



Introduction to UK Business Interruption Insurance

Course Description

This course provides an excellent introduction to the principles and practices involved in Business Interruption Insurance. It explores the aspects that need to be understood by those involved in providing technical or administrative services. It will also provide an excellent grounding for those new to the class who may wish to move into more technical aspects.

Target Audience

The course is ideally suited to people who have been working for less than 12 months in commercial insurance who wish to formalise their understanding of the basic principles of Business Interruption insurance.

Course Objectives

On completion of the course delegates will be able to:

- Explain the importance of Business Interruption cover
- Explain the main underwriting considerations
- Assist clients in identifying risks to their businesses
- Understand the scope of a Business Interruption policy

Course Format

The course will be presented by a lecture, discussion, exercises and case studies. Through out the course delegates will be required to complete individual investigations including calculating Gross Profit, Premium rates and Claim Settlements. At the end of the course there will be a post course questionnaire to assess knowledge learnt on the day

Course Content

Basic Principles of Business Interruption Insurance

- The costs incurred by a manufacturing business to earn turnover
- Identification of those costs that
 - a) vary directly with the level of production and are therefore reduced when production is interrupted
 - b) continue when production is interrupted
 - c) that may increase when production is interrupted in an effort to minimise the loss
- Explanation of the intention of the BI policy to cover b) and c) above

Accounts

- Brief summary of the figures found in trading and profit and loss accounts with specific reference to calculating a BI sum insured
- Explanation of the BI policies definition of Gross Profit and emphasis on how this is different from that used by accountants
- Discussion about the impact of detailing contentious items as Uninsured Variable
- Practice in calculating Gross Profit figures from accounts

Indemnity Period

- Explanation of the Indemnity Period provided by a BI policy
- Identification of various factors to be taken into account when considering the maximum indemnity period by application to two case studies

Adequate Policy cover

- Explanation of need to project calculated figures from accounts to ensure adequate financial cover under a Sum Insured basis policy
- Differentiation between Sum Insured basis and Declaration Linked basis BI policies
- Calculation of projected figures by delegates

Business Interruption Insurance Policy Cover

- Operative clause and importance of correctly defining business, premises, location and insured and application of physical loss
- Significance of the Material Damage Proviso
- Standard Policy perils and where different from Material Damage perils with the same name
- Review standard exclusions and conditions
- Identification of special additional conditions under BI policies including Accountants Fees, Departmental Clause, Alteration Condition, Alternative Trading
- Alterations/ amendments to standard cover including:
 - Notifiable diseases, contamination etc
 - Gross Revenue, Gross Rental, Gross Fees
 - Increased Costs of Working
 - Additional Increased Costs of Working
- Optional Extension
 - Suppliers
 - Customers
 - Utilities
 - Prevention of Access
 - Telecommunications

Related policies/ covers

- Advanced Profits
- Book Debts
- Research and Development

Underwriting Considerations

Explanation of and practice in applying the importance of

- Physical hazard
- Interruption features
- Proportion of Gross Profit representing Wages
- Length of the Indemnity period

Claims settlement calculations

- Explanation of and practice in calculating simple claims settlements taking into account
 - Length of indemnity period relevant to damage
 - Rate of Gross Profit
 - Reduction in turnover
 - Increased costs of working
 - Savings
 - Adequate policy limit

Presenter **Sue Hibberd**

Sue Hibberd has 12 years experience as a qualified Teacher of Adults in Higher Education specialising as a technical insurance trainer in commercial non-marine business. She previously worked for two major brokers in the London Market. She is a Chartered Insurance Practitioner and Associate of the Chartered Insurance Institute.

Duration 1 day

Date **1st April 2008**

Time 9.30 am - 5.00 pm

Venue IMC Training Rooms, 3rd Floor, 16 St Clare Street, London, EC3N 1LQ

Fee **£245 + VAT** (including refreshments and buffet lunch)

Bookings To reserve a place on this course telephone Tony Gregory 020 7481 9070
Email: tony.gregory@imc-seminars.com