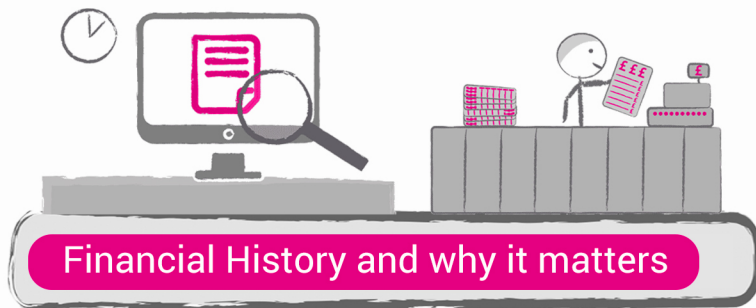




Financial History and why it matters





As insurance brokers, our primary interest is in ensuring that all valid claims are covered and that ultimately the products you purchase work in the way you expect them to.

Prior to a policy coming into force, insurers and clients exchange information to form a 'contract of insurance' and for our commercial clients, the requirement is for 'fair presentation of risk'.

What is fair presentation in relation to financial history?

Most of our clients will recognise that specific details relating to your business will need to be declared like buildings and contents. Most will also know that claims history matter but not everyone recognises that financial history also is relevant.

Many of you will have noticed that we prominently display the following disclosure requirement on all policy issuance correspondence:

IMPORTANT NOTE

You are required to advise us immediately if any Director of the company has:

- Any criminal convictions (other than motoring)
- Ever been declared bankrupt or been a Director of a Company that has gone into liquidation
- Ever been convicted or charged with a breach of any Health & Safety legislation
- Ever had Insurance cancelled or special terms imposed by an insurer
- Any County Court Judgements

Insurers treat this information as extremely relevant and we have seen claims be declined by insurers based on a client's 'Failure to disclose'.

At Movo, we have now dealt with thousands of claims on behalf of our clients and whilst it is rare for problems to occur, we would rather prevent issues proactively.



It is often the case that it is one director that deals with the insurances and others within the business are not aware of the need to disclose past trading, financial and criminal history.

We periodically urge all our clients to review and ensure they accurately disclose anything they may think is of relevance. New directors can be appointed at any stage during a policy and therefore the need to be vigilant is an ongoing one.

Why does it matter to insurers?

There are a few reasons insurers will give as to why this information is relevant and often these centre around concerns over the credit risk a client poses and what they refer to as 'Moral hazard'. This just basically means they want to make sure that everyone they deal with is of good character and when there is adverse financial trading history, they want to establish that the entity/directors they are providing cover have acted in correct manner.

Will my cover be cancelled if I declare something?

Our experience is that most insurers will just enquire to the circumstances and note their files.

There are however some insurers that will not provide cover for any companies with directors who have had previous liquidations or any criminal history.



In any case, it is best to discover all this before a claim as most of the time it is easy for insurers to delve into the past whilst dealing with a claim and use it as a reason to ultimately avoid paying a claim.

What should you do next?

If you discover anything that you need to declare, please let us know immediately, we are here to help you and will find a solution.

If you are in any doubt, please contact your account executive or broking team. You cannot be accused of over declaring and we will be on hand to guide you through what needs to be declared and what doesn't.

