**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**

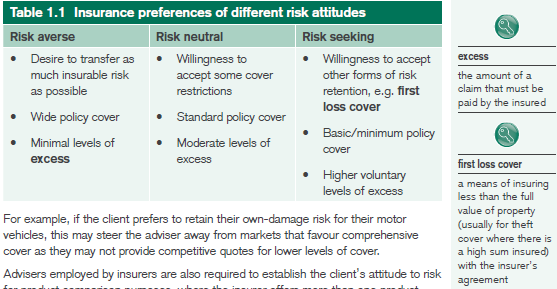
B1- Considering the clients wants and needs

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.

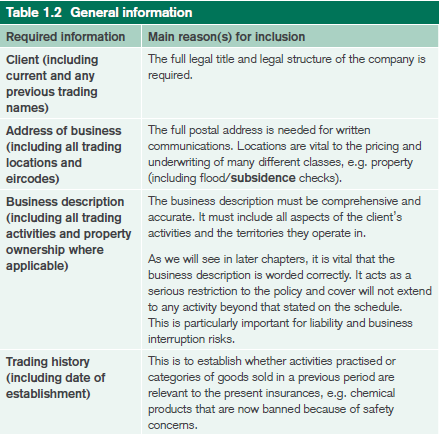
B2- Considering the client’s attitude to risk

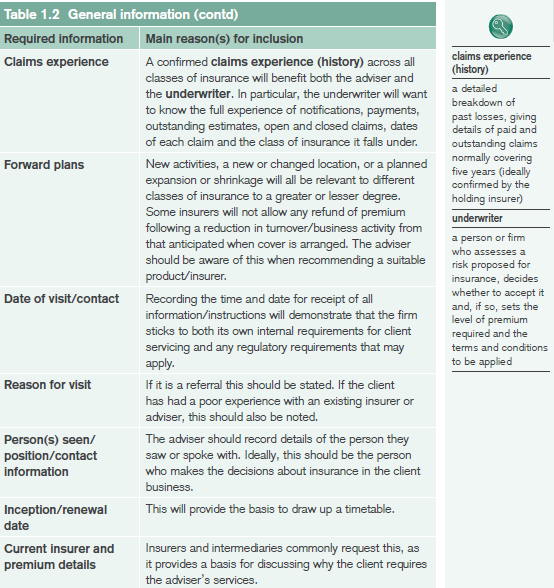
The client’s appetite for risk will influence their insurance needs and how much importance they give to them. No person or business is comfortable carrying every risk themselves, because:

* 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.

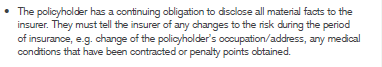
B6- Optional benefits

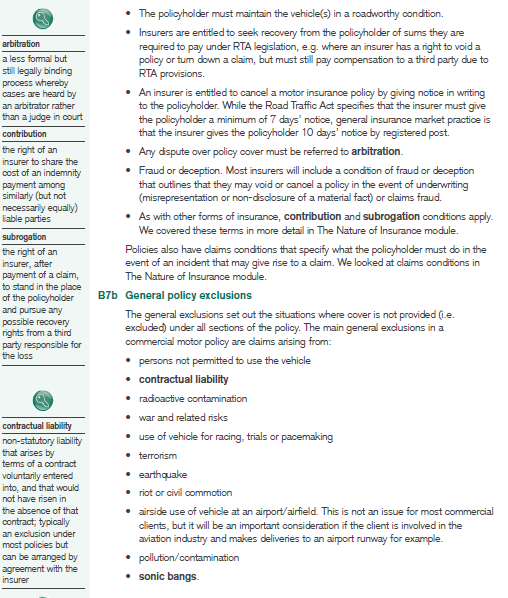
Optional benefits include:

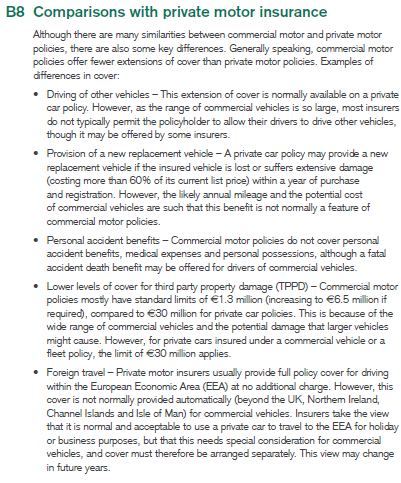
* Trailers- although policies provide TPC to this, cover may extend to cover damage to specified/unspecified or attached/unattached trailers
* TP working risk (tools of trade)- covers situations where a vehicle is being used off-road (crane/cheery picker). This may already be covered under a public liability 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)

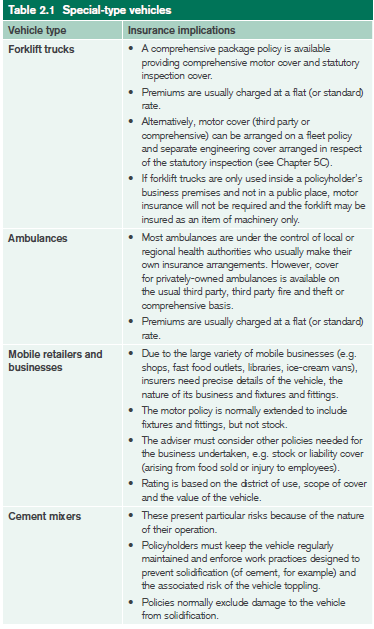
For large PSVs, own-damage cover can carry very high excesses due to the very high cost of the vehicles e.g. up to 200k for a new bus/coach

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.

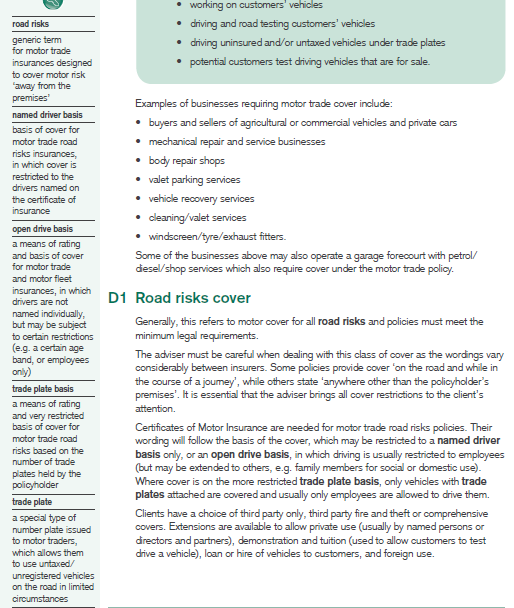
C5d- Use warranty

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

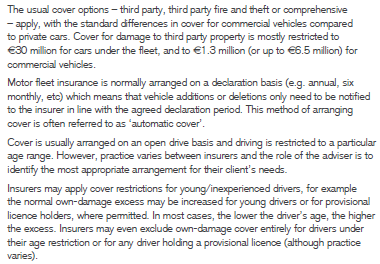
Combined policy is a type of policy that groups together a no of separately underwritten covers in 1 contract

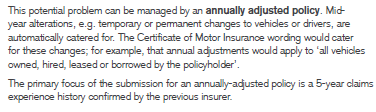
1. **Motor fleet insurance**

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



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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

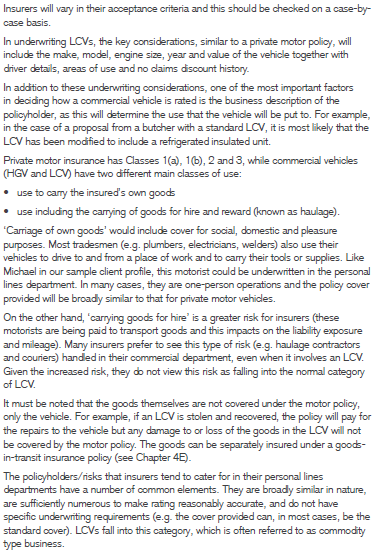
This indemnifies a commercial client whose employees sometimes use their own car on their employer’s business. It is not contingent cover and it protects both the client and the emp. Cover may specify a set number of business trips per month/year, or est mileage. Cover may be COMP, TPFT or TP only.

