

Claimant  
M Brewis  
First  
[MB1]  
9 June 2020

Claim No. FL-2020-000018

IN THE HIGH COURT OF JUSTICE  
QUEEN'S BENCH DIVISION  
COMMERCIAL COURT  
FINANCIAL LIST  
B E T W E E N:

THE FINANCIAL CONDUCT AUTHORITY

Claimant

-and-

- (1) ARCH INSURANCE (UK) LIMITED
- (2) ARGENTA SYNDICATE MANAGEMENT LIMITED
- (3) ECCLESIASTICAL INSURANCE OFFICE PLC
- (4) HISCOX INSURANCE COMPANY LIMITED
- (5) MS AMLIN UNDERWRITING LIMITED
- (6) QBE UK LIMITED
- (7) ROYAL & SUN ALLIANCE INSURANCE PLC
- (8) ZURICH INSURANCE PLC

Defendants

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WITNESS STATEMENT OF MATTHEW BREWIS

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I, Matthew Brewis, of The Financial Conduct Authority, 12 Endeavour Square, London, E20 1JN,  
WILL SAY AS FOLLOWS

**(1) Introduction**

1. I am the Director of General Insurance and Conduct Specialists at the Financial Conduct Authority (the FCA) and have responsibility for the supervision of insurance firms, Lloyd's managing agents, insurance brokers and other intermediaries in accordance with the

regulatory framework established by the Financial Services and Markets Act 2000 (FSMA). I am duly authorised to make this statement in support of the FCA's application for expedition of the claim and for its admission to the Financial Markets Test Case Scheme. This statement has been prepared through discussions over the telephone and by email with the FCA's legal team and relevant colleagues. Save where otherwise indicated, the facts and matters set out in this witness statement are within my knowledge and true. Where they are not within my knowledge, they are based on the sources indicated and are true to the best of my knowledge and belief. I exhibit to this witness statement a bundle marked [MB1] containing true copies of the documents to which I refer below. Any references to "insurers" or "insurance firms" in this witness statement should be read as including Lloyd's managing agents.

2. The FCA believes that COVID-19 and the public health controls imposed by the Government as a result (which for ease I shall refer to as the "*COVID-19 pandemic*") are causing a substantial level of loss and distress to businesses, in particular (but not solely) to small and medium-sized businesses (SMEs). A large number of claims are being made to insurers under the terms of policies of insurance covering business interruption losses. Based on the FCA's review of the information available to it, insurers are currently paying or accepting liability for certain claims under certain policies. However, there remain a significant number of policies in the market under which claims have been and are continuing to be rejected, and in respect of which there is legal uncertainty as to whether the policies ought to respond.
3. Insurance for business interruption losses is an insurance that indemnifies a business for loss of profits, revenue or other forms of consequential loss arising from either physical/property damage or a non-damage peril. Smaller entities frequently buy this cover as part of a commercial combined policy. Larger businesses may buy this insurance as standalone cover. It is typically purchased through a broker. A commercial combined policy will generally include cover for property damage, employers' liability, business interruption and other risks. The larger an entity and the higher the sums insured the more likely they are to buy tailored products to fit their needs through a broker, but at the smaller end of the market business interruption cover is rarely bought on a standalone basis. Policies sold to smaller entities are often sold through schemes (tailored insurance products targeted at similar groups of businesses, such as nurseries, golf courses, or holiday lets). Brokers may act as an intermediary in these sales, or, potentially for some very small businesses, these may be bought via online platforms.

4. Many policies are written to allow for a business interruption claim when there is physical damage caused by insured perils (such as a fire or flood type scenario) to a building which means that the business is interrupted. Some firms, however, opt to buy policies that include cover or extensions for business interruption linked to triggers that do not involve damage. Business interruption cover is often subject to sub-limits and/or provides cover only for a limited period.
5. The FCA, as the conduct regulator of insurers in the United Kingdom, has been considering many of the policies in the market following concerns raised by policyholders and their representatives. It is concerned that there are a significant number of policies where there is legal uncertainty created by differences of opinion expressed by interested parties as to whether the terms of policies require that claims in respect of some or all business interruption losses are paid. Several businesses and groups of businesses have indicated their intention to challenge the rejection of their claims.
6. The FCA seeks resolution of this legal uncertainty for the purposes of exercising and performing its statutory powers and duties under FSMA in accordance with its strategic objective of ensuring that the relevant markets function well and its operational objectives of protecting and enhancing the integrity of the UK financial system and of securing an appropriate degree of protection for consumers. In particular, the pursuit of the FCA's regulatory and supervisory approach and policy-making in relation to insurers' handling of business interruption claims arising from the COVID-19 pandemic requires certainty as to the relevant legal obligations of the Defendants and other insurers.
7. In seeking to resolve this legal uncertainty and assist it in discharging its statutory functions, the FCA would, in presenting the claim to the court, advance arguments in the interests of policyholders in opposition to those of insurers, who will put forward their own cases, with the object of ensuring that all relevant arguments in respect of these opposing interests are put before the court. The FCA considers that, in seeking to obtain declaratory relief that will benefit policyholders in relation to questions concerning the scope of cover for COVID-19 business interruption claims, it is advancing its consumer protection objective. It would not be necessary or appropriate for the purposes of the FCA's regulatory objectives to test all issues under all policies. I shall explain below (at paragraph 46) the basis on which the FCA has identified the issues it wishes to test. The FCA has made clear its position that most SME insurance policies are focused on property damage (and only have basic cover for business

