

Record Motor Accident 130 Car Pile Up



On 5th September in early morning traffic and thick fog one of the largest recorded road traffic accidents happened on the “Sheppey Crossing” bridge linking the Isle of Sheppey to the mainland.

The Sheppey Crossing was opened on July 3rd 2006 as an improvement to the single lane “verticle lift” bridge which caused regular bottle necks of traffic. However, the new crossing has been accused of being poorly lit and not safe in adverse weather conditions. Thankfully there were no fatalities following this incident, although 40 people were admitted to hospital. In December 2013 the Sheerness

Times and Guardian reported that some of the drivers have been requested by the police to attend a Safety Awareness Course. The drivers contacted have been informed should they not attend there is enough evidence to make a prosecution for driving without due care and attention.

When a multi vehicle incident occurs it is often challenging for insurers to place blame on particular drivers, making it difficult for injured drivers to seek compensation or to claim excesses back. We now understand that this incident may take many more months before all insurance claims are fully settled. There had been reports of poor driving, indeed several of our team use this bridge on a daily basis and less than 24 hours prior to the incident had commented that despite the fog how poor the quality of driving was and that an accident was inevitable.

The AA recommend the following guide for driving in conditions of poor visibility:

- Use **dipped headlights** at all times along with wipers and demisters.
- Familiarise yourself with your front and rear fog lights – know how to switch them on and off – and use them when appropriate.
- Beware of other drivers not using headlights.
- Only drive as fast as conditions allow and maintain a greater distance between you and the car in front. **Follow a three-second rule.**
- Tailing someone's rear lights can give a false sense of security and is dangerous.
- If the road has street lights on, then you probably don't need your fog lights on.
- Be able to stop within the distance you can see clearly – this is particularly important on motorways and dual carriageways, as vehicles are travelling faster.
- Don't accelerate to get away from a vehicle that is too close behind you.
- Check your mirrors before you slow down.
- At a junction with limited visibility, stop, wind down the window, and **listen for traffic**. When you are sure it is safe to emerge, do so positively and do not hesitate in a position that puts you directly in the path of approaching vehicles



Check your business insurance cover TODAY!

Reports from the insurance industry towards the end of 2013 have shown many businesses leave themselves without even the basic forms of insurance cover required for them to trade.

Employers Liability

Despite legal requirements for any business with one or more employees (or that fall within the categories set by the Health and Safety Executive www.hse.gov.uk/pubns/hse40.pdf) and potential exposure to fines of £2,500 per day a recent survey carried out by Liverpool Victoria has found there are up to 350,000 businesses with no cover in place.

Aside from the legal requirements and fines associated by not having the correct insurance protection there would be potential for increasing financial costs. In 2011 Employers' Liability claims costs rose by 13.1% and have continued to rise year on year. Indeed one specific area which has shown a dramatic ascendancy are claims arising from deafness to employees suffered during work. In 2012 AXA Insurance had a 64% rise in such claims and by September 2013 there had been another 32% on the 2012 figures.

At Sharrocks as we speak to both new and existing businesses on a daily basis we have found Employers Liability cover to be one of the most misunderstood elements of business policies. We recommend to avoid potentially catastrophic costs and fines being levied against your organisation that you speak to your insurance advisor today regarding your cover and ensure your risk assessment and management programmes have been recently reviewed.

Public and Products Liability

The same report by Liverpool Victoria that announced the significant number of businesses without the required Employers Liability cover has revealed over one in 20 small businesses have no public liability insurance in place. Perhaps this figure is initially not as startling as the previous data, but when reviewed in context of the extreme rise in Public Liability claims recorded it is just as surprising and worrying



The Department of Work & Pensions' Compensation Recovery Unit (CRU) recovers the social security benefits paid as a result of an accident, injury or disease, where a compensation payment has been made. All claims are notified to the CRU and its newly published figures for 2012/13 show that PL claims shot up 57% to 164,973, meaning they have nearly doubled in five years.

As well as failures to insure their public liability risk we believe many businesses also overlook a potential products liability exposure. Do you sell, manufacture, distribute or even repair an item for the public? If the answer is yes and you do not have product liability cover in place you or your business could be susceptible to extremely costly claims and a protracted legal process with the claimant.