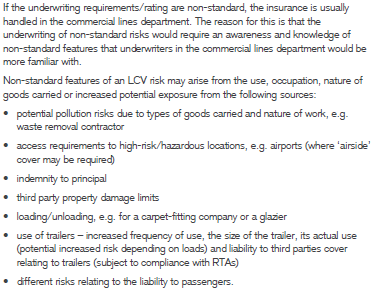
E2c- Driving by unlicensed drivers

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’

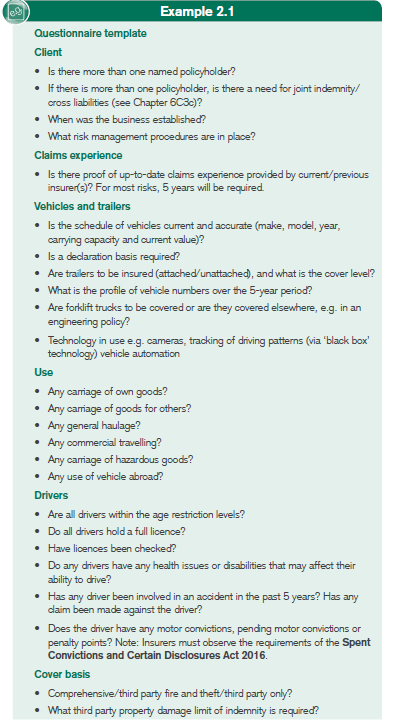
1. **Light commercial vehicles (LCV)**

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

The term buildings include:

* Landlords’ fixtures and fittings
* Outbuildings, walls. gates & fences, yards, car parks, roads and pavements
* Piping, ducting & cables (where they are the PHs responsibility)
* Landscaping

B1a- Setting a sun insured for buildings

The basis for setting sums insured is normally ‘reinstatement’. This means establishing the cost of rebuilding or replacing property lost, destroyed or damaged, to a condition equal, or mostly the same as its condition when new. Client needs to remember it is the cost of rebuilding and not the premises. It is advised that the client engage a professional property valuer to establish the cost to avoid under insurance. There are several ways that policy wordings can help clients set and maintain adequate sums insured:

* Reinstatement memorandum- in the event of a partial loss, the RM requires that insurers do not make a deduction for underinsurance if the sum insured represents at least 85% or the reinstatement cost at the time of reinstatement
* Day one reinstatement- a means of countering the effects of high inflation by providing an automatic increase in the sum insured based on accurate reinstatement sum insured on the first day of cover
* Index linking- a method of calculating the sum insured on buildings and contents that is adjusted monthly in line with appropriate indices, but in times of very low inflation may be set at ‘nil’

B1b- Additional cost

The following additional costs need to be included when establishing a buildings sum insured:

* Professional fees- architect, surveyor and consultant fees for rebuilding. When calculating these a suitable % uplift (usually 15%) should be added and the policy will normally include a pro fees clause confirming they are covered.
* Debris removal costs- a policy clause will normally confirm that the buildings sum insured is inclusive of debris removal costs. These must therefore be included in the calculations
* Public authorities’ clause- this is part of the standard policy wording and it provides for any additional costs incurred in complying with PA or bye-law requirements

B2- Contents and stock

It is important to set correct sums insured for the other items covered under the policy:

* Machinery, plant fixtures, fittings and all other contents
* Tenants’ improvements, alterations and decorations
* Contents of outbuildings and contents in the open e.g. in a yard
* Personal effects- excluding motor vehicles- belonging to employees, directors, and visitors, if not otherwise insured
* Money, documents, manuscripts & computer system records, up to a limited amount

Stock includes both stock in trade and goods held in trust or on commission that the PH is responsible for.

B2a- Setting a sum insured for contents

For most policies, the sum insured for contents is on a reinstatement basis. Same options exist for buildings. The sum is usually expressed as a single figure. This is to the PHs advantage as it reduces the possibility of average applying in the event of a claim (this would happen if 1 area of contents is understated, even if the overall avg is adequate). Sometimes it is advisable to separate specific elements such as ‘office contents’- office building carries a much lower fire risk than a warehouse or factory unit.

For manufacturing risks, a key element is the replacement of any specialist machinery. If there is a delay in replacing this equipment the time delay might add to the overall cost, so a ‘day one’ cover might be appropriate.

Inner limits- specific max limits for defined items within an overall sum insured (generally relating to contents) examples include:

* Money and stamps
* Computer systems records (only the cost of materials/labour in replacing these, not the information
* Any one pattern, model, mould, plan or design (set)
* Personal effects of employees, directors and visitors (per person)

B2b- Setting a sum insured for stock

The stock sum insured should be based on the cost price to the PH, not the sale price and include delivery charges, packing materials and the cost of any work carried out by the insured. In the event of a loss, the insured is indemnified- placed in the same financial position as before.

Target stock- stock that is particularly attractive to thieves, usually due to its portability and value. Goods classified as target stocks include:

* High value and small in size- easy to transport
* Have a ready second-hand (or black) market
* From an easily disguised source or supplier
  + Computer parts, electronics & hand-held electrical equipment
  + Pharmaceuticals
  + Tobacco/cigarettes
  + Wines/spirits
  + Jewellery and precious metals

Stock declaration basis- a method of allowing a PH to establish a stock sum insured to allow for seasonal fluctuation

Stock debris removal- the process of clearing, removing and disposing of damaged stock from a business premises.

B2c- Floating arrangements

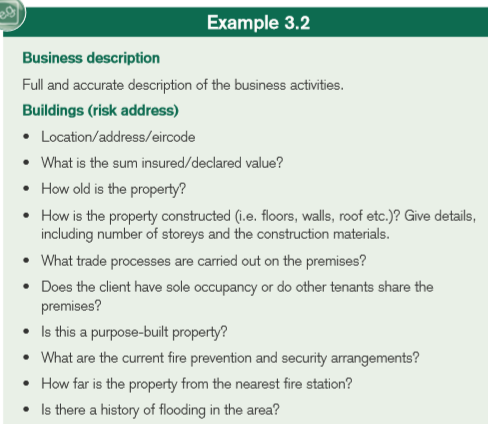
If the insured operates their business from a few different locations, cover for contents and stock may be provided on a floating basis. The insurer may agree to allow one overall contents stock sum insured between all locations listed on the policy schedule. At the inception of cover the insurers will ask for a breakdown of the content values of each location. They will then calculate an average rate, which applies to the overall contents sum insured, at the renewal they will ask for an update. Floating cover is usually applied to stock rather than contents.

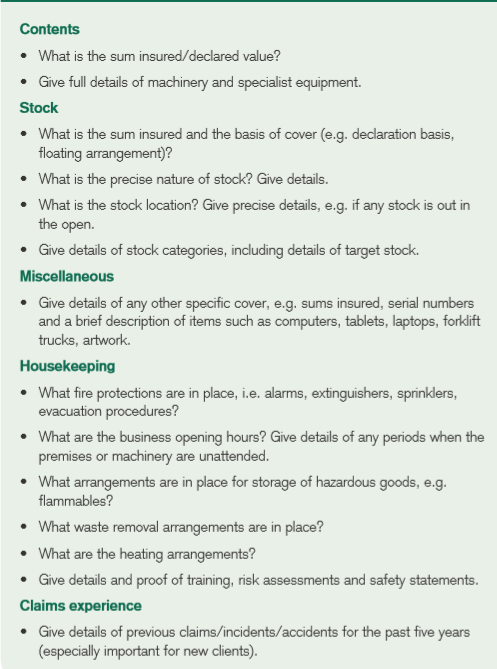
B2d- First loss cover

First loss cover is more suitable for theft, as with floating arrangements, this is more common for stock than contents. E.g. a PH has stock valued at 1m but they may consider the max value of the stock that could be stolen at any one time is 100k. this might be because the stock is too large or heavy. For this reason, they might consider insuring their stock on a ‘first loss’ basis with a ‘first loss sum insured’ of €100k.

When requesting this cover, a client may expect a much lower premium. However, this is not always the case insurers will consider the estimated max loss- the max loss the insurer is likely to sustain as a result of a single incident (within probability). In first loss cover, there is very little practical reduction in the insurer’s likely exposure and the premium will take this into account.

1. **Questions to ask the client**



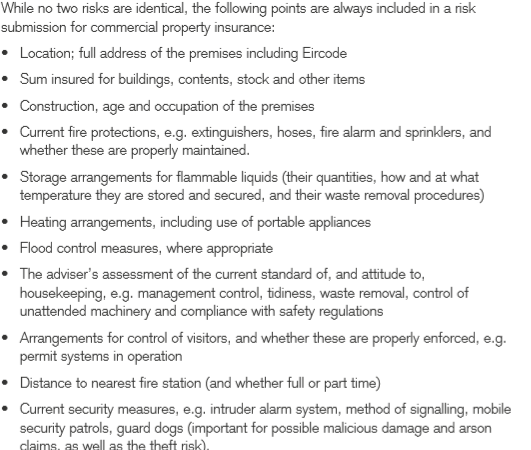


1. **Submitting a new commercial property risk to insurers**

D1- occupation/business description

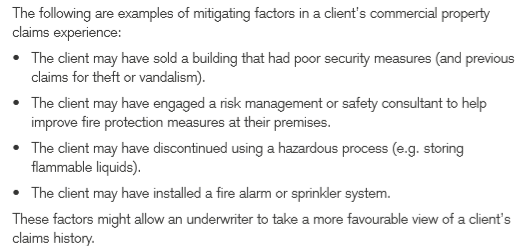
It is important the adviser describes fully & accurately the occupation/business to the insurer. The business description is the starting point for developing the basis of rating. In the event of a claim the insurer will look closely at the business description, if the PH fails to disclose an element of business, then this may not be covered.

