

### **Our Status**

B&M Insurance, 84 Bolton Street, Bury, Greater Manchester BL9 0LL, email enquiry@bricksandmotor.co.uk, telephone 0161 763 8222 is a trading style of Bricks and Motor Insurance Brokers Ltd and are an independent insurance broker. We are authorised and regulated by the Financial Conduct Authority which means the FCA has authorised us to advise, arrange, deal in and assist with the placing and administration or prepare in any other way the conclusion of all types of General Insurance policies. We may also act as agents of insurers in which case we will advise you. We are also authorised to undertake the following Consumer Credit Activities; Credit Broking (where we act as a credit broker). Our FCA register number is 306923 and you may check this information by visiting the FCA's website [www.fca.gov.uk/register](http://www.fca.gov.uk/register) or by telephoning the FCA on 0845 606 1234.

### **Our Service**

We can act both as agent of insurer, and on behalf of you, the customer. We have in place management controls to deal with any conflicts of interest that might arise. Unless we advise you otherwise, we are acting on your behalf.

We also act on behalf of insurers when collecting premiums under risk transfer (See "Money" section)

We will ask questions to enable us to assess reasonably your insurance requirements, this may include checking information that we already hold about you and your existing insurance arrangements with us and other parties.

We will provide you with advice and guidance, after assessing what you want and need and recommend a suitable policy based on our experience of dealing with similar risks. In all cases our service will include arranging and administering your insurance, including helping you with on-going changes.

If we use the services of another intermediary to place your insurance, we will advise you of the name of the intermediary we use and the name of the insurer.

If we take over the servicing of insurance policies which were not arranged by us, we do not accept any liability for any loss arising out of any advice provided to you by any other party, nor for any errors, omissions or gaps in your insurance protection. Should you have any concern regarding any aspect of a policy which has been transferred to our control, you should contact us without delay.

### **Conflict Management**

Whilst we act in the capacity of agents for our product providers (i.e., the insurance companies we do business with) we are required to have in place appropriate governance controls to help us meet our regulatory objectives.

We have in place effective organisational controls, including appropriate supervision, to ensure we manage any and all conflicts of interests which may arise or may be identified from time to time, this includes gifts and benefits granted and accepted, which may damage the interests of our relationship with either our distributors or our customers.

### **Our Customers Best Interests**

Our primary aim is to ensure, for any customer (or potential customer) that we act honestly, fairly and professionally and in the customers best interest including giving customers information they might need to understand the relevance of any information we provide, as well as objectively giving that information when it is most useful to a customer to enable informed decision making.

### **Method of Communication**

Whilst you do have a choice in the way we communicate with you, we will principally provide you with information using email. During the process of dealing with us you will be given an option to receive information in this way, meaning if you would like information in a paper format, we will be happy to provide it.

### **Call Recording**

Your call may be recorded for training or monitoring purposes. We ensure all call recordings are protected in the same way as any other digital or written data in strict accordance with the General Data Protection Regulations (GDPR) and The Data Protection Act (DPA) 2018.

### **Accepting our terms of business**

By asking us to quote for, arrange or handle your general insurances, you are providing your informed agreement to these Terms of Business.

For your own benefit and protection, you should read these Terms of Business carefully. If you are unsure about any aspect of our Terms of Business, or have any questions regarding our relationship with you, please contact us at the above address.

### **Duration and Termination of this Agreement**

This agreement commences on the date that you appoint us to act as your intermediary or the date when you instruct us to arrange insurances on your behalf, whichever is the earlier. You or we may terminate our authority to act on your behalf at any time. Notice of this termination must be given in writing. No penalty shall be payable on any termination but we shall be entitled to remuneration for work undertaken prior to such termination. Any such termination shall be subject to completion of any transactions, which are in progress at that time.

### **Data Protection and Confidentiality**

B&M Insurance Brokers will treat any information received by us from you, about you with respect, and where appropriate, in accordance with data protection legislation, including the Data Protection Act 1998.

Information provided by you, or which is obtained from other sources in the course of our dealings with you, may be used by us to facilitate the provision of services applied for or requested and we may use the information to advise you of any of our services which we feel may be of interest to you. If you prefer not to receive further information, please let us know by email to enquiry@bricksandmotor.co.uk or write to us at 84 Bolton Street, Bury, Greater Manchester, BL9 0LL. Under the GDPR 2018, you are entitled to a copy of your personal data held by us, upon written request and payment of a fee.

