



COVID-19 Insurance Policy FAQ's

FTMA Silver Sponsors, AB Phillips, Answer Your Insurance Policies FAQs

Q - Can I cancel my policy as my business is not trading?

ANSWER

Whilst insurance policies can be cancelled at any time different policies have different refund clauses and in some cases, there is very little or no refund available.

But more importantly we are not recommending any of our clients cancel policies as there are a large number of factors which need to be considered as they would leave you exposed to significantly greater financial hardship.

These factors include:

- If the business has any finance agreement with a bank, then these arrangements require customers to maintain insurance on their assets at all times
- Some businesses have the landlord's policy covered under their policy and unless there is a termination of the lease the tenant still needs to maintain insurance on their building whether they are trading or not
- Some policies like Professional Indemnity, Directors and Officers and Management Liability policies are known as "claims made" and this means the policy will only respond to any claim whilst there is a current policy in force. For these policies it is vital to maintain full cover or "run-off" cover even if the business is not trading as their exposure does not cease. A good example is an accountant who has obviously given advice over the years they have been trading but if they were to cancel the policy as they are no longer trading it would then mean from that moment on there would be no Professional Indemnity insurance cover. However, one of their customers may suffer a loss in several months' time or even several years' time and those customers may wish to take action against their accountant for alleged "wrong professional advice". If the accountant has no policy in force, there is no cover for the claim made against them.
- In some cases clients who have had a policy with us via an Insurer for many years they are receiving significant "loyalty" discounted premiums and those same premiums may not be available again if the policy were to be cancelled and started again in 3, 4 or 6 months' time. Furthermore, in many cases Insurers are happy to continue a policy with a client in an industry where they do not normally offer cover and they are only continuing renewal as the client has been insured with them for several years. But, once again, if the policy were to be cancelled and a new one requested in a few months' time that Insurer may advise it is an industry or area where they cannot offer cover so we would then have to negotiate with different Insurers and premiums may be higher and cover more restrictive than what they had previously with their previous long term Insurer.

These are just a few of the issues which need to be considered so please speak to your AB Phillips for professional advice regarding any cancellation request.

Q - Can I defer my payments if paying monthly?

ANSWER

This varies from Insurer to Insurer and financier to financier (if financed) and they are still assessing a more formal response to this query. At this stage it can be considered on a case by case basis.

Q - Can I have extended credit terms to pay my renewal?

ANSWER

In some cases, there may be an option to do this so please speak to us as in most cases Insurers are saying they will consider this on a “case by case” basis.

Q - Can I remove business interruption?

ANSWER

A Business Interruption claim is settled by comparing the reduction in turnover from the year the loss occurred to the same period the previous year. So if there was a claim for an insured event even whilst the insured was not trading the Business Interruption policy would still respond in full even though the loss is exacerbated by the fact the insured closed due to the current situation as the test is simply the period of reduction in turnover for the previous year. However, if there is no Business Interruption cover in place then there can be no claim made for any business interruption.

As insured events such as fire, storm and other perils can still occur whilst a business is not trading, and this also leads to a genuine business interruption claim so it would be important not to remove this cover.

Q - Do I need to disclose to my Insurer the business is “unoccupied”?

ANSWER

All policies have “unoccupancy clauses” in their policy and claims can be denied if any loss or damage occurs whilst a business is not occupied. Most Insurers would consider a business which is not trading as being “unoccupied” and policies vary whether it is 30, 60 or 90 days so this would need to be checked with your AB Phillips Account Manager for advice and notification to your Insurer.

Q - I have a PI policy and I’m not currently giving advice so surely I can cancel it

ANSWER

This has been addressed in the cancellation query above.

Q - I have staff who are about working from home. Will I be covered by my policy?

ANSWER

Once again different policies have different conditions but in most cases these types of scenarios will be covered so it is simply a matter of checking with you AB Phillips account manager to ensure your particular policy provides the necessary protection.

Q - I have business equipment which has been taken offsite by employees to either their home or some other location. Does my policy cover me?

ANSWER

Once again different policies have different conditions but in most cases these types of scenarios will be covered so it is simply a matter of checking with your AB Phillips account manager to ensure your particular policy provides cases the necessary protection.

Q - Can I postpone my renewal?

ANSWER

In some cases, there may be an option to do this so please speak to us as in most cases Insurers are saying they will consider this on a “case by case” basis.

Q - Can I renew for just 6 months while I work out what is happening in my industry?

ANSWER

In some cases, there may be an option to do this so please speak to us as in most cases Insurers are saying they will consider this on a “case by case” basis.

Q - Can I not renew now and come back in a couple of months?

ANSWER

In some cases, there may be an option to do this so please speak to us as in most cases Insurers are saying they will consider this on a “case by case” basis.

Q - My estimated turnover for this year will be less than last year.

ANSWER

Some policies have “premium adjustment” clauses in the Public Liability and Business Interruption section so please check with your AB Phillips Account Manager as there may be a refund owing at the end of the policy period. In some cases, these refunds may only be available subject to renewal of the policy with that Insurer.

Q - Can I reduce my turnover mid-term and receive a refund immediately?

ANSWER

This is unlikely but once again Insurers will consider on a case by case basis so please check with you AB Phillips Account Manager.

Q - If there is a forced shutdown of the country or state, will my policy pause or be extended for no cost?

ANSWER

This is a question which the Insurance industry is most likely considering but we do not have any official word on a decision regarding this. If one Insurer elects to “lead the charge” and offer this, we would expect the main Insurers to follow suit.