) on the policy schedule, each must carry an ID number
* Specified trailer un/attached full policy cover- this extends the full policy cover (fire, theft or comp) to all trailers that are individually listed on the schedule. Full details of the trailers, inc values and ID numbers must be provided to the insurer

C2- Passenger-carrying vehicles

Two categories of vehicles- public service vehicles and self-drive hire and funeral vehicles.

C2a- Public Service Vehicles (PSV)

A PSV is defined as a mechanically propelled vehicle used for the carriage of persons for reward. PSVs are divided into:

* Large PSVs- seating accommodation for more than 8 people inc the driver and are usually, buses, coaches and minibuses.
* Small PSVs- seating accommodation for a max of 8 inc driver and include:
  + Public hire vehicles- they have a taxi meter and roof sign are for hire at an appointed taxi stand, by driving around waiting hire by radio contact or in a designated taxi-meter area
  + Private hire vehicles- hackney cares that are used for hire or reward by prior arrangement only

The high level of use of PSVs represents a significant risk of accident, while they are passenger-carrying means the claim can also be potentially very costly (severity)

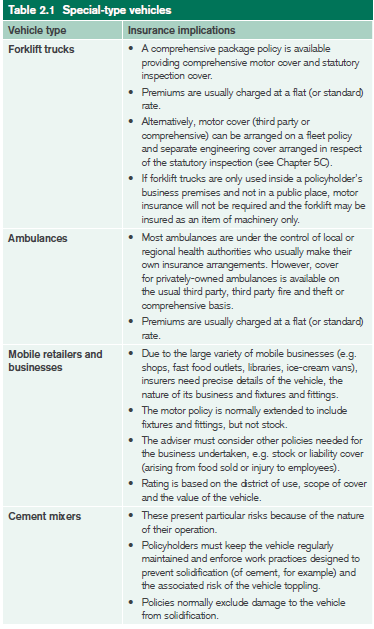
For large PSVs, own-damage cover can carry very high excesses due to the very high cost of the vehicles e.g. up to 200k for a new bus/coach

C2b- Self-drive hire and funeral vehicles

Self-hire includes cars, small vans, and campervans hired out to public. The hirer usually completes an application for insurance and there may be limits of acceptance depending on occupation, driving record and length of time insurer has a full licence. Typical permitted use is for social, domestic and pleasure and exclude use for carriage of persons for reward.

Funeral vehicles are considered lower risk as they operate in a local radius at low speed and have very low mileage. Repair costs can be high as with any specially built vehicle.

C3- Special-type vehicles



C4- Construction equipment

As theft is a particular issue, some insurers may exclude this altogether while others may insist on security measures such as anti theft devices or immobilisers. Main categories of this include

* Cranes- for all cranes, engineering covers must be arranged and statutory periodic inspections and certification are required. For mobile cranes RTA cover is required.
* Dumpers- the key rating factors are the vehicle’s use and carrying capacity, so it is important to establish exactly what it is being used for and to determine if it is being used exclusively on the PHs premises or in a public place
* Mechanical navvies and other mobile plant equipment- this also includes shovels, grabs and excavators. In addition to hire cover, policies also cover damage while in use as a tool of the trade
* Other ‘special types’- including road rollers, site-clearing and levelling equipment, sludge gulpers, tippers and trolleys none of which are for general transport on road.

C5- Agricultural vehicles

Includes harvesters, tractors and other motor vehicles as well as implements and trailers. There are some differences to other commercial vehicle policies, including:

C5a- Suspension of cover

Some vehicles are only used for a short period of time i.e. combine harvester, soothe premium automatically takes into account the seasonal use of some agricultural vehicles. Motor insurers do not therefore give a premium refund for suspension of cover, as they already allow for this during the rating process

C5b- Crop spraying

C5c- Hiring practices

Framers often help each other and hire equipment to and from. If this is the clients practice, the adviser should make the insurer aware of this and provide full info regarding the use. Insurers normally provide indemnity under the agricultural motor vehicle policy to anyone who has hired a vehicle and the driver.

Insurers may also be asked to extend cover while a vehicle is hired or let to public authorities e.g. hedge cutting or snow clearing. Indemnity to hirer is subject to usual provisos- no other policy can provide indemnity.

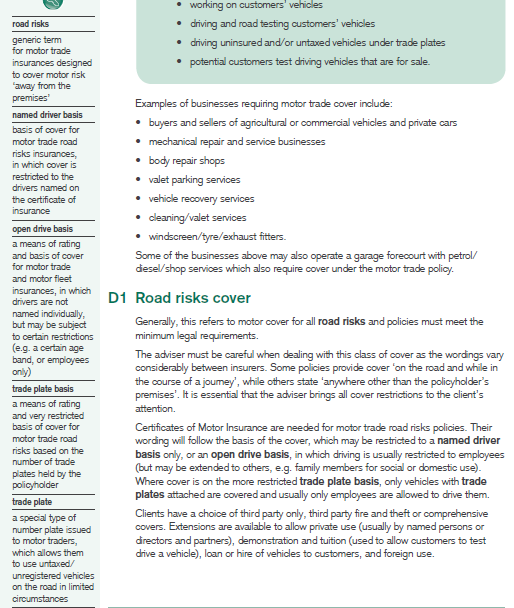
C5d- Use warranty

The ‘use warranty’ appears in the policy schedule and will reflect the agreed use when the policy was arranged. It may be limited to farmers own land or neighbouring farmers land or unlimited.