### **Unsolicited Real Time Financial Promotions**

As an established customer, the company may, on occasion, need to contact you either by telephone, email or letter as part of our business relationship within any twelve-month period.

### **Governing Law**

These Terms of Business and any accompanying or associated letter shall be governed by and construed in accordance with English Law and the Courts of England shall have exclusive jurisdiction to settle any disputes that may arise out of or in connection with them.

### **Limitation of Liability**

For the purposes of the following limitations of liability, "you" means you, the client for whom we have agreed to provide services, and also includes, if we are found to owe any legal duties to them, any of your related or associated companies and/or any members, officers, employees or consultants of yours or any of your related or associated companies.

Nothing in terms of business limits or excludes our liability for death or personal injury resulting from our negligence, for any damage or liability incurred as a result of our fraud or fraudulent misrepresentation or any liability arising out of our failure to comply with any rules laid down by the FCA.

We warrant that we will provide our services to you with reasonable skill and care. All other warranties, conditions and other terms implied

by statute or common law are, to the fullest extent permitted by law, excluded from these terms of business.

(i) We will not be liable for any loss incurred as a result of the provision by you to us of incorrect or inadequate information.

(ii) You agree that you will not make any claim or take any action personally against any of our individual members, officers, employees or consultants. However, this does not alter any liability that we as a company may have for the negligence of any of these individuals.

(iii) We will not be liable to you for any loss of anticipated revenue or savings or loss of profit.

(iv) We will not be liable to you for any loss of contracts or business opportunities.

(v) We will not be liable to you for any loss of goodwill or damage to reputation.

(vi) We will not be liable to you for any indirect, special or consequential loss or damage, costs, expenses or other such claims for compensation whatsoever (whether caused by our negligence of that or any of our individual members, officers, employees or consultants or otherwise) which arises out of or in connection with the services we provide, or agreed to provide, to you.

(vii) We are required by the FCA to maintain a certain level of professional indemnity insurance and in any event the total liability of us and our members, officers, employees or consultants in respect of each and every claim shall be limited to the sum of £1,250,000. For these purposes, a "claim" means any claim or demand (whether for compensation, damages or otherwise) made by you against us and/or one or more of our members, officers, employees and consultants. If a number of claims arise directly or indirectly from the same cause of event, then they will be treated as one claim, rather than a series of claims and regardless of whether the multiple claims are made by the same or different claimants.

#### **Customer Classification**

A Consumer is defined as an individual who is acting for purposes which are outside his trade, business or profession. A commercial client is defined as someone who is not a Consumer. Some FCA rules may vary, dependent on whether you are a Consumer or commercial client.

#### **Duty of disclosure**

The law imposes onerous duties upon anyone entering into an insurance contract and anyone acting on his/her behalf. A proposer has a duty to disclose all facts that may influence an insurance underwriter in deciding whether to accept the insurance, or whether to impose special terms or whether to charge an increased premium. This duty applies at inception of the policy and throughout the life of the policy, for example at each renewal date and also the submission of claims.

You must read all insurance documents issued to you to make sure that you are fully aware of the cover, exclusions limits and all terms that apply.

Particular attention must be paid to conditions, clauses and warranties (whether expressed or implied) contained within the insurance policy we have arranged. Failure to comply can result in the insurer automatically terminating your policy. Further, where the insurance has been placed with conditions, it may be invalidated or coverage prejudiced whilst the condition is outstanding.

If you are unsure whether information or a change in circumstances may be material, you should disclose it.

#### **Demands and needs**

##### **Consumers**

In assessing your demands and needs we will ask you a number of questions.

It is your responsibility to ensure you give us complete and accurate answers to any such questions, not only when you take out your policy, but also when you decide to renew or make any changes during any term of a contract of insurance (this applies to any changes in information relating to any individual named on the policy).

We will make a specific personalised recommendation for product suitability based on our understanding and appraisal of your demands and needs requirements. Where we provide you with specific advice, we will give you the relevant information you require, honestly, fairly, and professionally and in a way that is in your best interests (i.e., we will alert you to important terms and conditions about the contract of insurance, and we will provide you that information when it is most relevant). This may include information about comparable products between different product providers, all of which will help you to decide whether to go ahead with any particular contract of insurance.

