



Are You Being Add-On?

The Financial Conduct Authority (FCA) has announced that one of the largest insurance providers in the UK has been fined £7.4 million for the miss-selling of “add-on” products to its customers between April 2010 and April 2012. During this period Swintons sold personal accident, home emergency and motor breakdown add-on policies to customers generating revenue of around £93m from sales of these products.

The regulator found that the insurance provider “had not provided enough information to customers about the key terms of the policies,” stated that the policies were optional and not compulsory, “and also failed to properly monitor its sales calls.”

In these circumstances we believe the insurance industry is being exposed by “pushy” sales tactics focusing on the profit a product provides rather than its value to the customer.



Unfortunately to many policyholders this tars “add-on” products with the same negative association and often when delivered accurately with the correct information, provides invaluable cover to customers. At Sharrocks we currently offer several additional products to our customers at new business or renewal stage with the main policy being sold. Policies such as, Motor Legal Expenses, Family Legal Expenses and our excellent Home Emergency Product, as well as the Business Legal Advice cover for commercial customers have always been sold by us as a recommendation rather than a requirement. On all of our paperwork we stress these products are optional, but recommended where suitable.

Regrettably it would seem the insurance industry has not upheld its duty to provide products fairly and with the best intentions.

Mobile phone or gadget cover can be sold by authorised representatives at electronic retailers or phone companies as a “useful” add-on when in reality this protection can be added for a fraction of the cost to your household or buildings insurance policy.

Our best advice is prior to purchasing any insurance cover which is “bolted on” to an existing sale carry out your own review of the product, is it required and is it of fair value for money, discuss this with your insurance provider and make an informed decision. Do not take an absolute point of view of either accepting what is presented or rejecting it out of hand as a gimmick or sales tactic.

<http://www.fca.org.uk/news/firms/swinton-group-fine-mis-selling-add-on-insurance-policies>

Ministry of Justice Reforms

On 31st July 2013 significant reforms were made to the way motor, public and employers' liability claims are handled.

In April 2010, the government introduced a system which requires solicitors to report all Road Traffic Accidents (RTA) motor personal injury claims via an online portal. For claims with a value between £1,000 and £10,000 strict timescales and fixed legal fees were set for the various stages of the process meaning quicker settlements and hopefully overall reduced insurance premiums.



With effect from the end of July the Ministry of Justice (MoJ) Reforms will see an extension to the limits for Motor Claims handled through the online portal from £10,000 to £25,000. This will lead to faster compensation pay-outs for an estimated additional 55,000 people injured as a result of RTAs every year.



The MoJ Portal will also now process Employers' Liability and Public Liability injury claims, again for claims up to a value of £25,000. With these particular category of claims however, there are some exceptions to those which are handled through the online portal including claims where:

- Contributory negligence is alleged
- Claims involving disease with more than one defendant
- Mesothelioma Claims
- Clinical negligence claims

The timescales for handling these RTA, Public Liability and Employers' Liability claims will now be as follows:

	Number of working days to admit or dispute liability
RTA	15
Employers' Liability	30 was 90 days before reforms introduced
Public Liability	40 was 90 days before reforms introduced

With the stricter timescales to settle claims there are also reduced fixed solicitors fees. Prior to the reforms a typical whiplash claim settling at £3,000 would incur a fixed fee of £1,200, with the revised changes the proposed fixed recoverable cost would be £500.

How Do The Ministry of Justice Reforms Affect You or Your Business?

The new reforms will mean a more efficient claims process for both the claimant and the defendant as has already been shown with the original parameters set for RTA claims.

With these revisions there now becomes a new focus on you the customer to notify incidents quicker will full evidence supplied in a timely fashion.

In the event of an RTA, Employers Liability or Public Liability claim you will be required to:

- Notify actual or potential claims immediately
- Ensure information provided is accurate and complete
- Provide all relevant documentation within shorter timescales
- Provide immediate assistance with liability investigations
- Support quick decisions on liability

Motor – Road Traffic Act Claims

At Sharrocks for the past 18 months we have issued a Glove Box Claims Form, and Claim Card for your wallet or purse for those purchasing any type of motor insurance policy through us.

On these documents we have stated what you need to do in the unfortunate event of a road accident and who you need to contact and how this can be done. For speedy notification we have provided the 24 hours claims lines of your particular insurers as well as

having an online claims form on our own website
[:http://www.sharrockinsurance.co.uk/motor-incident-report-form](http://www.sharrockinsurance.co.uk/motor-incident-report-form)

Public Liability and Employers' Liability Claims

It is already a condition of any insurance policy to notify your insurer of any incident which may lead to a claim. Therefore your insurers will require details of all incidents and / or accidents at work which need to be recorded under Reporting of Injuries, Diseases and Dangerous Occurrences (RIDDOR) entries as soon as possible.

(<http://www.hse.gov.uk/riddor/report.htm>)



A white card with the text 'AMBITIOUS ETHICAL RESPONSIBLE TRADITIONAL CURRENT KNOWLEDGEABLE SUCCESSFUL' in a blue, sans-serif font. The card is slightly tilted and has a soft shadow. To the left of the card, a portion of a brick wall and a sign with the letters 'KS' and 'people' are visible.