D2- Details of the property and the key risk



D3- Claims experience

An up-to-date claims experience with full details of previous claims and losses should be provided. The advisor should provide appropriate explanations, especially in relation to mitigating factors- factors an insurer might look on more favourably.



**Chapter 4- Commercial property insurances- policy cover**

1. **Property insurance**

A1- Fire and perils cover

A1a- Fire

For the purposes of I cover, the term ‘fire’ is define more by its exclusions than by its cause. Fire cover excludes some specific events such as:

* Explosion resulting from fire- this is a separate peril
* Earthquake or underground fire- separate perils
* Spontaneous fermentation/combustion- a fire that is cause by a process of self heating rather than an outside ignition
* Damage to property while it is undergoing any process involving the application of heat (welding). If the fire spreads to other insured property, then this will be covered by the policy

A1b- Lightning

Covers all damage/destruction caused by lightening

A1c- Explosion

Standard cover applies in respect of damage resulting from domestic boilers and gas appliances. Does not provide cover explosion of commercial boilers or steam pressure vessels. If this is required a separate engineering policy should be arranged.

A1d- Aircraft

Covers damage to property caused by an aircraft and by articles dropped from an aircraft.

A1e- Earthquake and underground fire

Earthquakes are very rare in Ireland so insurers normally include this cover automatically and at minimal cost. Underground/subterranean fires are not an issue in Ireland, cover as above.

A1f- Riot, civil commotion, and malicious damage

This cover is available under most commercial policies, special terms include:

* Riot- a public act of violence by an unruly mob
* Civil commotion- an uprising of a large no of people, usually resulting in damage to property
* Malicious damage- deliberate damage to, or destruction of , property by the wrongful act of any person

It can be difficult to distinguish between malicious damage and attempted theft, if there is damage but nothing stolen.

A1g- Storm & flood

Climate change has increased the frequency and severity of these perils. Some insurers are refusing to cover people in certain areas. A standard exclusion is damage to movable property in the open, and to fences and gates.

A1h- Escape of water

Refers to damage caused by the escape of water from any tank, apparatus or pipe. Cover is not provided to unoccupied buildings, due to the increased likelihood of burst pipes because building will not be heated.

A1i- Impact

This peril covers damage to the insured property as a result of impact by road vehicles or animals. Cover is usually provided for damage by the insured’s own vehicles/animals and 3rd parties V/A’s. This is particularly important for business with high traffic volume i.e. petrol stations, warehouses etc.

A1j- Sprinkler leakage

If one is in place, the adviser should ensure there is cover in place for this, as considerable damage can be done. During winter months, special precautions must be taken to eliminate/reduce the risk of water freezing and pipes bursting.

A1k- Terrorism

Standard policies exclude all forms of terrorism; however stand-alone policies can be purchased.

A1l- Subsidence, ground heave or landslip

Cover for these are often included within a material damage ‘all risks’ wording. For risks situated in known risk areas a separate Qst must be completed. It requests info such as; is the premises built on reclaimed land or an infill site? Are there any visible cracks in the walls?

A1m- Theft

Theft/attempted theft cover in a commercial policy is conditional on forcible and violent entry/exit from the building. A min standard of physical protection of property is required. Insurers may also require an alarm, especially if target stock is present. If an alarm is required, the policy will generally contain an alarm warranty, and cover will not operate unless the alarm is set when the premises is unoccupied.

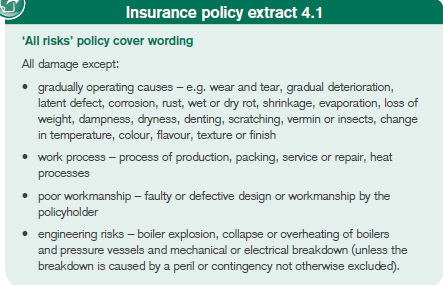
The adviser should ensure that theft cover includes the actual buildings. There has been an increase in the theft of copper piping, tanks and lead flashings from roofs recently. Theft cover usually excludes any property in the open/outbuildings or theft in transit, as this is specifically insured under the goods in transit cover.

A1n- Accidental damage

This provides further cover beyond the cover provided by the various specified perils, such as accidentally dropping an item.

A2- ‘All risks’ cover

For cover to operate on the ‘fire & perils basis, the cause of the damage (peril) must be specifically stated in the policy. Under an ‘all risks’ policy, any damage is covered, as long it is not resulting from an excluded cause.



A3- Rent

Commercial property policies also include cover for loss of rent. This is the only cover under a material damage policy that relates to any kind of business interruption loss. The difference between the 2 is:

Under a material damage policy, loss of rent will be paid only if the insured buildings- or part of them- are unfit for occupation following insured damage. Cover only applies until the building is repaired/reinstated following a loss and is fit for occupation.

Business interruption policies cover a PHs loss of rent receivable. This cover extends until the building has actually been reoccupied.

A4- Extensions to cover

Some insurers provide ‘extensions’ as standard and others require a specific request to include them. A list of the most commonly requested are:

|  |  |  |
| --- | --- | --- |
| Services- full accidental damage cover for cables, pipes/drains | Trace & access- covering the cost of finding the source of damage- leak etc. Subject to limit e.g. €15k | Fire brigade charges- cover is subject to an automatic limit e.g. 6.5k or €10k |
| Damage by emergency services- damage to lawn, paths or garden | Landscaping damage | Replacement of locks |
| Workmen- this clause allows for minor work to be carried out without affecting I cover | Tenancy | Subrogation |

A4b- Contents

Temporary removal- the policy provides limited cover for contents that are away from the insured property for cleaning/repair. Cover applies within the geographical limits of the policy and is subject to a limit- e.g. €10k or 15% of sum insured.

Motor vehicles- for some risks, motor vehicles may be stored in the insured buildings. A very limited form of cover may be provided for damage to these vehicles while they are in the building e.g. as a result of a fire in the building.

A4c- Stock

Seasonal stock- a specific % uplift to sums insured on stock automatically provided by insurers for defined periods e.g. Christmas and Easter.

1. **Glass insurance**

This is usually an optional extension in a commercial property policy. Some policy wordings will apply a limit, whereas others will pay the ‘reasonable cost’ of replacing the glass without any specified limit. Typical exclusions include:

* Damage to glass in empty or disused property
* Scratching, gradual deterioration, wear and tear, change in colour or finish
* Damage to glass in light fittings

1. **Money insurance**

C1- Policy limits

Money policies have a few different limits, there are different limits in respect of cash and non-negotiable money i.e. credit-card sales, vouchers, cheques etc. Specific limits apply to:

Money on premises during business hours, in transit or in a bank night safe, this is a particularly important aspect of money cover. Insurers will impose strict conditions regarding the transit of money. A custodian warranty is a requirement by insurers that a certain number of able-bodied adults accompany money in transit (under a money insurance policy).

Money in locked safe- insurers normally cover cash in safes up to the safe manufacturer’s recommended limit. Keys or combination codes must not be kept on site.

Money in ATMs- insurers do not view these as being as secure as safes and will not wish to provide large limits for cash. There may also be a number of strict requirements and warranties regarding the loading of these machines.

Money out of safe overnight or at an employee’s house- a nominal limit of approx. 500.

Cover is on an ‘all-risks’ basis and the policy does not specify forcible and violent entry/exit. Although money policies usually exclude loss of money due to dishonesty of staff or directors, most policies provide some cover for losses that are discovered within 7 days. Losses after that period are covered under a fidelity guarantee policy.

1. **Computer insurance**

Regardless of policy, cover is generally on an ‘all risks’ basis. Cover for portable equipment is normally provided on a worldwide basis. Cover includes a provision for ‘increased cost of working’ (reasonable additional expenditure to avoid or diminish any reduction In turnover after loss) and ‘reinstatement of data’ (cover for the cost of reinstating data following loss or damage to comp equip, corruption of data and damage arising from electricity cut).

D1- Cyber insurance

Cyber insurance is cover that protects businesses and individual users from cyber risks, and more generally from risks relating to info tech infrastructure and activities.

1. **Goods in transit insurance**

Insurers will require info about the goods being transported and often, how they are packed, the ‘estimated annual carryings’, the no of vehicles and the limit required for any 1 loss.

Carriers liability (cover)- for damage to customers’ goods, in line with the limits and restrictions in the carrier’s T&Cs or the standard market conditions of carriage.