##### **Non-Consumers**

If you are dealing with us in a commercial capacity, you will be under a duty to make a fair presentation. You are therefore required to disclose any matter which you know or ought to know that would influence the judgement of an insurer in deciding whether to insure the risk and on what terms.

If you are unsure whether the matter is relevant or not you should provide sufficient information so as to put an insurer on notice that it needs to make further enquiries if necessary.

We will make a specific personalised recommendation for product suitability based on our understanding and appraisal of your demands and needs requirements.

Where we provide you with specific advice, we will give you the relevant information you require, honestly, fairly, and professionally and in a way that is in your best interests (i.e., we will alert you to important terms and conditions about the contract of insurance, and we will provide you that information when it is most relevant).

This may include information about comparable products between different product providers, all of which will help you to decide whether to go ahead with any particular contract of insurance.

#### **Utmost good faith**

Be aware that your contract of insurance is one of utmost good faith which means that failure to comply with your policy conditions or "act in good faith" then the insurance company are entitled to void the contract from inception as though you were never on cover.

#### **Confirmation of cover**

We will write/email you to confirm that insurance cover has been arranged. This will normally be sent to you within fourteen days of inception of cover. You agree to carefully review all the policy information on receipt and to let us know immediately if the cover is not suitable for your needs. It is your responsibility to ensure that the policy cover has been issued on the correct basis and terms and conditions. The full policy wording will be forwarded as soon as is practicable.

#### **Our Product Selection (Fair and Personal Analysis)**

We offer products from a wide range of insurance companies and sometimes use other distributors (i.e., sub-agents) to access products. Our selection usually involves presenting to a reasonable number of insurance companies that will insure for the risk at hand, and this is called a fair & personal analysis of the market.

Sometimes we may only approach a specified number of insurers and this is a Panel, or in some cases, we may only approach one insurer, in either case, we will tell you the basis as part of our selling process. We will also provide a list of the companies that form the Panel we have approached at quotation stage. The processes we have in place means that the characteristics of these products take account of our target customer's demands and needs and include sourcing products from one or more of the product providers we deal with.

A full list of these product providers and where relevant, distributors can be provided upon request.

#### **Money**

We will hold money that you pay to us in accordance with the regulator's rules or under a risk transfer agreement with insurers. This will include holding your money in one of the following ways.

A **statutory trust client bank account** that only allows us to use the money held in trust on behalf of a customer for paying that customer's premium to an insurance company and to pay premium refunds or claims we receive from that insurance company to the customer, once the premium has been received from that insurance company. We **cannot** use that customer's money to pay another customer's premium or refund. We do not pay any interest on premiums held by us in the course of arranging and administering your insurance, unless, in the case of consumer transactions we receive more than £20 per transaction, and then we will ask for your permission to retain the interest. Unless you tell us otherwise, you are consenting to us holding your money in this way.

A **non-statutory trust insurer bank account** in accordance with our agreements with Insurance Companies that transfer the risk of money we receive from customers to them. These agreements deem any money you pay to us, to be received by them and they will bear the risk of any losses in the event that our firm becomes insolvent. This includes claims money or premium refunds we receive prior to being paid to you. By holding your money in this way, means that in the event that this firm becomes insolvent your money remains protected. In arranging your insurance, we may employ the services of other intermediaries who are regulated by the FCA and your premium may be passed to these intermediaries for payment to insurers. These firms are also required to hold clients' money in a separate trust account. We will also inform you if at any time we are required to pass your premium to firms that operate outside the UK where the protection may be different. Should you not wish us to pass premiums to a firm outside of the UK, please inform us.

We regularly assess the financial strength of the Insurance Companies and other intermediaries that we deal with. The process usually involves general observation of the financial ratings applied by independent rating agencies such as Standard & Poor's and A M Best published with other readily available information within industry guides, newsletters, and press releases. Whilst we take care to deal with companies that maintain reasonable solvency margins, we cannot guarantee their financial ability to pay claims.