interruption losses as a consequence of property damage) so, at least in the majority of cases, insurers are not obliged to pay out in relation to the COVID-19 pandemic. This case is focused on the remainder of policies that are, in the FCA's view, suitable for consideration within the constraints of the test case procedure and in terms of the most effective use of court time. The fact that a particular issue in relation to a policy is not being tested should not be taken to indicate that the FCA does not consider such issues to be properly arguable.

8. The matter is urgent because insureds with policies in respect of which legal uncertainties arise as to whether there is cover for business interruption losses, and which are underwritten by the defendants and other insurers that wrote materially similar policies, are suffering widespread financial distress on a very large scale. It is important that the FCA can determine and pursue its regulatory supervisory approach and policy making based on a correct understanding of firms' legal obligations. For the avoidance of doubt, the FCA has no intention to 'retrospectively' apply a judgment in the test case. The question of whether an insurer has complied with its regulatory obligations as set out in paragraphs 20 to 22 below will be a matter to be judged against the circumstances which existed at the time. However, the FCA is consulting on guidance which, if issued, would set out the FCA's expectations on firms to determine whether their decisions on claims under their business interruption policies will be affected by the present claim, and how firms should handle those claims. The expectation being consulted on is that, once final resolution of the present claim has been reached, firms should apply the court's judgment where relevant to outstanding and previously rejected business interruption claims arising from the COVID-19 pandemic made under their affected policies.
9. I wish to make it clear that the FCA considers that the litigation is important not only to assist it in the discharge of its own statutory functions in the public interest but also for all market participants. The FCA understands that the defendants recognise that achieving legal certainty on an urgent basis on the issues raised by the claim is in the interests of all affected parties. I refer below to complaints made by others concerning the handling of claims for business interruption losses arising from the COVID-19 pandemic for the purpose of conveying to the court the degree of financial distress that the legal uncertainty regarding insurance for COVID-19 related business interruption losses is causing and the reasons why the FCA requires that uncertainty to be resolved to assist it in discharging its statutory functions. (Whether or not complaints made are justified may well depend on the outcome of the

litigation and I express no comment on this, other than as set out in this statement. I also acknowledge that the FCA may not have all the relevant context to the complaints and other information that it has received.) The FCA also understands that the defendants do not agree with everything that is stated in this witness statement, although we have sought to address as appropriate any specific factual points raised by insurers. By reason of its position as the conduct regulator of insurance firms, Lloyd's managing agents and insurance brokers, the FCA is well-placed to assess, and to seek to respond to, the consequences of the legal uncertainty surrounding insurance cover for business interruption losses in respect of the COVID-19 pandemic.

10. The remainder of this statement is divided into the following sections:
  - a. the FCA and the regulatory framework;
  - b. the FCA's initial policy and supervisory work to address the financial harm resulting from the rejection of business interruption claims arising from the COVID-19 pandemic;
  - c. the decision to bring the claim to assist the FCA to discharge its statutory functions;
  - d. consultation with policyholders and insurance intermediaries;
  - e. consultation with insurers, preparation of the claim and the conclusion of the Litigation Framework Agreement;
  - f. the suitability of the Financial Markets Test Case Scheme; and
  - g. urgency.

## **(2) The Financial Conduct Authority and the regulatory framework**

11. The regulatory framework for the supervision of insurance firms provides important context for my evidence below regarding the FCA's policy and supervisory work in relation to insurance claims for business interruption losses and the FCA's reasons for bringing this claim. Although this is not a matter of evidence, it may help the court to understand my statement if I provide a brief outline of the relevant aspects of the regulatory framework. The FCA's General Counsel's Division has assisted in the preparation of this section of my statement.

## The FCA's statutory functions

12. The FCA has the functions conferred on it by or under FSMA (s1A(3)).
13. No person may carry on a regulated activity in the UK unless he is an authorised person or an exempt person (s19). Effecting and carrying out contracts of insurance in the UK are regulated activities (s22 and article 10 of the FSMA (Regulated Activities) Order 2001). Managing the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's is a regulated activity (s22 and article 57 of the of the FSMA (Regulated Activities) Order 2001).
14. The FCA is the conduct regulator of insurance firms in the UK. It must maintain arrangements for supervising authorised insurance firms (s1L(1))<sup>1</sup>.
15. By s1B(6), the FCA's general functions include:
  - a. making rules under FSMA;
  - b. the giving of general guidance under FSMA;
  - c. determining the general policy and principles by reference to which it performs particular functions under FSMA; these include the general policy and principles for supervising the conduct of insurance firms.
16. In discharging its general functions, the FCA must, so far as reasonably possible, act in a way which is compatible with its strategic objective (s1B(1)(a)). The FCA's strategic objective is ensuring that the relevant markets function well (s1B(2)). The relevant markets include the financial markets and the markets for services provided by insurance firms in carrying on regulated activities (ss1F and 1H(2)(a)).
17. In discharging its general functions, the FCA must also, so far as reasonably possible, act in a way which advances one or more of its operational objectives (s1B(1)(b)). The FCA's operational objectives are as follows:
  - a. *securing an appropriate degree of protection for consumers (ss1B(3)(a) and 1C(1)).*  
Consumers are broadly defined to include all persons (including incorporated businesses)

