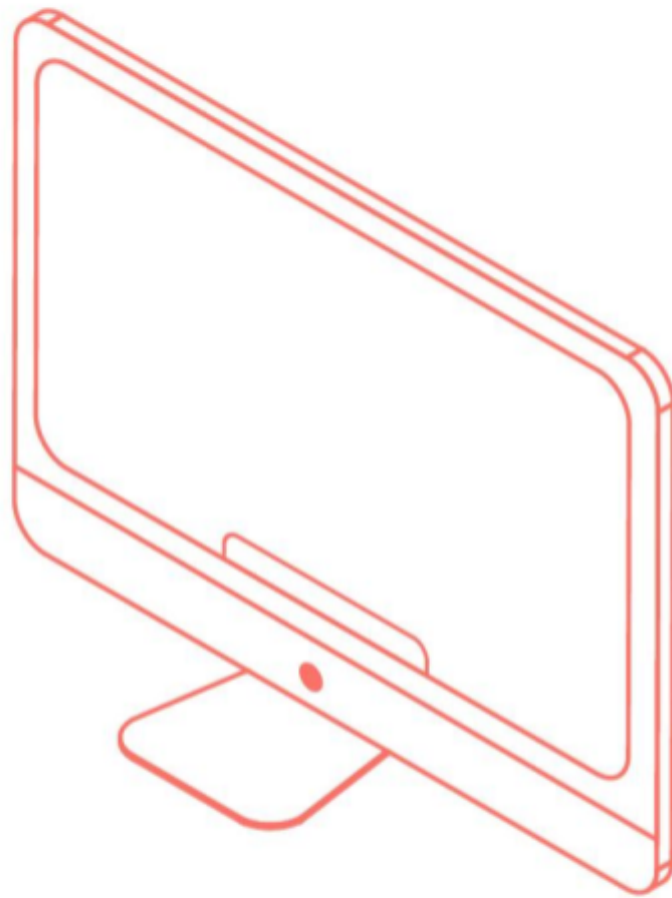


RiskBox Agencies



Blog Posts

3 Key Features of Insurance in a Post-COVID World

June 2020

3 Key Features of Insurance in a Post-COVID World



Over the last few weeks we've seen some distinct changes to the world of insurance for agencies, both in relation to the cover provided and claims trends.

Below are a three observations we've made during this time

Please note: we've purposely not touched on the issues regarding Business Interruption here, as that's a whole subject in itself

Professional Indemnity

We are seeing a lot of issues for our clients regarding their current projects and contracts. There is a definite trend in customers concocting spurious reasons to get out of expensive projects or long term contracts.

Typically we see those customers raising all sorts of allegations, which are often unfounded or exaggerated. Accusations are often diverse, such as:

- *Key deliverables not being met, which are often subjective when part of a creative process*
- *Project delivery being amended due to change in scope, and even inability to physically attend premises.*
- *Delays in project delivery, even when reasonable and unavoidable.*
- *Results post contract not achieving the expected outcomes, such as the customer not seeing a sales spike.*

Those making the complaints are often fully aware that their protestations are unfounded, but when pushed into the current economic corner, they are willing to come out fighting.

So we would recommend that agencies do the following:

1. Be sure to have Professional Indemnity (which we expect almost all agencies to have anyway)
2. Check that the Professional Indemnity cover includes both "Breach of Contract" and "Mitigation of Loss"
3. The very moment there is a grumble, or even the suspicion of an issue, get in touch with your broker. This is vital, as insurers can normally deal with the problem early, before it ever becomes a claim, saving all parties time, stress and money

Directors & Officers Liability

For those that don't know, this is totally different to Professional Indemnity as it is more focused about how the business is run, rather than what it delivers

Over at RiskBox have seen the renewal premiums for almost every type of business increasing, as this is expected to be by far the most COVID affected area.

In addition, we are seeing many quotes and renewals having some pretty significant terms applied



If we were to choose just one aspect for agencies to check, then that would be whether insurers were looking to apply an "Insolvency Exclusion"

Where applied it basically removes crucial cover for potential actions from liquidators, insolvency service investigations and director disqualifications

As insurers are expecting a spike in insolvencies over the next 12 months they are trying to reduce a key exposure. Whilst the rationale is understandable, it puts the agency at a disadvantage with effective protection removed.

If this is on your current insurance, contact your broker to get it removed, even if it means moving insurer

Don't forget - these actions are against you in your personal capacity, so being a limited company

Employment Practices Liability

Over the last 12 months we've seen a steady increase in actions alleging wrongful employment practices, mainly due to the removal of tribunal fees. Over the last 3 months we've seen a definite spike, as new working practices, redundancies and furloughs have impacted.

This will get worse.

Post COVID businesses will need to reevaluate their structure and associated costs. Inevitably it will lead to an increase in redundancies, and unfortunately that invariably leads to employment litigation

The most worrying aspect we've noticed in the recent spike is how the actions are becoming more unpleasant. Actions made for unfair dismissal a couple of years ago now add in allegations of discrimination or harassment, looking to panic the employer into quick settlements

We suggest any agency that does not have Employment Practices Liability insurance presently gets it in place as quickly as possible, and certainly before any redundancies are made

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