### **Combating Financial Crime**

We are obliged to conduct reasonable due diligence to protect you and us against the risk of financial crime. We may require you to provide evidence to assist us with verifying your identity and any payment details you provide to us to ensure that the transactions that we conduct on your behalf are legitimate.

Neither party shall be involved in the offering, promising or giving of any financial or other advantage to any person in breach of any applicable anti-bribery laws (including the Bribery Act 2010). We are obliged to report evidence or suspicion of financial crime to the relevant authorities at the earliest reasonable opportunity and may be prohibited from disclosing any such report to you.

We shall not provide any services, provide any benefits, or make any payments to any client that is the subject of any trade and economic sanctions or embargos or provide services to any client located, organised in or resident in a country or territory that is the subject of comprehensive country sanctions.

We will carry out checks of the consolidated list of financial sanctions targets designated by the United Nations, The European Union and the United Kingdom and maintained by the Office of Financial Sanctions (OFSI) for all customer transactions. If sanctions apply, we are obliged to report the transaction to the relevant authorities and, in such cases, we shall not make any further payments or process already notified claims and insurers may invoke cancellation rights to terminate affected insurance contracts.

### **Our Remuneration**

Brokerage/commission/fees/charges are earned by us when we arrange an insurance policy for you and/or when we provide a service to you. We will always inform you of the fees/charges so that you are able to make an informed decision and we are happy to provide details of any commission income we are due or have received on receipt of a written request.

Our remuneration is by way of

- 1) a fee for new or renewal policies which will be disclosed to you.
  - 2) brokerage/commission (paid to us by the insurer and as a percentage of the total annual insurance premium paid by you).
  - 3) mid-term adjustment fees/administration charges of £25.00, in addition to any insurance premiums, for the administration of your policy, including but not limited to amending and cancelling of a policy.
- Or by any combination of (1) (2) and (3).

We sometimes receive a profit share or profit commission from insurers and we may also receive a commission or fee for passing introductions to other professional firms including receiving commission of around 5% for arranging premium finance which equates to £5 for every £100 financed which we deem as a reasonable amount given the additional help and assistance that we provide to those clients who encounter problems and/or require general assistance during the course of their premium finance facility.

### **Non-Refundable Charges**

We will be entitled to retain all brokerage/commission/fees/charges for the full period of contract of insurance arranged by us even when your policy has been terminated and your insurers have returned some premium and we will deduct these brokerage/commission/fees/charges from the returned premium once received.

If you decide to terminate our appointment in relation to any policies we have placed on your behalf and any policies have not expired, and/or premium is due on the policy, then we are entitled to any brokerage/commission/fees/charges originally due on any policies from either you or any new agent/representative you appoint.

### **IPT Disclosure**

Your premium detailed in the policy will include IPT at the prevailing rate. Should the rate of IPT be amended by the Government, your premium will be amended by the insurer to reflect the change.

### **Payment Options**

We will provide you with full details of all the payment options available to you when we provide you with your insurance premium. If you use a corporate credit card, even for a personal purchase, then we will pass on to you by way of an additional administration fee any amount charged to us by the card provider.

### **Premium Finance**

You can pay your insurance costs in full or you can choose to spread the cost of your premium via monthly repayments. Spreading the cost may be more convenient to you although it will cost more, please note that B&M Insurance are acting as a credit broker and not a lender. We use Close Brothers Limited trading as Close Brothers Premium Finance, referred to as Close Brothers, exclusively to provide finance. Some insurers offer direct debit themselves, however the advantages of using a separate premium finance facility are numerous and summarised as follows:

- Additional products can be included under a single premium finance payment.
- Additional fees can be included under a single premium finance payment.
- Additional Insurance policies can be included under a single premium finance payment and a single monthly payment if required.
- Customers can continue their finance facility regardless of any change of insurer/underwriter.
- The finance provider reports closely to the Broker regarding payments and/or defaults enabling the Broker to speak to the customer to find out if the default was intentional and that the customer was aware that there could be a risk that cover would be withdrawn. If that customer is having financial difficulties or finds themselves in a vulnerable position, then the broker can potentially provide forbearance support and advice on alternative arrangements.
- Customers who default on payments do not have their policy cancelled automatically by the insurer with the horrific consequences that this entails, instead the default is managed by

the Broker who is able to offer assistance in managing extended payment periods, payment holidays etc. where appropriate to help ensure continued cover/protection for the customer.