In addition to RIDDOR entries insurers will require notification of the following:

- All formal claims
- Any incident where the injured person is not represented by solicitors but has made contact directly with the insured seeking compensation
- Head injuries involving hospitalisation
- All falls from height
- Any bone injury e.g. fractures and breakages
- Other serious injuries e.g. amputations, de-gloving, burns
- Fatalities
- Accidents involving minors & vulnerable adults
- Accidents which result in scarring
- Accidents resulting in admission to hospital or where on-going medical treatment is being sought
- Any incident involving a HSE investigation
- All requests for disclosure of information from a solicitor
- All accidents where the emergency services attend
- Accidents where the employee leaves employment shortly after the incident or where redundancy is made

Please note that this list is not exhaustive and simply a guide and if you are unsure please contact us at Sharrocks and we will assist.

Our recommendation is that you review your accident notification procedures and policies. Taking action before the event will mean you are in a sound position to meet the timescales and new reporting parameters.

As a further guide on our website we have attached a basic Accident and Investigation Report Form and Witness Statement to be used and supplied to us.

Our Comment

Whenever the worst happens and an incident occurs which may lead to a claim the value of your insurance provider becomes clear. Both the service they give at the time and following an incident, but also the recommendations made about the cover and insurer when the policy was first taken out.

It is often easy to forget why we purchase insurance often we as customers focus on the premium and less on the protection provided and quality of insurer. Time spent at renewal or when the policy is first taken out reviewing all aspects of the policy with your insurance provider is wise and ensures when a claim occurs you are prepared to work as a team with your insurer partners to defend and resolve the issues without delay or anxiety.

Crafty Ideas for your Business Insurance

In recent years there has been significant growth with small businesses operating from home selling home-made products or indeed selling directly to customers via their websites.

In the UK, the estimated number of contemporary craft making businesses stands at 23,050 with an estimated total income of £457 million.

According to the Direct Selling Association direct sellers generate £2bn worth of sales annually in the UK.

Often insurance for this sector is hard to find either at a cost reasonable to the



business or with the cover required.

We have become experienced within this particular sector and can offer policies for a small craft business or business from home from as little as £55.00 per year including Public and Products Liability, Money and Business Interruption Cover.

If you are running a business from your own home please take the time to advise your home insurers.

Often home insurance providers will request information about business work carried out at your place of residence.

Be it crafting, selling or book work it is important that your home insurers are aware so that they can note their records accordingly.



You Are Hired!

Hiring out of equipment or products has become an aspect of many businesses in 2013 whether it be to increase the range of services offered or to base an entire business around. From hiring out of vintage props, event decorations, or Candy Karts and sound equipment we have insurance policies that will suit these businesses.

Many clients do not anticipate the liability posed by their products or equipment whilst out on hire as being a tricky risk to place.

However, unless you have spoken to your business insurance provider do not take this cover for granted.

Many insurers are unwilling to provide any form of insurance protection for items left unattended whilst out on hire to the public.

Due to the number of enquiries we receive we are well equipped to deliver suitable insurance protection for your business whatever size it is, from a single Candy Kart to a company providing props and equipment to the film industry we should be your first call!

The Perils of Underinsurance!

Property underinsurance is becoming a significant problem for the UK insurance market with many policyholders undervaluing their insurance cover or failing to review their sums insured at all.

owners the Association of British Insurers has developed a useful free rebuilding sum insured calculator <http://abi.bcis.co.uk/>.

businesses that suffer a significant claim such as fire or flood damage. It will protect your business' earning potential ensuring that it may be a position to trade again following a period of significant upheaval and loss of trade.

However, for commercial property owners we recommend an annual valuation check to ensure the sums are accurate and suitable to meet your full costs in the event of a significant loss.

Furthermore the time taken to reinstate a business to the position it was before the claim occurred (indemnity period) is often undervalued with a standard business interruption policy offering 12 months indemnity period not being sufficient.

Indeed carrying out regular valuations

We recommended that for business interruption cover whether it is packaged within your policy or deliberately selected that you discuss the amounts with your insurance provider each year before renewal.

Following research recently carried out by the Building Cost Information Service, which is part of the Royal Institution of Chartered Surveyors, it found that 80% of Commercial Properties are underinsured. Furthermore the Chartered Institute of Loss Adjustors found that 40% of business interruption policies are underinsured with the average shortfall being 45%.

Before a claim occurs it is our recommendation that you re-check your sums insured and discuss them with your insurance provider. For residential property

will not always result in premiums going up and it is not unusual to find that sums insured are too high and actually need to come down.

For business interruption cover where a "gross profit" figure is used perhaps this is where confusion lies as this is not consistent between insurers and accountants.

As part of an insurer's calculation staff and utility costs will be included in the gross profit figure whereas an accountant will remove these amounts. This element of cover is vital to



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