C5e- Road-worthiness testing for ‘fast tractors’

In Ireland, agricultural vehicles are not currently subject to road-worthiness testing. However, a 2014 EU directive introduced the compulsory testing of tractors used for commercial road haulage purposes with a max designed speed exceeding 40km/hr (‘fast tractors’). They must display certificates of roadworthiness.

1. **Motor trade insurances**



D2- Internal risks policies

Motor trade liability cover specifically for premises risk (including servicing and maintenance)

Cover includes the insured’s liability for:

* Accidental injury or death to 3rd party (other than employee)
* Accidental damage to a 3rd parties property
* Injury and damage arising from the sale of new/used vehicles, as well as parts and accessories
* Injury/damage caused by defective workmanship in a vehicle, e.g. a mechanic does not tighten a wheel-nut properly

D3- Combined road and garage policy

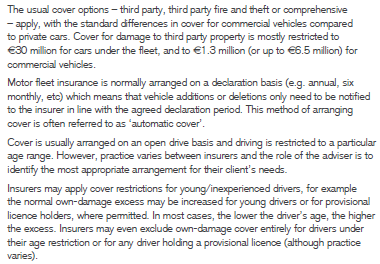
Combined policy is a type of policy that groups together a no of separately underwritten covers in 1 contract

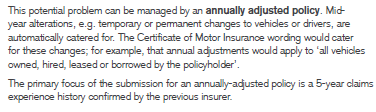
1. **Motor fleet insurance**

These policies differ from standard policies in the following ways:

* PH has more flexibility when changing vehicles and/or drivers
* Premiums for larger fleet-rated risks are based on claims experience of the fleet, rather than on the insurer’s normal rating system
* Certain optional covers may be added for an extra premium
* For smaller fleets, the NCD for each individual vehicle is replaced by fleet discount. This discount is applied to the insurer’s normal commercial vehicle rates

E1- cover arrangements



****

E2- Extensions of cover

E2a- Contingent third party cover (employees’ vehicles)

Extension on a motor fleet policy to protect a PH when their employee is using their own vehicle for business purposes. In these situations the employee needs to ensure that their private motor policy includes cover for business. Contingent TP cover provides some protection to a commercial client if for any reason the employees policy is defective i.e. forgets to renew, not covered for business use or they fail to disclose material facts.

E2b- Occasional business use

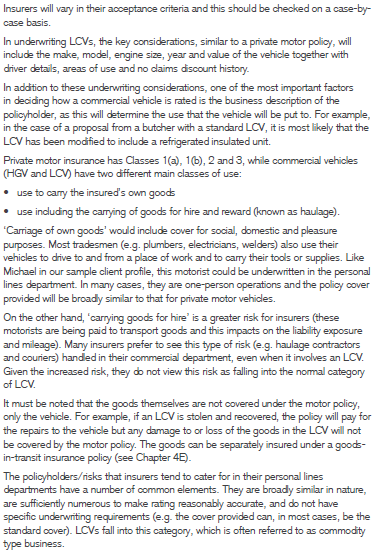
This indemnifies a commercial client whose employees sometimes use their own car on their employer’s business. It is not contingent cover and it protects both the client and the emp. Cover may specify a set number of business trips per month/year, or est mileage. Cover may be COMP, TPFT or TP only.

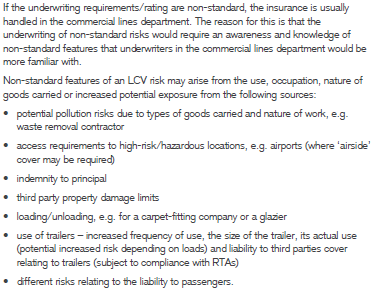
E2c- Driving by unlicensed drivers

This is an extension to cover a PH when no license is required for the driver by law or where the driver’s license status is unknown e.g. forklift in the boundaries of warehouse- ‘not a public place’

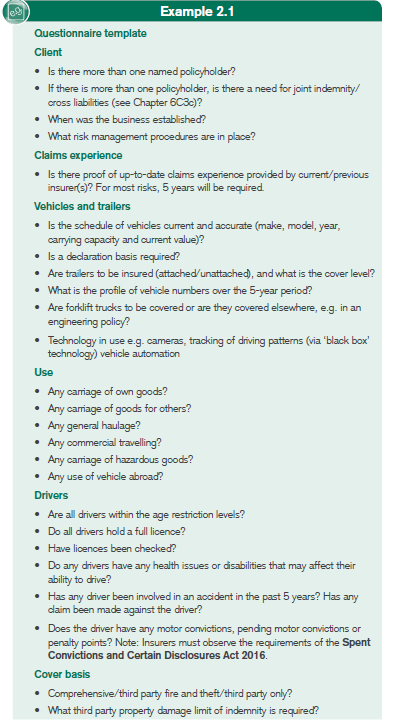
1. **Light commercial vehicles (LCV)**

An LCV is a vehicle designed and constructed for the carriage of goods and having a gross vehicle weight less than 3500kgs. The GVW includes vehicles chassis, body, engine, engine fluids, fuel, accessories, drive/passengers and cargo, but not trailers.





1. **Questions to ask the client**



**Chapter 3- Commercial property insurances- insurable values & presentation of info**

1. **Arranging commercial property insurances**

For a commercial combined policy, the proposer complete 1 proposal form, where they indicate the covers required. Each cover is rated separately and the final premium is a total of the individual premiums.

For a commercial package policy, covers are not rated individually and the policy typically offers pre-determined sums insured and limits of liability. Policies usually include property, business interruption and liability covers. These policies are typically marketed to SME’s e.g. shops, offices etc. As these do not pose any unusual risk features.

1. **Establishing the sum insured**

B1- Buildings