#### **Finance commission**

We receive a commission amount of 5% of the amount financed which equates to £5 for every £100 financed which we deem as a reasonable amount given the additional help and assistance that we provide to those clients who encounter problems and/or require general assistance during the course of their premium finance facility.

#### **APR information**

Commonly the APR is calculated by annualising the interest percentage/amount charged for credit, so for example if you pay 11% on a total amount financed of £1000 (£110 extra) over a 9-month period then the APR equivalent would be somewhere around 14.66% however the FCA have a more complex method of calculating the APR and state that the APR must be calculated so that, annual percentage rate of charge is the rate for it which satisfies the equation set out in their rules MCOB 10.3.1A R, expressed as a percentage and therefore the formula for calculating the APR. Close Brothers Finance will set out their APR calculation and the APR amount precisely in accordance with FCA guidelines within their premium finance documentation which may well be somewhere around 29-35% but please do contact us in the event that you wish to discuss this further.

#### **IMPORTANT**

Using premium finance makes the overall cost of the insurance more expensive. We will ask you to confirm that you have actively elected (that you have "opted in") to pay via premium finance.

A full breakdown of the cost of your insurance and the cost of credit will be provided as part of your new business or renewal quotation before you make a decision whether to proceed.

Your agreement will last for 12 months but the premium finance may last for a shorter period.

If you choose to enter a finance arrangement, your details will be passed to a third party (insurer or lender) to enable them to contact you and you should contact us at the address given in this document if you do not want your details passed to that party.

This finance arrangement will be subject to interest charges that we will confirm to you when providing the full details. Importantly, the arrangement you will enter into will be with the finance company not us. It is an entirely separate contract irrespective of the insurance contract. In the event of your failure to meet with the contractual obligations regarding payment the finance provider could approach the insurer to seek a termination of the insurance contract to recoup their outstanding finance arrears. You will be liable to pay their costs and charges if you do not keep up your repayments and cover is cancelled under your policy. This is because the agreement is between you, the policyholder, and the finance company direct, not us or the insurer.

It is important that you read the finance agreement that is sent to you before you agree to enter into such an agreement.

For the provision of premium finance facilities, a credit check will be performed if you wish to use this payment.

We do not charge any fees to you for introducing you to a credit provider.

If you are a consumer as defined under the Consumer Credit Act, you will have the benefit of a 14-day cooling off period.

**Please Note: Your policy cover will cease if you fail to keep up payments on an instalment agreement or premium finance facility related to it.**

#### **Your Right to Cancel**

Please contact us if you wish to cancel any policy that we have arranged for you. Customers acting outside their trade or profession (Consumers) will usually have a legal right to cancel policies for any reason, subject to no claims having occurred, within 14 days of receiving the full terms & conditions. A charge may apply for the period of cover provided and, in addition, an administration charge will apply as shown in the charges section above, cancellation under this

right must be in writing, prior to expiry of the cancellation period, to our usual office address.

#### **Cancellation non consumer**

Commercial insurance policies do not routinely have cancellation rights except those available to the insurer. As a Commercial customer, you do not have the same cancellation rights by law as a consumer but may still have specific contract rights and reference should be made to the policy document to ascertain your position.

Where returns of commercial premiums are made on cancellation, it is usually following cancellation by the insurer, not the policyholder. On cancellation of a policy any refund or premium allowed by the insurer will be paid to you after deducting our annual commission and fees.

#### **Complaints**

It is our intention to provide you the highest level of customer service at all times. However, if you should feel dissatisfied with your insurance cover in any way, or with the levels of service we have provided, then we operate a comprehensive Complaints Procedure to assist you with your complaint. Should you have a complaint about anything, contact Kevan Haughton at:

B&M Insurance, 84 Bolton Street, Bury, Greater Manchester, BL9 0LL  
Telephone: 0161 763 8222.

In line with our complaint procedure, we will formally log the complaint and refer the matter to a staff member who is independent from the reason for the complaint. All complaints that are not satisfactorily resolved within 24 hours will be acknowledged in writing promptly within 3 business days of receipt and we will do our best to resolve. You will also be kept informed of any significant developments. If we cannot resolve the problem by the fourth week after the complaint is made, we will let you know when an answer can be expected. If we have not resolved the situation within eight weeks, you may be entitled to refer it to the Financial Ombudsman Service, for an independent assessment and opinion. A copy of our complaint's procedure is available on request.

