



IMPORTANT PRINCIPLES OF INSURANCE

Material Fact Disclosure

I have to draw to your attention that you have a duty to disclose any material fact to your Insurer, which may influence the Insurer's terms or conditions for renewal of your Insurance policy. Such facts would include any damage or losses either to your own property or to third party property or personal injury to employees or third parties, which have either been reported to previous Insurers, or matters of which you are aware but have not either reported or had reported to you. Failure to comply with this requirement could render your insurance cover invalid. Your duty to disclose material facts continues throughout the life of the policy. If you are in any doubt as to whether a fact is material or not, you must disclose it.

Adequacy of Sums Insured

The adequacy of your sums insured and Indemnity limits should be reviewed regularly to ensure that they accurately represent the amounts at risk. If revisions are required, please let us know.

It is important to insure for the correct sums insured to ensure that the Insurer meets your claim in full after deduction of any policy excess. Where your policy or certain sections of it are "subject to average", an Insurer will ask for a contribution to any claim where the actual value of the property at risk is greater than the sum insured stated in the policy (this is known as under insurance) This contribution will be proportionate to the degree of under insurance & is illustrated by the following example:-

Example:

Sum Insured at time of loss:	£100,000	
Actual value at time of loss:	£150,000	
Established Loss:	£ 50,000	<u>Actual Loss</u>
Settlement from Insurers calculated as follows:-		
$\frac{£100,000 \text{ (Sum Insured)}}{£150,000 \text{ (Actual Value)}} \times £50,000 \text{ (Loss)} =$	<u>£ 33,333</u>	<u>Paid by Insurers</u>
There is, therefore, a shortfall in claim settlement of:	<u>£ 16,667</u>	<u>Payable by you</u>

Adequacy of Liability Indemnity Limits

In view of ever increasing Court Awards for Personal injury & Third Party injury or property damage claims, you should consider whether the current Indemnity limit is sufficient.

Action required after a claim has occurred

In the event of an incident which may result in a claim or any Third Party injury or property damage, you must act swiftly & advise us as soon as possible. Any incident that compromises the security of the premises or creates further risk of injury or damage should be attended to & rectified without delay.

Duty of care to minimise any loss

Under the terms & conditions of your Policy, you have a duty of care to take all reasonable action to prevent any loss. This will include maintaining a minimum standard of security. Please refer to your policy documents for any specific requirements of your insurance cover. At the very least, you will need to lock your premises when unattended, (including all accessible windows) & have approved suitable British Standard locks on all entry & exit doors.

Electrical Installation Inspections

Please note that under the Electricity at Work Regulations Amendment 2002, an NICEIC approved contractor should inspect the electrical installation at your premises every 5 years. In order to ensure that you comply with Health & Safety legislation, please ensure that your Certificates of Inspection are retained for inspection. Failure to comply with the regulations could have an adverse effect on your future insurance arrangements and/or may also prejudice your insurance cover in the event of a claim.

Blanket Terrorism Exclusion (Property & Business Interruption)

Your Policy continues to apply a blanket Terrorism exclusion. There is no cover whatsoever in respect of Property damage & consequential Business Interruption arising from any Terrorist activity. The policy will, however, continue to offer Employers' Liability cover of up to £5,000,000 in respect of acts of Terrorism.

If you have paid an additional premium to Insurers, this exclusion relating to Property & Business Interruption sections is therefore deleted.

Should you require us to arrange additional cover for Terrorism, do please contact us.

Fire Risk Assessments

With effect from 1st October 2006, duties for all Employers in respect of Fire Safety at their premises have changed. It has now become mandatory to conduct a Fire Risk Assessment at your premises. The emphasis is now on preventing fires & reducing risk. It is now the occupier's responsibility to ensure the safety of everyone who uses their premises & also of those in the immediate vicinity of these premises. It is important to note that Fire Certificates have now been abolished. Enforcing authorities now have the right to inspect your premises to ensure that you have complied. Failure to conduct an adequate Fire Risk Assessment, in addition to rendering you liable to prosecution, may also have serious consequences for your insurance cover.

Nixon James Corporate – Terms of Business Agreement

Nixon James Corporate is authorised & regulated by the Financial Services Authority.

A copy of our Terms of Business is **enclosed** for your perusal. Please ensure that you read this carefully, particularly the sections entitled Your duty to disclose information, Notification of Incidents/Claims & Complaints.