From our own experience we have found businesses which distribute their own branded product, mechanical engineers and vehicle repairers as those we often discover do not have this cover in place.

Business Interruption

In earlier editions of our company newsletter we have discussed how previous reports have identified 70% of those businesses with Business Interruption are underinsured. 40% do not have any business interruption cover in place at all.

As many businesses insure on the basis of a catastrophe occurring, such as a fire or flood, it is shocking that the correct protection is not sought to cover the loss of trade and income whilst the repairs are undertaken and stock replaced. Indeed like the examples for employers and public liability claims this is a risk which is not diminishing rather steadily increasing year on year. In 2012 the average cost of business interruption claims increased by 9%.

During our own team meetings we have discussed how it is commonplace that clients disregard the risks presented by not having business interruption and as the economic downturn has taken hold business interruption has been perceived as an unnecessary expense. We believe that many businesses approach their insurance cover perhaps focusing too heavily on cover for their materials, stock and buildings, neglecting the more intangible losses presented by failure to have adequate liability and business interruption cover in place.

Please take this opportunity to review your cover discuss your insurance requirements with your insurance policy provider and be aware of the potential losses that may affect your business.

Landlords, “let” the good times roll!

In the past 12 months the housing market has shown dramatic signs of improvement and it is expected this will continue into 2014. During 2013 house prices grew across the country together with mortgage lending and transaction volumes. Nationwide Building Society has revealed that the average property price grew by 5% in 2013.

According to an article in the Telegraph newspaper on 15th December 2013, David Whittaker of specialist landlord broker Mortgages for Business suggests the mood is buoyant amongst residential landlords. “The intention of landlords to expand further demonstrates that demand for rental property shows little sign of waning.” The report states a survey of 300 clients found 57% wanted to buy further property in 2014. Of those already owning more than 10 properties the proportion was higher, at 66%.

If you are considering purchasing a property to let or adding to an existing portfolio consider your insurance cover and the options available to you.

Firstly have you the correct property sums insured?

A landlord policy cannot be insured like your own home for example, it needs its own landlord insurance contract. Unlike many home insurance policies today, a landlord will be issued on a “sum insured declared” basis, rather than a “bedroom rated” basis. This means it is important you are aware of the correct value to rebuild your property,

this is not the market value. There are several ways of checking this, firstly through a survey carried out by an approved building surveyor. However, if you have some basic details you can visit <http://abi.bcis.co.uk/>, this is a useful online calculator commissioned by the Association of British Insurers.

Is the tenancy type correct?

Insurers will often breakdown tenancy types to categories such as, working tenants, students, asylum seekers, those in receipt of housing benefit, those where their monthly rent is paid directly by the council and of course those properties which are unoccupied, to name but a few. It is absolutely crucial you have declared the correct information to the insurers and if this changes during the year you advise them straight away. As an example, should a property be declared as being occupied and it becomes unoccupied for a period of time and your insurers are unaware of this change, if a claim occurs your cover may be affected and no claim payment made.

Is loss of rent cover in place should the property suffer a significant claim?

A report carried out by a major insurer in November 2013 recorded that 10% of residential property landlords have no loss of rent cover in the event of an insurable loss. If loss of cover is not selected and a significant claim occurs in this event whilst the property is being repaired or rebuilt there would be no cover for any loss of rent suffered. As well as ensuring this protection is in place it is just as important to make sure it is for the correct length of time. The question you must ask is, "how long would it take to completely rebuild the property following a total loss?" If you have loss of rent indemnity period of 12 months you may wish to review this and select a longer amount of time.

Do you have sufficient legal cover?

Whether you have an appointed letting agent or not have you the sufficient legal expertise to assist you should you experience a dispute with your tenant? Maybe the tenant is in breach of their agreement, or defaulting on their monthly payments. As part of your insurance cover or as a separate additional product this cover can be arranged for a maximum cost of £35.00 per property.

Full Disclosure?

Perhaps the most important advice we can give is, check the paperwork, and what has been disclosed to the insurer? Here are some common things to look out for:-

- What is your excess in the event of a claim?
- Is the property in an area with a history of subsidence or flooding and are there any questions or statements the insurers ask associated to this?
- What is the age and construction of the property?
- What is the claims history?