The FOS Consumer Helpline is 0800 023 4567 (free for people phoning from a "fixed line", for example, a landline at home) or 0300 123 9123 (free for mobile-phone users paying monthly charge for calls to No's starting 01 or 02) and their address is:

Financial Ombudsman Service Exchange Tower Harbour Exchange Square London E14 9GE

#### **Financial Services Compensation Scheme (FSCS)**

If we are unable to meet our obligations, you may be entitled to compensation from the FSCS. If we have advised or arranged insurance for you this will be covered for 90% of a claim, without any upper limit, however claims under compulsory insurance, professional indemnity insurance and certain claims for injury, sickness or infirmity of the policyholder are protected at 100%. Further information is available from the FSCS helpline on 0800 678 1100 or 020 7741 4100 and [www.fscs.org.uk](http://www.fscs.org.uk).

The FSCS is the UK's statutory fund of last resort for customers of authorised financial services firms. Compensation is usually payable if an authorised firm is unable or unlikely to pay claims usually because it has ceased trading or become insolvent.

## GLOSSARY – IMPORTANT INFORMATION

*Insurance policies are full of jargon with terms like average, material facts, indemnity. Below we have attempted to explain these terms in plain English. However, if you do not understand any of terms contained in your policy or the correspondence you receive, please ask us, we are here to help. We accept no legal liability whatsoever for the information provided below or its interpretation.*

### **Aggregate Limit of Indemnity**

The maximum amount an insurer will pay under a policy in respect of all accumulated claims arising within a specified period of insurance.

### **Average**

Normally this is a mathematical term but in an insurance policy it is a **penalty** that reduces your claim if the sum insured is not high enough. It never pays to scrimp on the sum insured. It is your responsibility to choose the sum insured so if you are in any doubt how to do that, ask your broker to explain.

or

### **Average**

The term 'subject to average' means that if the sum insured at the time of a loss is less than the insurable value of the insured property, the amount claimed under the policy will be reduced in proportion to the under-insurance. Also called average clause

### **Basis of Settlement**

Insurers normally agree to settle claims on either a **Reinstatement** or **Indemnity** basis. Reinstatement is basically New for Old, but not better than when the item was new. Indemnity basis of settlement attempt to put you back in the same financial position as you enjoyed immediately before the loss and makes an allowance for wear and tear.

### **Conditions:**

Conditions are slightly different to warranties but breaching them will have the same effect as breaching a warranty. The policy may be treated as void from inception and no claims will be paid. Conditions will require you to do something or create a responsibility, but only apply to one section or area of a policy so breaching an unrelated condition will not result in the whole policy becoming void.

### **Conditions Precedent:**

Some conditions do impose a responsibility on you to have done something or completed something before a certain section of the policy will operate.

### **Disclosure:**

It is your duty to disclose all Material Facts and give an insurance company or underwriter all the facts that will allow him to assess the risk. This is embodied in many legal cases and is known as "utmost good faith".

### **Duty of Disclosure (Commercial)**

It is an onerous responsibility. You have to tell the insurer anything that you know or should know which might affect the way they view the risk you are insuring. That includes the property insured, the area around it, the owners of the property, the insured and what goes on in the property and the business itself whether at the premises or elsewhere.

In short, anything which could increase the risk of a claim or which might influence an underwriter in deciding whether to insure and at what terms. If in doubt, disclose. The duty continues up to the point the policy starts so make sure you notify any changes between proposal, the time your broker gathers information from you and then. The duty arises again at each renewal and may exist at all times if there is an increase of risk clause under your policy.

### **Duty of Disclosure (Consumer)**

When applying for or amending your insurance policy, we will ask you to confirm that the existing information that we have is still correct or ask a number of questions to assess the risk prior to agreeing cover. **It is your duty to ensure that you answer all our questions honestly and reasonably.** These questions are designed to enable us and the insurer to obtain a comprehensive picture of the nature of the risk to be insured, and only by asking such questions and receiving answers which are given honestly and with reasonable care, can we or the insurer be in a position to offer terms which are designed to meet your demands and needs.