Goods in transit should not be confused with carrier’s liability insurance. Carrier’s liability cover is usually purchased by shipping companies, haulage companies, warehouse owners etc. The policy covers their legal liability for loss or damage to these goods.

Goods in transit cover is required for buyers and sellers of goods and covers the clients own goods/property while in transit- wholesaler delivering goods to retail outlets. Cover is generally on an ‘all risks’ basis and can be arranged on the basis of carriage by own vehicles or carriage by 3rd party vehicles, including rail and post.

1. **Farm insurance**

Farm policies typically cover the private dwelling house and its contents, farm buildings, machinery, equipment and stock.

F1- Policy cover

Insurers provide property covers for farmers on a fire & perils basis. Although the range of perils is similar to those in other commercial policies, there are some key differences:

* Farm policies, unlike other commercial policies normally include cover for fire cause by spontaneous combustion
* Livestock- animals are listed as a separate item on a farm policy. Standard cover is for death/injury caused by fire, lightening, explosion, storm, electrocution, straying, attack
* Agricultural produce- a limited range of perils is available and water damage is usually excluded
* Bulk milk storage installations- these rapidly cool large quantities of milk. The main risk are damage during installation, or deterioration of its contents due to contamination or a change in temperature. Cover is on an ‘all risks’ basis. Maintenance contract is required
* Private dwelling houses0 cover is similar to a typical household policy

1. **Contractors ‘all risks’ insurance**

This insurance provides protection against the risk of loss/damage to property during the course of a building contract. Cover is normally on a fire & perils basis, including accidental damage, and exclude:

* Wear and tear
* Mechanical or electrical defects
* Defective workmanship

Policies also normally exclude damage to an existing property the insured is working on.

G1- Arranging cover

Most policies are arranges as annual contracts and are rated on the proposer’s turnover and the max value (price) of any one construction contract. Cover can also be arranged for a single building contract; in this case it is rated on the price and duration of the contract. Some building contract require the policy to be in joint names. Joint name policies protect the interests of the parties as both the builder and client/employer stand to lose money of the property is lost or damaged. Joint policies normally contain a waiver of subrogation clause.

Insurers will require details of the site security arrangements, especially outside of normal working hours.

**Chapter 5- Other property-related insurances**

1. **Business interruption insurance**

These policies aim to place the insured in the same financial position before the loss happened. Most of these policies indemnify the OH by compensating the insured for their loss of Gross Profit- the difference between (a) turnover plus closing stock and WIP, and (b) opening stock and WIP plus the uninsured working expenses variable costs).

As well as replacing lost profits, gross profit business interruption policies also cover some of the extra expenses in required to return the business to its pre-loss trading position.

Economic test- is a term relating to business interruption cover, which means that every €1 spent must save at least €1 in respect of a claim or potential claim.

A1- Arranging business interruption insurance

There are a no of important issues to consider when advising a client about this cover, 2 are:

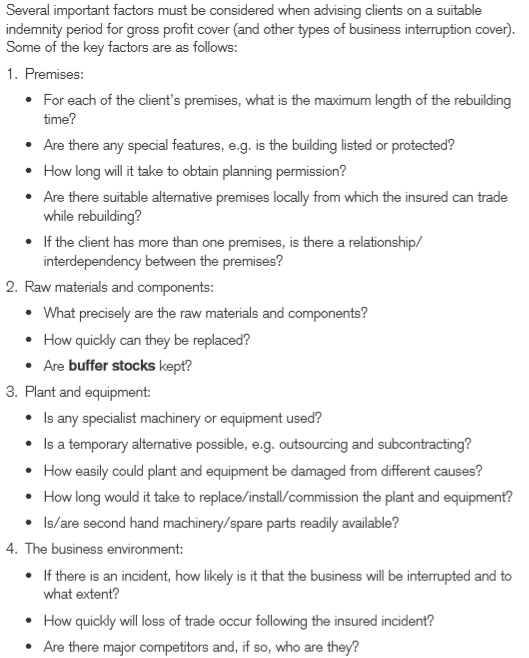
* Insurers are not willing to cover losses for an indefinite period of time. Each policy has a max indemnity period (a period of time chosen by the PH under a BIP as the max time necessary for the business to recover to the future expected trading position) for which payments can be made. It should reflect the max time period that the interruption will affect the business.
* Cover is limited by the sum insured, so it is important that this is set at the correct level. The sum insured must be calculated according to the policy wording.

For gross profit business interruption cover, the sum insured is defined by the loss of gross profit.

A key feature is that claims are always triggered by a material loss/damage, such as flood or fire. This loss must be covered by an I policy. If there is no cover for the material damage loss, there is no cover for BI. This strict requirement is called the ‘material damage proviso (requirement for the admission of liability under a material damage policy before any claim is payable under a BIP).

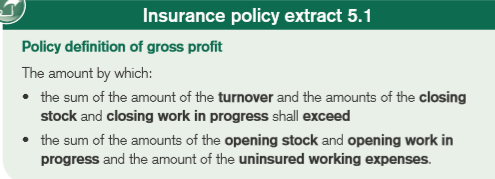
A1a- The indemnity period

It is difficult to predict how long a business will be affected after a serios loss. Many chose a 12 month indemnity period, however 24 & 36 months are also common.

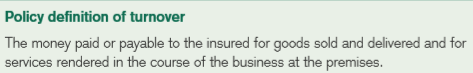


A1b- The sum insured

Most BIPs are written in a gross profit basis. The definition of gross profit in an I policy is different from that used by accountants, so the adviser and their client must have a clear understanding of the term.

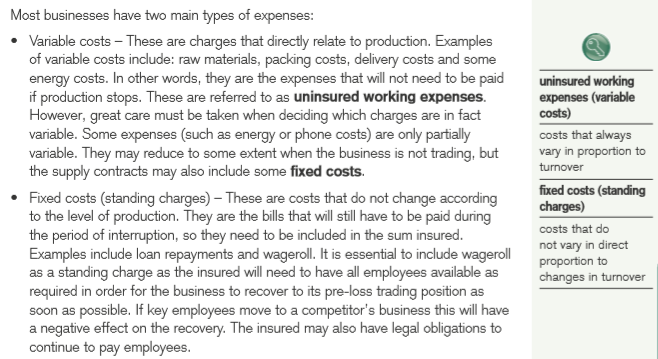


The term ‘turnover’ relates to the income or revenue of the business. From an I viewpoint it is:

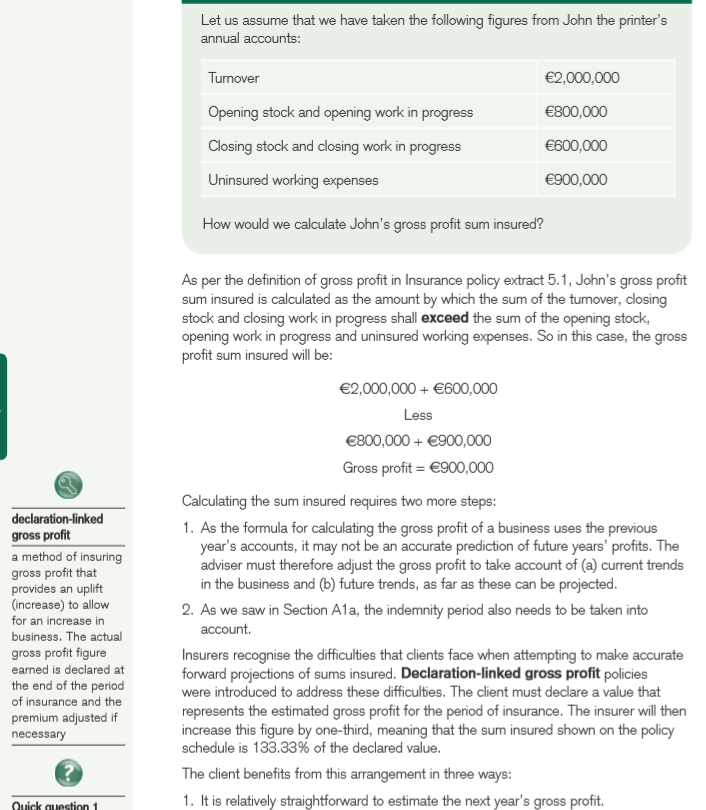


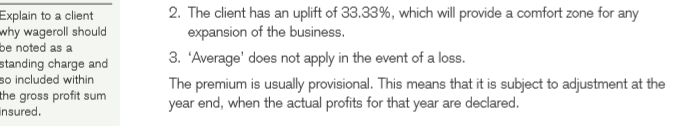
As the policy definition states, turnover only includes revenue (income) earned as follows:

* In the course of business- this restricts turnover to that arising only from trading activities as defined in the business description on the policy.
* At the premises- this restricts activities to those at the premises (which normally means those listed on the policy schedule). E.g. rental income from another property would not qualify.



