

Reviewing your insurance



Gallagher is an insurance broker with specialist expertise in the automotive sector. Leon Bosch, Managing Director at Gallagher Automotive, considers some of the potential areas and types of insurance that the motor trade could consider reviewing with their insurance broker.

Payment holidays

Usual setup	Covid-19 stance adopted by some insurance and premium finance providers
Clients who usually pay their annual premiums in full at inception/renewal	They are now being offered monthly instalment plans to assist with cash flow during this time.
Monthly instalments are usually paid over 10 months, commencing in the month the policy is incepted/renewed (i.e. months 1-10 of a 12 month policy period)	<p>Some providers are allowing clients to incept/renew their policy and then start the instalment plan later to assist cash flow (i.e. months 3-12 of a 12 month policy period).</p> <p>These are considered by the finance providers on a case-by-case basis.</p>

Instalment plans are either provided from the insurer themselves or by external Premium Finance companies such as Premium Credit Ltd, Close Premium Finance, etc. (typically the latter).

Premium refunds

These are trickier for insurers on commercial policies, including motor trade combined policies, in that there are various cover sections to consider and whilst there are reduced exposures on some sections, it increases the exposures on other sections which is why they tend to maintain the rate.

For example: a garage has less exposure on the road risks section as they don't have anyone collecting/delivering customer vehicles at the moment but there is an increased fire (arson) and/or theft (of tools, stock, vehicles, etc.) exposure on the Property/Material Damage section.

That said, there are ways that our Motor Trade clients can reduce their premium spend per policy section, by considering the following:

- **Road Risks**
 - As employees are being furloughed, etc. garage owners may not have as many drivers (and some not any) needing to be covered during this time.
 - Insurers base their premiums on the number of drivers and the number of drivers requiring business and/or social use.
 - We would advise that you review the current number of drivers, as a reduction in driver numbers could result in a premium saving during this time.



- **Property**

- As many garages are closed during this time, there may not be any (or very few) own or customer vehicles on site, compared to if business was trading as usual.
- We would advise you consider the sum currently insured, as the reduced exposure could result in a lower premium.

- **Employers' Liability**

- Insurers rate this section either using the number of employees (per capita basis) or forecasted payroll for the year.
- With the furlough scheme, it may be that either employee numbers and/or payroll has reduced.
- Reforecasting these figures could result in a saving under this section, if the employee numbers and/or payroll has reduced.

- **Public Liability**

- Insurers rate this section either using the number of employees (per capita basis) of forecasted turnover for the year.

- Reforecasting these figures could result in a saving under this section, assuming the employee numbers and/or turnover has reduced.

- **MOT Loss of Licence**

- Insurers rate this section based on the forecasted MOT fee income anticipated for the year.
- Reforecasting this figure could result in a premium saving, assuming it has reduced given the current situation.

- **Business Interruption**

- Insurers rate this section based on the forecasted gross profit for the year.
- Reforecasting this figure could result in a premium saving, assuming that it has reduced given the current situation.

You should ensure that all of the above are reviewed prior to any changes in circumstance, and that you have discussed any changes with your insurance broker, so that you are not under-insured.

Would you like to talk?

If you would like Gallagher to review your insurance cover, please call the IGA direct member helpline or +44 (0)845 305 4230 and we will put you in touch.

www.agj.com/uk

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