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insurance group

Motor Trade Insurance

Important Reminders

As part of our commitment in ensuring our customers have sufficient cover in place that suits their demand and needs we have devised this easy Motor Trade reference guide that highlights the areas we feel need continued consideration. The areas are as follows:

Personally Owned Vehicles

A standard motor trade policy wording provides cover for Vehicles Owned by the Policyholder/Business, but will specifically exclude vehicles owned personally by Principals, Directors, Employees or Family Members. Insurers will usually agree to provide cover for vehicles owned personally by Principals, Directors or their Spouses, but full details of such vehicles must be declared to, and accepted by insurers, before cover will apply. Adding a personally owned vehicle to your Motor Insurance Database Account does not guarantee

the vehicle will be covered in the event of a claim - a specific endorsement must be added to the Policy Schedule to confirm the personal ownership for cover to be operative.

Please note that all V5 Registration Documents should be in the company name and address, but as the V5 only confirms the registered keeper and not the legal owner, Insurers will determine ownership from the purchase receipt which will confirm who paid for the vehicle, and who will benefit in the event of a claim.

If you have any personally owned vehicles that have not been declared to Insurers, please contact us immediately to confirm the details for us to refer to your insurers for approval.

Insured Vehicles

Subject to certain restrictions, the definition of an “Insured Vehicle” within a Motor Trade policy provides cover for any motor vehicle owned by the Policyholder – i.e. Vehicles owned by the business or any personally owned vehicles agreed and accepted by Insurers, or Vehicles in the custody, care or control of the Insured in connection with their business as a Motor Trader – i.e. Customers vehicles in the care of the garage for service and repair.

Although the wordings are wide, Motor Trade policies do not provide cover for Policyholders and Insured Drivers to jump in and out of “Any Car” or to borrow friends or families cars for Business or Pleasure Use.

If you have any queries over the extent of cover provided by your policy, please contact us to discuss your specific requirements.

Driving Restrictions

Some Combined Motor Trade policies provide cover for any employee to drive for business and pleasure use, but please be aware that “pleasure use” will only apply for employees under a full or part-time contract of service.

The definition of “Employee” within a Motor Trade policy is generally quite wide, and will commonly allow for temporary employees or persons that are borrowed, self-employed or a voluntary helper whilst working under your control in connection with the business. This type of wording is provided due to the nature of the Motor Trade, and will allow the flexibility to cover a temporary employee to drive for business use. On a policy that provides cover for any employee for pleasure use, it would be granted when incidental to a business use trip – i.e. when stopping to buy lunch whilst returning to the garage on a trip to collect/deliver a customer’s car, or carry out a road test following servicing.

A temporary employee ceases to be an employee once they have fulfilled their Motor Trade task or finished for

the day, and would therefore not be covered to drive a company vehicle for pleasure use outside of business hours or at a weekend.

Some policies provide cover for any employee to drive for business use, with pleasure use restricted to named persons only. Some policies are more restrictive and provide cover for named persons only, with the extent of use specified for each driver on the Schedule. It is also possible to add Named Non-Employees or Family Members to your Motor Trade policy for Pleasure Use.

If you have any queries over the extent of cover provided by your policy, please contact us immediately to discuss your specific requirements.

Engineering Inspection Cover

It is a legal requirement for plant, machinery, pressure and lifting equipment used in the workshop to be inspected periodically by a qualified Engineer to ensure they are safe to use. An engineering inspection section can be added to your Combined Motor Trade policy for an additional premium to ensure the safety inspections are carried out at the correct intervals, and to ensure you are compliant with Statutory Health & Safety Requirements.

If an unsafe ramp had not been inspected at the correct intervals, which led to it collapsing on a member of staff causing death or injury, the Directors or owners of the business would be left exposed to prosecution for non-compliance with Health & Safety Legislation, and potentially Corporate Manslaughter.

It is also a requirement within Motor Trade Combined policies that periodic inspection of pressure and lifting equipment is carried out for the material damage covers to apply – if a vehicle lift collapsed with a vehicle on it, causing loss or damage, it is likely that Insurers would refuse to pay the claim if Statutory Inspections had not been kept up to date.

Some garages prefer to make separate arrangements for safety Inspections to be carried out, which is fine as long as they are kept up to date. If you are not currently arranging Engineering Inspections, please contact us urgently to enable us to take details of the equipment you have, and to approach insurers for a quotation.

Average Clause/Underinsurance

Your combined Motor Trade Policy Wording contains an "Average Clause" that applies in respect of the cover for Buildings, Contents and Business Interruption. This means that if you are under-insured in the event of a loss, insurers are likely to reduce the amount of any claim settlement in proportion to the level of under-insurance.

For example, if you have £50,000 of portable hand tools but insure them for only £25,000, in the event of a claim, Insurers will determine that you have only insured 50% of the risk, and as such will only pay you 50% of your sum insured. This means you will receive just £12,500 to replace the £50,000 of tools you have lost.

It is therefore essential to ensure that your sums insured have been set to the right level, and take into account the reinstatement basis of cover where applicable.

If you have any concerns over the adequacy of your current Sums Insured, please contact us urgently for a review.

Directors and Officer Liability

Serving as a director on the board of a company has never been more risky than today. Regulatory scrutiny, expensive investigations and lengthy litigation against both directors and the corporate entity place at stake not only the personal assets of individuals, but also the reputation of all involved parties. In the current

economic climate you also need the added protection of Management Liability insurance to support yourself and your businesses cover is available for as little as £180 plus our admin fee and Insurance Premium Tax for companies with an annual Turnover of less than £5,000,000, based on a £1,000,000 Limit of Indemnity.

For more information on this product, please contact us.

Lorega Loss Recovery

When you are running a business and suffer a major loss, you need to have the confidence that it is going to be handled quickly.

Lorega Loss Recovery Insurance is an insurance policy which provides you with unlimited advice from one of their expert loss adjusters, to help you prepare, negotiate your material damage and business interruption claims. They act independently of your insurance company, to help you achieve the fairest and fastest settlement possible under your insurance cover.

For more information on this product, please contact us.

Please note that the cover under your policy is specific to your insurer and as such their full terms and conditions will apply. This document is purely giving an overview of the areas covered under a Motor Trade policy which are generally misunderstood and other covers to consider. If you would like to discuss any aspect of this document in greater detail and how it relates specifically to your policy or demand and needs please contact us.

Please ensure you are aware of all endorsements, warranties and special conditions or terms applying to your policy and that you are complying with them. If you have any questions concerning this, please contact us.

Avoca House, The Pavilion Business Centre,
6 Kinetic Crescent, Enfield, EN3 7FJ

T 01992 703000

E insurance@nlig.co.uk

www.nlig.co.uk

NLIG Ltd is an appointed representative of Tony McDonagh & Co Ltd who are authorised and regulated by the Financial Conduct Authority. FRN: 307258.

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