It is vital to establish whether costs directly vary with changes in turnover. If so, these costs can be excluded from policy cover as there is no risk to the PH of any loss. When the adviser has calculated the turnover figure and established the uninsured working expenses, they can calculate the gross profit figure.





A2- Range of perils and clauses

BIPs cover a similar range of perils to a material damage policy, particularly with a package policy. One difference between a BIP and material damage policies is that a standard BIP provides cover for the explosion of an industrial boiler. Review covers outlined in chapter 4A. standard clauses on a gross profit BIP include:

* Alternative trading clause- in the event of a loss, goods sold or services provided away from the premises e.g. another location owned by the PH or temporary location
* Departmental clause- any internal arrangements the PH may have for separating income between departments cannot be used in their favour in the event of a loss
* Payments in account clause- this permits payment to be made before the full claim has been finalised in order to assist the PH in returning their business to the pre-level loss
* Professional accountants’ charges clause- states that the policy will cover professional accountants’ charges for verifying & producing figures that form part of a claim, but will exclude costs in preparing a claim

A2a- Extensions to cover

Typical extensions include:

* Suppliers & customers- A PH may rely largely/entirely on a particular customer/supplier for the continuation of their business. If there is property damage at the premises of that supplier/customer, this will affect continuity of supply or custom to the PH and reduce their trading level
* Prevention/denial of access- this extension concerns access to a PHs premises, which may be limited or made impossible because of insured damage to premises in the vicinity. This cover is essential for PHs in built-up locations
* Loss of attraction- in some ways, this is like above. This extension provides cover if an insureds loses the attraction of clients/customers as a result of damage to property in the vicinity
* Public utilities- this extension concerns insured damage at any electricity, gas, public water supply station or public supply of telecommunications services that causes a loss of supply to the PH and affects their turnover. Policy wordings typically refer to accidental damage and will therefore include circumstances such as power cuts/surges or contractors damage cables
* Notifiable diseases and ancillary extensions- these extensions relate to the consequences of notifiable diseases, vermin, defective sanitary arrangements (including food/drink poisoning), murder and suicide at the insured’s premises. For example, if the Gardai were investigating a murder at a bar, and this causes a temporary closure or loss of business, the murder extension would operate.

A2b- additional increased cost of working

Additional cover for the costs of running the business following insured damage that are not subject to the normal economic test (that every €1 spent must save at least €1). This cover allows the insured to incur reasonable additional expenditure to avoid or diminish any further reduction in turnover following a loss, even if the amount payable exceeds the savings made. This cover can provide for the cost of:

* Urgent replacement (hire) of specialist machinery while a new machine is manufactured
* Outsourcing work to meet orders already received
* Significant overtime payments
* Advertising to alert customers that the firm is continuing to trade (in full or in part)

A3- Other types of business interruption insurance

Some businesses can continue to trade after significant damage to their premises. This provides cover for increased expenditure to maintain turnover after insured damage, but with no cover for loss of profit earnings. The adviser should exercise great caution with clients who are over-optimistic about their ability to recover quickly. The main characteristics of businesses that may be suitable for this basic cover are:

* Work mainly based away from the ‘premises’ and not critically dependent on having an office e.g. financial advisers who visit customers
* Office-type activities that are easily moved to another location, depending on the arrangements for data back-up and remote working- solicitors, accountants etc
* Charities- depending on the operational set-up and the nature of fundraising activities

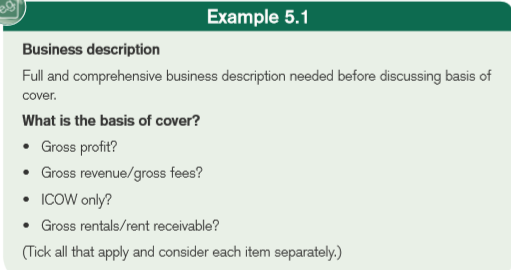
A3b- Gross revenue/gross fees

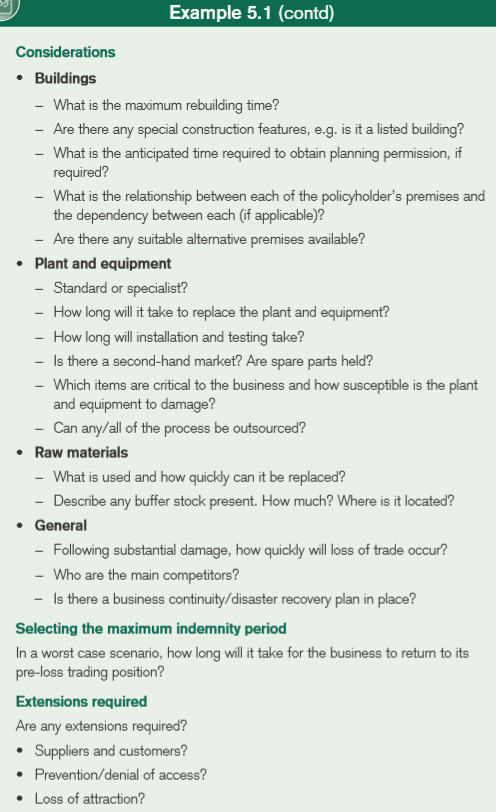
This is money paid or payable for services rendered in the course of the business at the premises. It is suitable for businesses that derive their income mainly from fees, but where the premises are key to delivering the service, e.g. accountants, solicitors, doctors, dentists etc. the sum insured is rated on gross revenue/gross fees and the max indemnity period most common to this type of cover is 12 months.

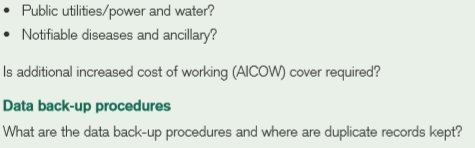
A3c- Gross rentals/rent receivable

This is money paid or payable by tenants (normally to a landlord). The sum insured is rated on gross rentals/rent receivable and, due to the length of time that may be required to rebuild a property following substantial damage, max indemnity periods 24 or 36 months are common. It is only payable if the property is occupied by a tenant at the time of loss.

A4- Questions to ask the client







1. **Fidelity guarantee insurance**

Fidelity guarantee I covers losses to a business from the fraudulent or dishonest activities of employees or other trusted persons (directors or volunteers). Cover will exclude any undisclosed change to the systems and controls that were noted on the proposal forms or; where the insured had previous knowledge of a perpetrators fraudulent acts. The most straightforward means of insuring this risk is an overall limit per employee, but can also be more tailored.

1. **Engineering insurance**

The serious hazards associated with boilers and steam pressurised apparatus, plant, lifting apparatus have resulted in statutory requirements regarding compulsory, periodic safety inspections of this equipment. Engineering I can cover a wide range of risks including:

* Material damage- ‘sudden and unforeseen’ damage to the insured property
* Breakdown, explosion and collapse of plant, e.g. boilers, cranes, pressure systems
* Damage to surrounding property
* Damage to goods being lifted
* 3rd party liability (usually with a lower limit than is provided under a public liability policy)
* A limited form of business interruption cover

**Chapter 6- Commercial liability insurances**

1. **Liability insurance**

A1- Operative clause

Are clause(s) that describe(s) the standard scope of cover of each section of an I policy.

A1a- Legal liability

Policies cover the insured’s legal liability for damages by PIAB, the court or agreed out of court. Damages may be awarded for personal injuries, damage to property or for some types of financial loss.

A1b- Legal costs & expenses

Policies cover the insured’s legal liability for the plaintiff’s (3rd party) costs & expenses, as well as defence costs. This is a very important element of cover, even if a PH is not responsible for the incident that gave rise to a claim, they may still incur expensive cots in defending a legal action.

A1c- Definition of the business

If the business description is inaccurate, or omits an important aspect of the insured’s activities, this could have serious consequences in the event of a claim.

A1d- Geographical/territorial and jurisdiction limits

Operative clauses will usually state both the geographical and jurisdiction limits of a policy. The difference between these is as follows:

* Geographical- these state the areas where cover will apply. For example, an employer’s liability policy typically covers the insured’s for injuries to employees in the ROI, NI, GB, IOM and the Channel Islands, or temporarily working outside these territories.
* Jurisdiction limit- this is clause stating that claims must be brought against the PH in a specified territory or under Irish law. This means that although a policy might have a worldwide geographical limit, the insurer will only provide indemnity for claims brought against the PH in the named jurisdiction.

A1e- Limits of indemnity

Unlike property and BII, liability insurances do not have sums insured. Instead, they are subject to limits of indemnity which are chosen by the client usually.

A2- Policy triggers and basis of cover

Different stages of a liability event may trigger a claim under the policy. The main triggers are:

* The initial act, usually negligence, but in some cases another legal wrong
* The actual injury, loss, or damage resulting from the act
* The manifestation of the injury, loss or damage
* The aggrieved or injured party’s awareness of the injury, loss or damage
* Notification of the claim to the PH
* Notification of the claim to the insurer

In many situations the first 4 points happen almost simultaneously.