At Sharrocks we are passionate about property insurance and can handle all types of property insurance query, from a standard residential let building, to an unoccupied commercial premises. If you are purchasing a property or simply reviewing your existing cover contact us and we will be able to help you make the right decisions to protect your investment.



Flood Agreement – Flood RE

As some of the worst storms to hit the country for over 20 years have hit the UK at the end of 2013 and beginning of 2014 many insurers have worked over the Christmas 2013 period to handle another surge in flood claims. This seemingly seasonal occurrence has caused the insurance industry to regularly make the front pages of many papers as customers have struggled to locate or afford flood insurance for their properties in susceptible areas.



In the summer of 2013 the Association of British Insurers (ABI) and the government announced they had struck a preliminary agreement to “guarantee” affordable flood insurance for the highest risk households in the form of a non profit scheme called Flood Re.

It is hoped that the scheme will be ready to commence in the Summer of 2015 however it has already caused controversy and confusion. Although household insurance is

included in the agreement Small to Medium Sized Enterprises (SMEs) are currently excluded from accessing the cover creating anxiety about landlords insurance, especially those with smaller portfolios who may well be excluded from the agreement by this definition.

In a recent interview the National Flood Forum’s Chief Executive Paul Cobbing stated “Maybe Flood Re isn’t an issue, or maybe we need separate legislation...but those tenants are vulnerable. Flood Re might not be the solution but we need a solution for those local economies.



£594m Total insurance claims costs from 2012 floods

£3bn Total insurance claims costs from 2007 floods

2014 will prove to be a challenging year for insurers and the government as the rise in requirement for a sustainable solution to flood insurance continues and necessity for clarity to the Flood Re model.

For more information regarding Flood Re visit :- <https://www.abi.org.uk/Insurance-and-savings/Topics-and-issues/Flooding/Government-and-insurance-industry-flood-agreement/The-Future-of-Flood-Insurance>

HSE Annual Statistics Report

At the end of 2013 the Health and Safety Executive published its annual report (<http://hse.gov.uk/statistics/overall//hssh1213.pdf>) The report provides various statistics on workplace injuries, work-related ill health and HSE enforcement.

Some of the headline statistics are as follows:-

- An 11% drop in major injuries to 19,707 compared to 2011/12
- Workplace injuries and ill health (excluding cancer) cost society an estimated £13.8 billion in 2010/11
- 1.1 million people who worked during the last year were suffering from an illness they believed was caused by or made worse by their current or past work. Half a million of these were new conditions which had started during that year. Around 50% of new work-related conditions were stress, depression or anxiety and 30% being musculoskeletal disorders.
- Workers in care, leisure and other personal service occupations have statistically significantly higher rates of both injury and ill health compared to all other occupations.
- Over the 706 prosecution cases heard in Great Britain in 2012/13, there were 1217 offences prosecuted, an increase of 2% from the previous year. Of these, 1069 offences resulted in a conviction, a rate of 88%.

The statistics do show there is a continuing improvement in health and safety performance at work, with fatalities and major injuries on the decline, despite the increase in claims costs reported earlier in this newsletter. Managing your risks at work does not need to be complicated and is not only focused on large employers. The HSE have created a useful website for smaller businesses including basic templates for risk assessments and what things you need to look out for :- <http://www.hse.gov.uk/simple-healthhis-safety/>

With this improving data it is hoped that this will have an equivalent relationship with the numbers and size of employers liability claims.

Stop and Read

Recently we have begun our "Stop and Read" campaign. For business insurance policies we have been enclosing a card which outlines aspects of your policy that you should pay special attention to and we will be doing the same for landlord insurance shortly.

We have found that too often clients admit to barely reading if at all insurance policy paperwork, which can lead to aspects of the policy being misunderstood or your risk not being covered correctly. Whatever sum of money you spend on your insurance it is always vital you have read and understood what is expected of you to comply with the terms of the policy and what is covered by the insurer.

As an insurance broker we are here to help you appreciate your insurance cover. If you are unsure about what certain clauses or conditions mean or if you struggle reading the paperwork simply contact us and we will help you through to give you the certainty you need if you make a claim. Look out for our Stop and Read cards but take a moment now to read your paperwork carefully.

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