

It's contract law

When *The Fabricator* talked to Frank Alain, head of operations at the GGF insurance business, *Install Sure* (formerly GGF), he had just arrived from overseeing the annual inspection of the flat he rents. Which is one of the points he had to make about insurance

He told *The Fabricator*: “There is a general perception that insurers are all about taking your money and then finding ways not to pay out on a claim. Any insurance policy is a contract and like any contract there are obligations on both sides.

“The problem with business insurance is that, like health and safety, it is the box management often forgets to tick. It is an expense, sometimes a big expense and there is no visible benefit – until you have a problem and need to make a claim.

“That is when the questions start and it can seem as though the insurer is trying to wriggle out of paying you. From the insurer's point of view it is about contract law. Also they will be looking at the whole of the circumstances that caused the claim to arise: 'was it preventable?' 'has the insured taken all reasonable steps to prevent the problem?' In insurance parlance it is the 'web' of events that led up to the claim. If a building, or a machine is damaged, has appropriate maintenance been carried out?

“Let us say you have a fire,” he says. “Questions might arise about your fire protection facilities. 'Are the fire certificates up-to-date?' 'is the sprinkler system working?' 'when was it last tested?' 'Are the fire extinguishers where they should be and fully charged?' All of these things are likely to be specified in your insurance policy. They might not be a priority when you are working flat out to service your clients but, believe me, if they are part of the contract then not doing them could cost you dearly in the end.”

One area that, according to Alain, is often not understood is what happens when you make a claim but are actually underinsured.

“Managers need to keep an eye on the level of insurance,” he says. “It is easy to let this slip but if a company is growing it could easily end up, quite inadvertently, underinsured. The company is doing well, you have more orders than you can cope with so you buy a new machine and, maybe a few additional tools, suddenly your £100,000 asset value is £200,000. Your £100,000 insurance is not enough. Say you make claim for £50,000, 'shouldn't be a problem, you think, I am well covered'. But from an insurance point of view the risk covered is only half what it should be. As a result the insurer will only pay half the claim. So not keeping your cover up-to-date could leave you well out of pocket.”

Also, of course, your premium is likely to increase. We all expect our car insurance to go up after an accident but the same thing applies to other insurances as well. There is general upward pressure on insurance premiums as well. “There are a number of reasons for this,” says Alain. “Insurers are under pressure to hold more capital and on top of that they are widely affected by the global economy which at present is not looking too strong. Insurance is a



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dynamic market and is also cyclic so can change constantly.”

Alain says that the GGF, as *Install Sure*, has worked to position itself in the market to provide a comprehensive service to its members and also makes its insurance services available to non members.

Insurance backed guarantees are fundamental to the industry. These are a requirement of all competent persons schemes such as FENSA. Almost the bread-and-butter of insurance. But even this is more comprehensive than is usually known. “We offer this cover on commercial transactions as well as domestic,” says Alain. “Nor are we confined to windows; we can offer cover on other home improvement products such as kitchens and bathrooms,” he says.

“We offer cover on most things a business might need,” he says. “From fleet cover to employers liability, commercial premises and, very much a growth area, tool theft which is on the rise right now.

“An interesting area is latent defect insurance. This is based on a performance bond that guarantees a fixed sum which is paid if certain conditions of a contract are not met. Another service, perhaps not widely known is that we can also arrange finance for SMEs.

“These days insurance is highly regulated, insurers have to meet their terms fairly. Both sides have conditions to meet and the insured party shouldn't be afraid to ask questions. The thing to remember is that, overall, your relationship with your insurer should not be an adversarial one.” □