The reason why this is vital and extremely important is that **if you fail to tell us or the insurer something when asked, or, if you answer carelessly or act deliberately or recklessly in making misrepresentations or false statements when answering questions, your policy may leave you with no insurance protection; insurers may not pay a part or all of your claim and may cancel your policy. You may find it difficult to re-arrange cover with another insurer because you did not tell an insurer everything when asked, and you will have to disclose this fact to any new insurer when you apply for any insurance.**

### **Excess (or Deductible)**

This is the first part of a loss that an insurer will not pay. You may have a compulsory excess or you may choose one to reduce the premium.

### **General Condition of Average:**

If you do not insure for the full amount then your claim may well be reduced. If you deliberately under insure then the insurer may have a right to avoid the policy from inception unless you tell them that the sums insured do not represent the full value of something at inception. If that is the case let us know and we may be able to arrange insurance on a special basis.

### **Gross Profit**

Now more commonly referred to as "insurable gross profit" it is not the gross profit figure from your accounts. As a rough guide your gross profit sum insured should be in the region of turnover less purchases. Remember also to consider the level of turnover you might be experiencing one year from inception plus your chosen indemnity period. It could be much higher than your current turnover of the historical turnover from your accounts.

### **Implied:**

Some warranties are implied. For instance, disclosure of all material facts is in effect a warranty. There is an implied warranty in that you must keep a building in a good state of repair and not leave it unoccupied or neglected.

### **Indemnity Period**

This is the period after an insured event which it takes to get back to the position an insured would have been if the loss had not occurred. **IT IS NOT** the period to get back up and going again. In the event of a total loss, it is rare indeed that a business other than a professional or office-based business could get back to the position it would have been in just 12 months.

### **Insurable Interest**

In simple terms, if anyone likely to lose money, property or rights in the event of a loss wants to be paid out under the policy, then they must have their names mentioned on the policy. It is no good insuring a property owned by John in a policy owned by Sam unless there is a note in the policy making the ownership clear. If nothing is mentioned then the insurer will assume that everything is owned by the policy holder.

**Material Fact**

is a fact that would influence an underwriter in either accepting or declining a risk, and if accepting at what premium. Basically, if you think that by giving an underwriter some information it may increase the premium or prevent them providing insurance then it is probably material and you must advise us of the information.

*or*

**Material Fact**

You have a continuing duty not only at inception and renewal but throughout the life of the policy to declare to Insurers any changes which may be regarded as a **Material Fact**. A Material Fact is one which would influence an Insurer whether to continue to cover the risk and/or the premium to be charged. ***Failure to disclose a Material Fact could result in your claim being turned down and/or your policy voided.***

Whilst you can read the policy wording to understand your part of the contract an Insurer has to rely totally upon the information you provide to decide whether they wish to insure you or continue to insure you and the premium to be charged.

**Non-Disclosure:**

Failing to advise an insurance company or underwriter of a Material Fact. This could result in your insurance becoming void and an insurer not paying out a claim

**Rebuilding Costs (or Reinstatement Costs)**

The sum insured for Buildings insurance should reflect the rebuilding costs, not the market value. The rebuilding cost should take into account not only the costs of rebuilding, but also clearing the site, shorting and propping up, removal of debris and architects and other professional fees. We recommend you employ a professional valuer to establish the rebuilding costs. If you get this wrong you could be underinsured and your claim, drastically be reduced.

**Warranties:**

Warranties are imposed on policies to ensure that a certain "thing" is done and must be complied with word for word. If a warranty is breached then the whole policy becomes void and any claim, even though it may have nothing to do with the warranty, will not be paid.

*or*

**Warranties**

From your point of view warranties are bad. They protect the Insurer by stating that **you will or will not do** certain things. Breaching a warranty would give your Insurers grounds to refuse to pay a claim and/or cancel your policy, even if your claim did not relate to the warranty. So, failing to comply with a warranty to service your burglar alarm could still result in your fire claim being turned down. Ignore warranties at your peril, they protect the Insurance Company not you.

**Written:**

Most warranties are written and detailed in the policy schedule and the wording will usually start with "It is warranted that....."