

## R&Q UPDATE

Firstly, I hope you, your family and friends are well, and I would like to take this opportunity to say a big thank you to all our brokers for their support and help during this period.

I would also like to say thanks to my whole team who have been complete professionals during this period. I am pleased to report all the team are well and fully functioning at home, and good spirits despite the amount of video calls I'm asking them to be on! I appreciate that there may be times where we don't get back to you straight away, but we will get back to you.

All our contact details can be found here <http://www.rqcrs.com/our-people/>

Obviously at the forefront of everyone's mind is the current situation we find ourselves in. None of us have ever had to do deal with an epidemic of this magnitude before and something in which the situation is changing daily.

I know there are lots of questions in respect of how we are viewing this epidemic from a business perspective. I hope the following pages will give some general guidance but please pick up the phone and call the team if you have any questions or queries.

Also, I am pleased to share with you some general business guidance from PKF Littlejohn LLP they have done some excellent work and I hope you and your clients will find this useful.

<https://www.pkf-littlejohn.com/coronavirus>

We won't be able to address every question immediately, but I've put together chosen areas we feel are most relevant to you and your clients.

I hope you find this useful and wish you a very happy Easter.

### James

James Wheddon

Managing Director

M: 07769 289363

E: [james.wheddon@rqih.com](mailto:james.wheddon@rqih.com)

## Underwriting

I want to communicate our stance on premises that become unoccupied and give some trade specific guidance on business resilience. I will explain how we will treat situations where the insured is unable to meet terms, conditions and attached to their policies.

### Unoccupied premises, due to COVID-19 restrictions – Standard extension to 60 days

Temporary business closures have obviously increased the number of premises which are now unoccupied. These are normally at much higher risk of damage/loss than when occupied, from water damage, arson, and theft.

The standard R&Q policies would define a building as unoccupied if empty, or not being fully utilised for business purposes, for a period in excess of 30 days (please check policy wording for full details).

In response to the current situation we've extended this period to a minimum of 60 days for premises that have become unoccupied due to COVID-19 restrictions. This means a client will not have to inform us that the premises are unoccupied or be subject to any of the policy requirements in respect of unoccupied buildings.

At the end of that period the client must inform us if the premises are empty and we'll work with them to manage the unoccupancy in the most suitable way. We will be as flexible as possible to the situation. If current restrictions on normal activity are still in force as we approach the above 60-day timeframe we will provide more information nearer the time.

These guidelines override any existing policy condition and apply to any premises that are temporarily closed due to restrictions on business or working practices resulting from COVID-19.

These guidelines would not, and do not, extend to any premises unoccupied before the 16th of March 2020, nor where premises become permanently vacant – in these circumstances please contact us.

If premises do become vacant, we would recommend the following actions,

All must only be undertaken in line with the current guidance issued by HM Government.

[www.gov.uk/coronavirus](http://www.gov.uk/coronavirus)

Further guidance can also be found at: [www.abi.org.uk/products-and-issues/topics-andissues/coronavirus-qa/](http://www.abi.org.uk/products-and-issues/topics-andissues/coronavirus-qa/)

- Site Security – check fencing and gates are in good state of repair and working
- External lighting – movement sensors working
- Building Physical Security – check all window and door locks, and any security shutters are working
- CCTV – make sure it is working, including recording and any remote monitoring
- Intruder Alarm – check to ensure this is fully operational and maintained, including offsite remote monitoring.
- Automatic Fire Alarm – check to ensure the system is fully operational and maintained, including offsite remote monitoring

- Fire doors – ensure all internal fire doors and shutters are closed
- Letterboxes should be sealed
- Inspections – where the site is operational with limited staffing, an inspection should be carried out at the beginning and end of the working day. Where the site is temporarily closed, where possible arrangements should be made for a weekly internal and external site inspection, with guidance sought as to whether this can be supported whilst adhering to social distancing
- Waste – internal and external waste to be removed from site with external storage located a minimum of 10m from the building
- Utilities (electrical, water, heating) – shutdown and isolate / drain any non-essential utility services that are not required for operational reasons, maintaining minimum temperatures to prevent freezing, or for protection
- Unattended Processes – other than unattended processes already notified to R&Q, other processes or machinery should not be left unattended. Where this needs to be considered, please supply details to us.
- Hot Work – non-essential hot work activity should stop.
- No money should be left on the premises unless kept in an approved safe

To assist you and your client we have prepared the attached aide memoire/pro-forma which you can share with your client.

### **Change of use**

Business adapting to offer a different trade during lockdown i.e. café selling food, distillery making hand sanitiser etc.

Please just let us know for our file if possible.

### **Reductions in sums insured**

Please let us know and we will process the appropriate return premium.

### **Gross profit/revenue – reduction in wages and turnover estimates**

**It is essential that the insured refer to the government support for business/employee's /self-employed people first.**

We appreciate that a lot of business will suffer a downturn in business because of the current situation. We are looking to assist in several ways:

Adjustment at renewal of the policy. If estimates are considerably lower for the 12-month policy period, we will adjust at renewal and process a return premium.

- a. If the client is looking for immediate savings, we will consider moving the policy to a minimum and deposit basis where cover can be maintained subject to a suitable minimum deposit premium. A declaration for the 12 months policy period will be requested at renewal where an appropriate calculation will be made.
- b. Affordability – if the client is struggling to pay premiums please get in touch with us so we can consider alternatives so that cover is maintained.