A2a- ‘Occurrence’ basis

This means liability policy cover that is triggered when the incident occurs (which could be over a period of time). Employer’s liability wordings typically refer to ‘death, bodily injury, illness or disease **caused** during the period of I’.

Public & products liability wordings often refer to ‘death, bodily injury, illness, disease and damage to property **occurring** during the period of I’.

A2b- ‘Claims made’ basis

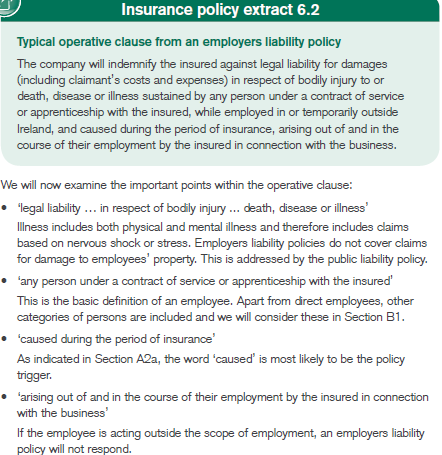
This means liability policy cover that is triggered when the 3rd party (claimant) makes a claim against the PH and must be made during the period of I. The most common class of liability cover underwritten on this basis is professional indemnity I (which is I cover in respect of liability arising from breach of professional duty (by the PH or their predecessors)). Policies usually have a retroactive date (this is the date shown on the schedule of a ‘claims made’ policy. There is no cover for claims arising from acts/events that happened prior to this date).

A3- The package of covers

Combined employers liability, public liability and products liability policies are very common. Many insurers do not wish to insure one of these covers on a stand-alone basis, but are prepared to provide cover for a combined liability arrangement.

* Employers liability (cover)- I to cover the legal liability of the insured to any person who is under a contract of service or apprenticeship
* Public liability (cover)- I that covers injury or death to anyone on or around the PHs property
* Public liability (cover)- I for all providers of goods- whether manufacturers, intermediaries or retailers- against claims arising out of the use, handling or consumption of a product

1. **Employers liability insurance**



B1- Definition of an employee

The policy definition of an employee is: ‘any person while working for the insured in connection with the business who is under a contract of service or apprenticeship with the insured’. Insurers are keen to define the scope of the term ‘employee’ to make sure that it also includes some categories of persons not directly employed by the PH. Categories include:

* Labour masters, labour only sub-contractors (a category of worker contracted for ‘labour only’ (usually without their own liability I) and treated as an employee under a liability I policy) and persons employed or supplied by them
* Self-employed persons
* Persons hired or borrowed by the insured under an agreement where the person is considered to be employed by the insured
* Persons engaged in any training, educational or work experience programme

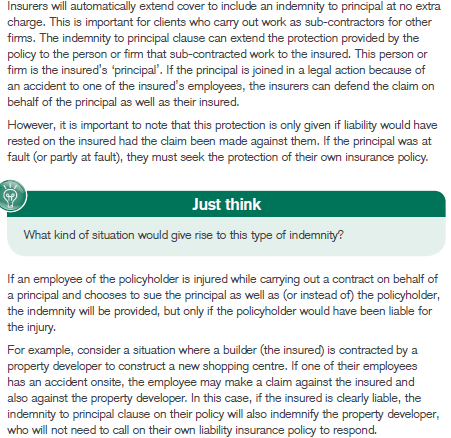
B2- Cover considerations

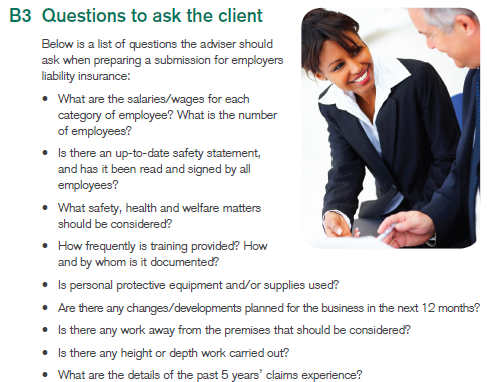
When arranging employer’s liability cover, the adviser must work with the client to prepare an accurate wages declaration. This figure is the exposure measure used for setting the premium. Policies are normally arranged on a declaration basis. The initial premium is adjusted at the end of the period of I, when exact wage figures are known and declared to the insurer. When rating a risk insurers also categorise employees according to the nature of their work.

* Clerical staff
* Manual/working directors
* Manual work away from the premises
* Drivers
* All other employees

It is also important to establish whether any employees are working outside of Ireland, and if so, how temporary or otherwise their employment is.

B2a- Indemnity to principal

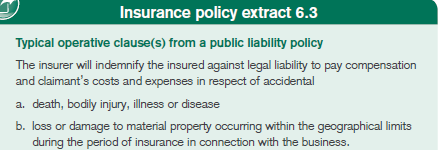




B4- Employment practices liability insurance

Standard employer’s liability cover is restricted to claims that involve bodily injury/disease. This policy, however, protects the client against employment-related litigation e.g. sexual harassment, discrimination or wrongful dismissal.

1. **Public liability insurance**



Some policies also cover liability to p[ay compensation for financial loss caused by nuisance, trespass, obstruction or interference with rights of way, light, air or water, wrongful arrest and false imprisonment, where the wrong is committed ‘accidentally’.

Some of the important points of the operative clause include:

* Legal liability- in respect of accidental (a) death, bodily injury, illness or disease (b) loss of or damage to material property. This includes loss of earnings/ profit resulting from unintended injury or damage.
* Occurring during the period of I- the word ‘occurring’ is the policy trigger
* Policy excess- an excess often applies to 3rd party property damage claims

C1- The nature of the exposure

There are a number of ways to rate a public liability risk. Insurers usually base their rating on turnover, as it is a fair indication of the risk relative to the size of the business.

C2- Policy cover considerations and exclusions

Limits of indemnity vary but are usually between €1.3m and €6.5m in respect of any 1 claim. 2 standard exclusions as follows:

C2a- Tool of trade risk

Liabilities under the **Road Traffic Acts 1961 & 2010** for any mechanically-propelled road vehicle must be covered under a motor I policy

C2b- Lifts, escalators and steam boilers

Some insurers will cover these under their public liability policies, while others will have a specific exclusion. The risk may also be insured under a separate engineering policy.

C2c Advice, treatment or professional risks

Where there is an advice risk that is separate from the provision of a product or service, this should always be insured separately under a professional indemnity policy. Some small retail package policies may extend the public liability policy to include treatment risk e.g. hairdressers and beauty salons.

C3- Policy extensions to consider

C3a- Indemnity to principal

Similar to the cover provided under an employer’s liability policy (section B2b), the public liability policy may provide an automatic extension for indemnity to a principal. It will provide cover for the principal as a result of work carried out by the PH, provided that the liability would have been covered if the claim had been made directly against the PH

C3b- Contractual liability

As with an employer’s liability policy, the standard policy wording will generally exclude any liability assumed (accepted) under contract that would not apply otherwise. In certain situations the cover may be extended, if required, at an additional cost

C3c- Cross liabilities

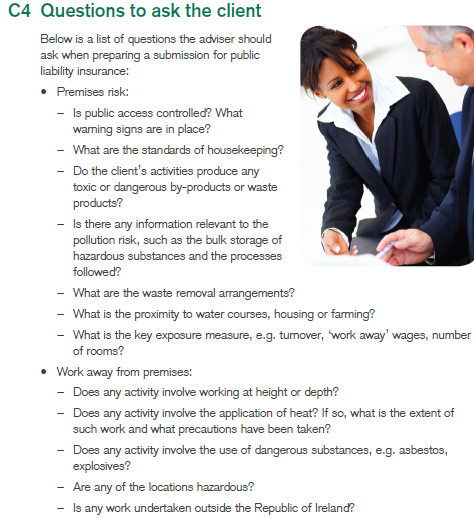
If there is more than 1 insured, the cover will apply separately to each 1 as if a separate policy had been issued to each, but the total limit of indemnity will remain the same

C3d- Safety, Health and Welfare at Work Act 2005

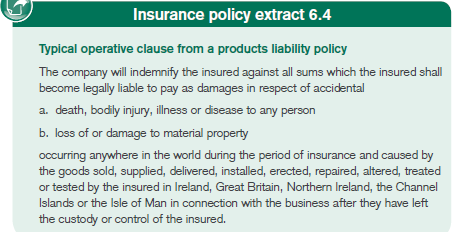
This is similar to the extension in an employer’s liability policy

