



COVID-19 - Commentary from BIBA

By the CILA Executive Director, Malcolm Hyde

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Introduction

We were delighted to be invited to “attend” a video call with our friends at the British Insurance Brokers Association (BIBA). It was an opportunity to outline the fantastic work being undertaken by our members and to understand the issues being raised by BIBA members in relation to COVID-19.

The following is a list of issues raised by BIBA to the Insurance profession and, where appropriate, we have added additional commentary in italics for our members.

Our members will wish to be aware of the issues raised. This document is provided for background information only and may assist in providing Insurer principals with guidance on “market issues”.

The COVID-19 pandemic brings a number of issues concerning policy cover and beyond. Whilst our members will recognise most of these, we at the CILA are highlighting these to our members as they may consider it appropriate to take account of the initiatives being progressed by BIBA. This will enable the members of the CILA to present background to instructing principals to promote just and fair consideration.

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1. Automatic extensions to renewal dates

BIBA: We believe it would be beneficial to have, during this extraordinary period, automatic extensions to renewal dates (if clients are agreeable) on expiring terms provided there have been no claims. This would alleviate potential difficulties in the timely reviewing of client needs and negotiating of terms for renewal. BIBA wants to see a minimum three months extension automatically offered.

CILA: This could mean that loss adjusters receive instructions where potentially the policy cover may have apparently ceased but Insurers may have auto-renewed. Clarification should be obtained by the CILA members.

2. Event Insurance

BIBA: Government intervention is often required for cover under an Event Cancellation type policy which includes communicable diseases for coverage to be triggered. Policy operation is usually dependent on:

- the venue being closed by order of a government or public authority or local authority; or
- the insured event being closed through the government imposing a ban on public meetings or events; or
- airports and/or train stations within a 15 mile radius of the venue being closed by order of government or public authority or local authority.

Therefore it would be helpful for a Government to make this intervention or for insurers to recognise the exceptional nature of the pandemic and treat event cancellation in the same way as they have with BI by allowing businesses to make a successful claim for the cancellation and disruption of their event, provided they had bought back pandemic/ communicable disease cover.

CILA: CILA members should be aware of this proposal and verify with Insurer principals as to individual approaches which could be client specific or more general.





3. Home working and home insurance

BIBA: We request insurers to waive notification requirement on home insurance policies for people who are required to work from home.

CILA: The Government are promoting home working but Policyholders may be required to notify their insurers of the “change in risk”. Insurers may wish to take a sympathetic view of failure to do so in these circumstances and members are advised to seek instructions.

4. Insolvency

BIBA: We ask that the usual underwriting around insolvency is waived if it is as a result of this massive pandemic. We think it would not be treating customers fairly if a Coronavirus induced solvency which was otherwise unforeseen, were to prejudice insurance arrangements.

CILA: Whilst this is a rating factor, members of CILA should seek instruction specific to this as Insurers may have elected to take more lenient approaches in view of the individual circumstances.

5. Clarity and help for customers around complex business interruption insurance issues

BIBA: BIBA members are working with clients to navigate these complex issues. Where there is any uncertainty as to cover applying BIBA would like the benefit of the doubt to be given to the insured.

CILA: Doubtless this is a case by case individual issue and appropriate instructions sought.

6. Payment holidays

BIBA is asking for insurers to agree payment holidays on instalment facilities or to extended credit terms or staged instalment plan to brokers or their clients to assist cash flow if requested.





7. Business Rates

BIBA asks Government to support an immediate three-months business rates break for all businesses regardless of size. Currently the break only applies to SMEs.

8. TOBA clauses on premium finance

BIBA calls for insurers and or premium finance providers not to invoke, or to be more lenient in respect of TOBA or contract clauses that risk transfer premium finance to brokers. Given the unforeseen economic pressures now likely this could otherwise put huge financial pressures on brokers.

9. Selling travel insurance

BIBA: Despite the fact that vast majority of international travel cannot happen during the FCO's current 30 advisory against travel and though the majority of new policies now exclude Coronavirus BIBA wants insurers to continue to offer other covers on new policies and renew annual policies so that trips already booked with a date of travel that falls after the next renewal date are insured.

10. Motor Insurance Database

BIBA: For leeway in the amount of time allowed for insurers and brokers to add information to the Motor Insurance Database operated the Motor Insurers' Bureau and to inform the police authorities of generic possible delays and for those authorities to accept and recognise that there may be delays.

11. Pool Re

BIBA: We ask Pool Re to extend or roll over terrorism cover at existing terms during the crisis.





12. Non- disclosure

BIBA: We ask insurers to take a less strict approach to under-insurance penalties or failure to disclose risk changes arising because of the pressures upon a business during the Coronavirus crisis.

13. Renewal Pricing

BIBA: We ask insurers to invite renewal terms at expiring rates (unless there is a poor claims history).

14. Unoccupied property

BIBA: We ask insurers not to invoke unoccupied property clauses if businesses' workforce is forced to work from home.

CILA: This issue could be particularly relevant to Buy to Let properties and to second homes. Student lets may well have been vacated in March and owners may have no reasonable means of checking on the property due to restrictions on public movement. Again, reference to Insurers with details of individual circumstances will be important.

Whilst this document is not intended to provide technical guidance it sets out issues raised by BIBA on behalf of their members. CILA members engaged in the UK insurance market should be aware of these issues so that they may be factored into advice and guidance made to instructing principals.

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