- c. Instalments – I understand some of the premium finance companies are offering relaxed payment terms.

We are here to try and help. We also note there are some industries that maybe experiencing a busy a period, i.e. food wholesale, textile risks etc. They may be carrying a lot more stock than normal, it's obviously prudent to make sure the sums insured are adequate.

A couple of other suggestions, we are happy to extend existing policies or renew early if that assists. A big consideration now because of the WFH scenario is increased cyber exposures, please remember that you can add cyber cover which includes cover for crime for £244 to all R&Q Commercial Combined and Package products.

There are of course many other scenario's which I can't think of now but if you want to go through any please give me a call or drop me a line. Also do you want to book a call so we can catch up on a more general business note? We've got quite a lot of good stuff to talk about over the next couple of weeks.

### **Working from home**

This is completely fine, and our standard wording extends to provide cover for clerical duties and equipment. If sizeable stock sums insured are taken home, please can you advise us to note our records and advise nature of the stock and how it will be looked after.

### **Surveys & Requirements**

We appreciate that recommendations and requirements made following a survey could be difficult to complete at the moment, please contact us to discuss.

I appreciate that you and your clients may already be aware of this information, but I thought it would be useful to put some notes together on the assistance that is available from the HM Government for businesses and their employee's.

R&Q Accountants and advisors PKF Littlejohn LLP have allowed me to share some of the good work they have put together in respect of understanding HM Government's response for business. Thank you to PKF, please free to share this with clients. Information is available on the following link:

<https://www.pkf-littlejohn.com/coronavirus>

### **COVID-19 Government Financial Access Furlough Leave:**

The Government has announced a package of measures to help businesses. One of those being the Coronavirus Job Retention Scheme, part of which is the introduction of Furlough Leave.

#### **What is Furlough Leave?**

Furlough Leave does not (currently) have any statutory or technical status in the UK and is not a term recognised in UK employment law. However, it has been introduced as a specific job retention solution in response to the COVID-19 epidemic. Furlough Leave is intended to protect employees, who would otherwise have been made redundant (or laid-off) due to the Coronavirus outbreak, by preserving their employment whilst the Government pays a proportion of their salary.

#### **How do we place someone onto Furlough Leave?**

In order to take advantage of Furlough Leave, employers must choose employees as furloughed workers. Employees should be notified and consulted with about the proposal. Employers should explain the reasons for Furlough Leave, their understanding of how the leave is intended to work, and the issues for employees should they refuse.

#### **How do I /we reclaim salaries for Furloughed status individuals?**

Once agreed as a furloughed worker, you will be required to submit information to HMRC via an online portal.

#### **COVID -19 Job Retention Scheme**

- HMRC will review the claim and if eligible, pay it via BACS payment to your UK bank account. employers can reclaim, up to 80% of **gross** wage costs up to £2,500 per month, **plus** the associated employer NICs and minimum auto-enrolment pension contributions on that wage. Fees, commissions and bonuses are **not** included.
- HMRC will reimburse 80% of the worker's wages up to £2,500 per month. Employers can choose to top up the remaining 20%.

- Earnings are subject to Income Tax, National Insurance, and Pension contributions (if applicable) in the normal way.
- It is open to all UK employers that had a PAYE payroll scheme running on **28 February 2020**.
- The scheme includes full-time employees, part-time employees, employees on agency contracts and employees on flexible zero-hour contracts.
- Redundancies after **28 February 2020** can be reversed if the employee is re-hired.
- SSP in full due to sick leave of self-isolating overrides being on furlough. You will need to keep evidence of employees' sick claims and ensure there is no fraudulent claims as part of your normal contractual obligations.
- They may be re-furloughed after illness or return to work if possible.
- Furloughed employees are permitted to do training (online or home study) whilst they are furloughed, provided they are not making money for their employer or providing services to their employer.
- The employee's actual salary, as of 28 February should be used to calculate the 80% furlough leave must be taken in minimum blocks of three weeks to be eligible for funding
- Nothing is mentioned which prohibits rotating furlough leave amongst employees, *provided* each employee is off for a period of at least three weeks

### **Working whilst on Furlough Leave?**

No, the Government have stated in their guidance to employees that in order to qualify for the scheme, employees should not work for their employer while furloughed.

### **Caution**

This summary is an overview of UK Government employment, however for sake of clarity it is not in-depth legal advice.

## **Coronavirus: help for employers and employees**

It's good practice for employers to:

- keep everyone updated on actions being taken to reduce risks of exposure in the workplace
- make sure everyone's contact numbers and emergency contact details are up to date
- consider extra precautions for staff who might be more vulnerable, for example if someone is pregnant, aged 70 or over, or has a long-term health condition
- make sure managers know how to spot symptoms of coronavirus and are clear on any relevant processes, for example sickness reporting and sick pay, and procedures in case someone in the workplace shows symptoms of the virus
- make sure there are clean places to wash hands with hot water and soap, and encourage everyone to wash their hands regularly
- provide hand sanitiser and tissues for staff, and encourage them to use them
- consider if any travel or meetings are necessary and if meetings can be held remotely instead
- keep up to date with the latest government coronavirus advice on GOV.UK

Employers must not single anyone out unfairly. For example, they must not treat an employee differently because of their race or ethnicity.