C3e- Motor contingent liability

This is an extension to a public liability policy providing indemnity to an employer when an employee uses their own car on the firm’s business. Cover is available as a stand-alone policy or as an extension of a motor fleet policy or a public liability policy. This policy will operate only if the relevant motor policy fails



1. **Products liability insurance**



There are some similarities between the operative clauses for products liability and public liability I. Specific points to note in relation to products liability cover are:

* ‘occurring anywhere in the world’- many policies provide worldwide cover, regardless of where the damage has arisen and would include liability resulting from any products in another country without the insured’s awareness of it
* ‘occurring...during the period of I’- this is an ‘occurrence’ basis. Injury/damage must occur during the period of I (not necessarily when the product was supplied)
* ‘caused by the goods sold, supplied, delivered, installed, erected, repaired, altered, treated or tested by the insured’
* ‘in Ireland, GB, NI, the Chanel Islands or the IOM’
* ‘after they have left the custody or control of the insured’
* Limits of indemnity- 2 limits of indemnity apply; a max limit known as an aggregate limit of indemnity (a max limit of indemnity for any 1 period of I, regardless of the number of claims), for all claims arising under the policy in any 1 period of I and a specific limit applying to any 1 claim. This differs from both employers and public liability cover where the limit of indemnity applies only to any 1 claim and policies provides unlimited indemnity for all claims arising in any 1 period of I
* Legal costs & expenses- insurers are liable only for expenses incurred with their consent. However, this would be normal practice, as the insurer will want to control the whole process. The basis used is ‘payable in addition to the limit of indemnity unless it is ‘cost inclusive’- this is a type of indemnity provided by liability I where cover for defence costs is included in the limit of indemnity
* Policy exclusions- typical policy exclusions apply, e.g. replacement/guarantee of a product, product recall, exports to the US/Canada (unless agreed in advance of cover)

D1- Nature of exposure

The main exposure the PH faces is due to their obligation under the Liability for Defective Products Act 1991 & the Sale of Goods and Supply of Services Act 1980. When setting premiums, insurers apply different rates to the turnover generated by different categories of products- low hazard like paper/cardboard are rated lower to pharmaceutical products. Rates will also depend if they export to North America, given the high value of claims awarded.

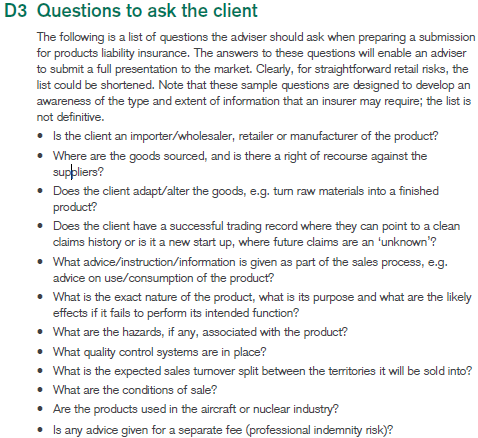
D2- Policy cover considerations

Same limits are available for products liability policies €1.3m – €6.5m and a PH will generally opt for the same limit under each section. However, the adviser should inform the PH that this limit will also act as an aggregate figure for any 1 period of I. This is because insurers are concerned that similar defect problems will result in 100’s of claims i.e. faulty batch of products or food poisoning.

D2a Extensions available

Some insurers will offer extensions for products liability cover, however some specific extensions of cover are only offered by specialists markets. These extensions include:

* Contractual liability- normally only considered if contracts are seen and approved by the insurer
* Product recall (specialist market)
* Cross liabilities
* Efficacy risk(limited specialist market) (the risk of failure of a product to fulfil its intended purpose or function



1. **Directors and officers liability insurance**

This is I cover to protect individuals when they are held personally liable for their actions as a director or officer of a company under particular legislation. Potential claims against company directors include legal actions brought by:

* Shareholders- for error resulting in the under-performance of the firm financially
* Creditors- for breach of duty resulting in the firm being placed in receivership
* Competitors- for a misleading statement or libellous comment
* Employees- for breach of employment legislation
* Government bodies- for breach of company legislation
* Trustees- for breach of duty in handling pension funds

Cover excludes fraud or dishonesty on the part of directors, fines, penalties and punitive damages (damages awarded by a court designed to punish the defendant rather than compensate for the loss suffered by the plaintiff).

D&O is written on a ‘claims-made’ basis. The policy has 2 parts which indemnify:

* The directors as individuals in a personal capacity
* The company

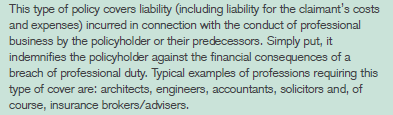
A ‘nil’ excess normally applies to claims taken against directors personally. Insurers generally rate a D&O liability risk on reviewing:

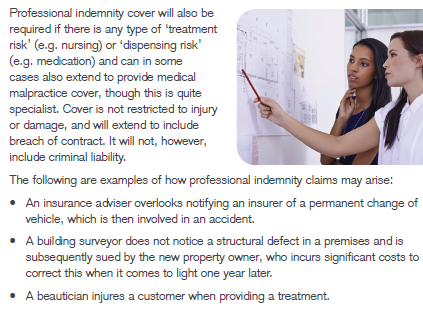
* The limit requested
* An audited set of financial accounts for a company
* The completed proposal form

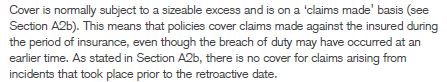
E1- Questions to ask the client

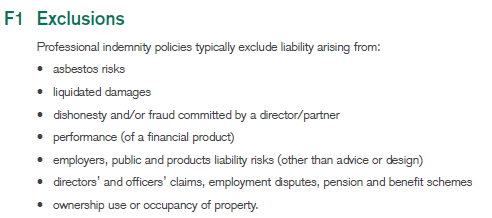
* The company, its history and business description- any recent merger of acquisition activity (or future plan) is also important
* Finance and ownership- this includes details of who owns the company and how it is financed, as well as details of its financial strength
* Territory- if the co trades in the US, or has US subsidiaries or a US parent co, then it may be exposed to the US legal environment
* The directors- info on the co board and its composition- the individuals themselves- is required as well as any systems in place for training and appraising directors

1. **Professional indemnity insurance**









F2- Questions to ask client



1. **Commercial legal expense insurance**

This is not a liability cover, but should be considered in association with liability insurances. Liability and motor I policies provide cover in situations where a PH has allegedly caused hard to a 3rd party or damage to their property. CLE cover is often included as standard within ‘package’ and ‘combined’ policies. Cover is available under these policies for the legal and other costs incurred in the defence of a claim against the PH.

Cover is restricted to certain types of claim as listed in the policy schedule. Cover does not include legal action costs for which indemnity is recoverable elsewhere e.g. employers liability or public liability policies. Other legal costs may be incurred in different business contexts e.g. cases arising from:

* Safety, health and welfare at work legislation
* Data protection legislation
* Discrimination legislation
* The recovery of uninsured losses from at-fault third parties

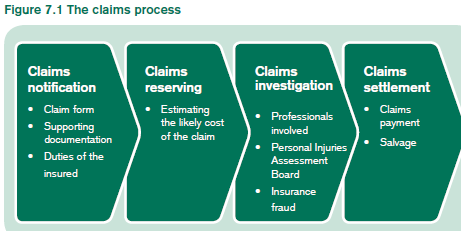
The last one is catered for under a specialist motor legal expenses cover when it relates to a motor accident.

The main policy provisos are that the insurer will **only** fund:

* A legal action where there is a reasonable prospect of success for the PH
* Legal costs incurred with the insurer’s prior consent

**Chapter 7- The claims process**

1. **The claims process**

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1. **The role of the intermediary**

B1- Client relationship

Sometimes an intermediary may wish to be involved in the claims process for the following reasons:

* Support client relationship and demonstrate their added value
* Bring their expertise and experience to bear for both the clients and insurers benefit
* Be fully appraised of any situation in which a claim will be declined or not fully met
* Assist the insurer in complex situations to clarify matters for both insurer and client
* Assist in recovering claims for uninsured losses

B2- Type of claim

The extents of the intermediary’s role will vary depending on the type of claim. It would be unusual for them to be involved in claims for 3rd parties. Whereas they will play a more significant role in property or own damage motor claims.

B3- Delegated authority

Occasionally, an intermediary may have authority to settle claims on behalf of the insurer. In this situation, all of the insurer’s regulatory obligations will fall in the on the intermediary.

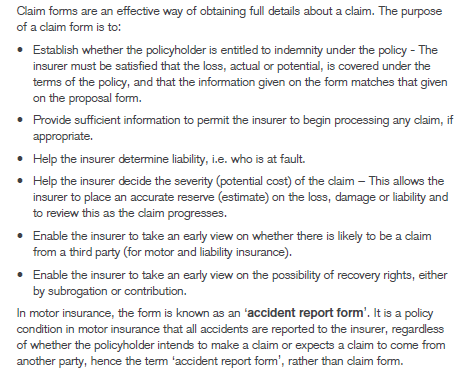
1. **Claims notification**

The policy may specify a time limit for notifying a claim to the insurer. The claims notifications conditions in a policy are designed to ensure:

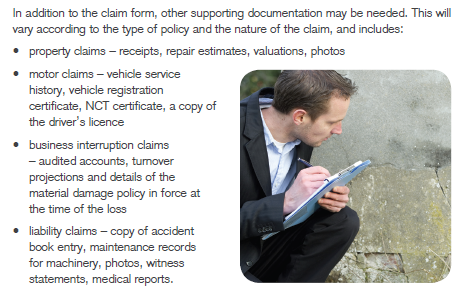
* Early investigation in order to minimise the cost
* Early appointment of loss adjusters or solicitors where appropriate
* Detailed evidence is not lost through delay
* The insurer reports certain losses to reinsurers within the required deadlines

The insurer also has regulatory obligations at the notification stage. For example where a claim form is needed, the Consumer Protection Code requires the insurer to issue this doc within **5 business days.**

C1- Claim forms



C2- Other supporting documentation



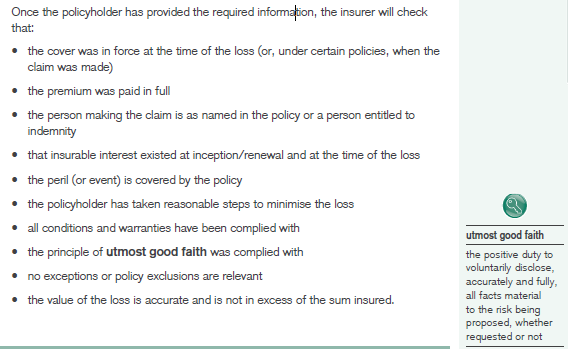
C3- Insurer’s advise to the policyholder

* Take immediate action to minimise the loss
* Keep any damaged items, as the insurer may need to inspect them
* Notify Gardai immediately about loss/damage
* Notify fire brigade immediately of any fire/explosion
* Not admit liability, offer or negotiate any payment of a 3rd party, unless the insurer approves this

Depending on the type of claim, the insurer will need to take specific action when notified of an incident, e.g., the insurer may

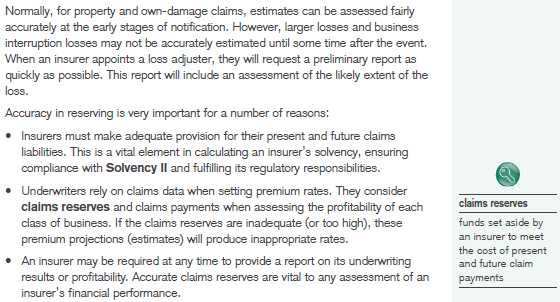
* Arrange for towing, of damaged vehicles to the nearest repairer
* Advise of any requirement to approach the PIAB
* Advise the PH to take steps to prevent further damage/loss
* Advise that it will appoint a loss adjustor

C4- Checking the claim information



If it appears that there may have been a breach of warranty, the insurer will arrange for a detailed investigation.

1. **Claims reserving**



1. **Claims investigation**

E1- the claims handler

The role of the claims handler is to:

* Deal with claims quickly and fairly
* Distinguish between genuine and fraudulent claims
* Assess the likely cost of a claim in order to decide on a reserve
* Settle claims efficiently and with minimum cost

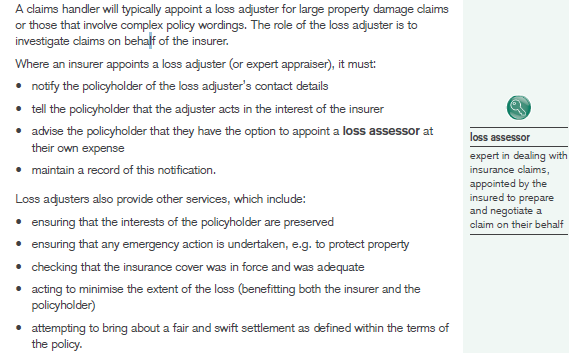
A claims handler will normally oversee all aspects of the investigation. Reasons why they cannot may be because:

* The claim is too large or complex
* The circumstances or full extent of an injury is unclear
* The PHs claim history is of concern
* Fraud is suspected

E2- The claims investigator

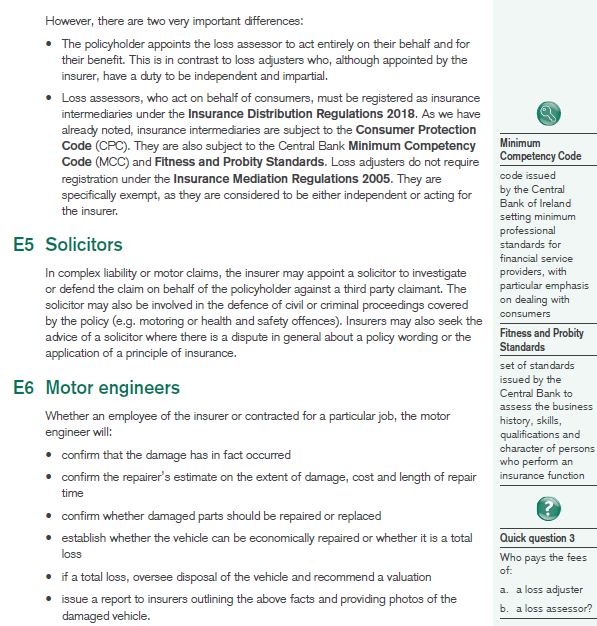
An individual who is skilled, experienced and qualified to investigate the circumstances of individual claims on behalf of an insurer.

E3- Loss adjusters



E4- Loss assessors





E7- Special considerations for third party claims

When a claim involves injury to a 3rd party or damage to their property, the insurer will investigate the circumstances of the incident and the allegations of negligence against its PH

E7a- Personal Injuries Assessment Board (PIAB)

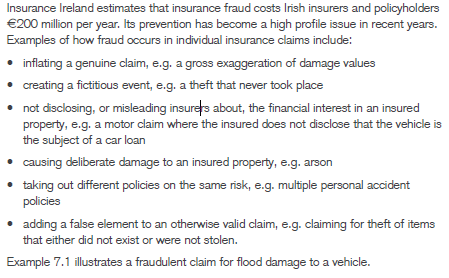
The aim of the PIAB is to reduce costs- especially legal costs and admin fees for personal injury claims.

Book of Quantum- is a general guide to the amounts that may be awarded to a claimant; legislation requires PIAB to have regard to the BoQ when assessing claim values. PIAB will not make an assessment if:

* The injury is purely psychological
* There is insufficient precedent
* The claim arose from medical negligence

When investigating PI claims, insurers must take into account PIAB procedures and timescales. Of particular importance is the 90-day (calendar days) deadline for the insurer to confirm whether or not they consent to assessment by PIAB. If the insurer disputes liability and refuses to agree to an assessment, PIAB will issue the claimant with an ‘authorisation’ which will allow them to pursue their action through the courts system.

E8- Insurance fraud



All advisers need to be aware of fraud indicators, once a defined number are present a full investigation should commence. Examples of fraud indicators include:

* Frequent change of insurers to avoid single insurer gathering too much info
* Unusual changes to cover- adding accidental cover to household mid-term
* Unclear ownership of goods
* Financial difficulties- this is difficult to establish
* Excessive pressure to settle, or willing to settle for a smaller sum
* Suspicious documentation

E8a- Fraud prevention and detection

A number of industry initiatives have been designed, including

* Insurance Ireland- in cooperation with Gardai
* Insurance confidential- set up by II- a hotline to allow members of public report cases of suspected fraud
* InsuranceLink- allows insurers to cross-reference individual claims with other insurers

1. **Claims settlement**

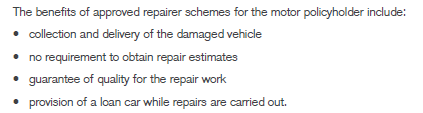
F1- Settlement methods

F1a- Payment of money

This is the most common form of payment. Payment to the claimant must be made within 10 business days of their agreement to accept the settlement offer.

F1b- Payment for repairs

If an insurer decides to settle this way, it must notify the claimant in advance of the scope of work and its costs. The insurer must ensure that the work is competed to satisfactory standard.



F1c- Replacement

This is usually more common in personal than in commercial insurances.

F1d- Reinstatement

Property insurance policies normally also give an insurer the right to settle a claim by reinstating a property that has been destroyed or extensively damaged.

F2- Salvage

When a motor or commercial property claim is settled on a total-loss basis, an insurer is entitled to the value of the salvage.