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<sup>1</sup> The Prudential Regulation Authority, which is a part of the Bank of England, is responsible for the prudential regulation and supervision of insurers.

who use, have used or may use services provided by authorised persons in carrying on regulated activities: ss1B(3)(a), 1C(1) and 1G(1)(a).

- b. *protecting and enhancing the integrity of the UK financial system (ss1B(3)(b) and 1D(1)).*  
The UK financial system means the financial system operating in the UK and includes financial markets and exchanges and regulated activities (s1I). The *integrity* of the UK financial system includes, so far as relevant, its soundness, stability and resilience and the orderly operation of financial markets (s1D(2)).
- c. *promoting effective competition in the interests of consumers (ss1B(3)(c) and 1E).*

18. The FCA may make such rules applying to authorised persons with respect to the carrying on by them of regulated activities as appear to the FCA to be necessary or expedient for the purpose of advancing one or more of its operational objectives (s137A(1)(a)).

19. The FCA has a broad power to give guidance consisting of such information and advice as it considers appropriate:

- a. with respect to the operation of specified parts of FSMA and any rules made by the FCA;
- b. with respect to any other matter relating to the functions of the FCA;
- c. with respect to any other matters about which it appears to the FCA to be desirable to give information or advice (s139A(1)).

#### The regulatory obligations of insurance firms

20. Firms authorised to effect and carry out contracts of insurance or manage the underwriting capacity of a Lloyd's syndicate as a managing agent at Lloyd's in the UK must comply with the following regulatory obligations (among others) when handling insurance claims for business interruption losses arising from the COVID-19 pandemic.

- a. A firm must pay due regard to the interests of its customers and treat them fairly (Principle 6).
- b. A firm must act honestly, fairly and professionally in accordance with the best interests of its customer (ICOBS 2.5.-1 R).
- c. A firm must:

- (1) handle claims promptly and fairly;
- (2) provide reasonable guidance to help a policyholder make a claim and appropriate information on its progress;
- (3) not unreasonably reject a claim (including by terminating or avoiding a policy);  
and
- (4) settle claims promptly once settlement terms are agreed (ICOBS 8.1.1 R).

21. The FCA's Handbook also contains rules governing firms' complaints procedures and their handling of complaints in DISP 1. Specific rules setting out firms' regulatory obligations in resolving complaints are set out in DISP 1.4. These include provisions regulating the investigation and assessment of customers' complaints and the provision of appropriate redress (DISP 1.4.1R). Factors that may be relevant to the assessment of a complaint include relevant guidance provided by the FCA (DISP 1.4.2G).
22. Treating customers fairly is the core regulatory principle that governs the relationship between authorised firms and their customers. The FCA has set out six consumer outcomes that firms should strive to achieve to ensure fair treatment of customers:
  - a. Outcome 1: Consumers can be confident they are dealing with firms where the fair treatment of customers is central to the corporate culture.
  - b. Outcome 2: Products and services marketed and sold in the retail market are designed to meet the needs of identified consumer groups and are targeted accordingly.
  - c. Outcome 3: Consumers are provided with clear information and are kept appropriately informed before, during and after the point of sale.
  - d. Outcome 4: Where consumers receive advice, the advice is suitable and takes account of their circumstances.
  - e. Outcome 5: Consumers are provided with products that perform as firms have led them to expect, and the associated service is of an acceptable standard and as they have been led to expect.
  - f. Outcome 6: Consumers do not face unreasonable post-sale barriers imposed by firms to change product, switch provider, submit a claim or make a complaint.

23. FSMA provides for disciplinary measures that may be taken if authorised persons breach the relevant requirements (ss204A-211). A breach of regulatory requirements may also enable the FCA to exercise other powers, including to seek injunctions (s.380) and restitution orders (s382).

**(3) The FCA’s initial policy supervisory work to address the financial harm resulting from the rejection of business interruption claims arising from the COVID-19 pandemic**

24. On 16 March 2020 the Prime Minister issued a statement urging everybody in the UK to avoid non-essential contact and travel, work from home if possible, and avoid “pubs, clubs, theatres and other such social venues” [MB1/20-22]. As a result the FCA sought to identify the insurance products that might be particularly impacted by the COVID-19 pandemic so that it could start to plan for any regulatory issues that might arise as a result.
25. On 17 March 2020, I attended a call with the Economic Secretary of the Treasury, representatives of the Association of British Insurers (ABI), the Prudential Regulation Authority (PRA), Lloyd’s and approximately 10 insurance firms. The matters discussed included whether the Government’s advice to the public not to visit pubs, clubs and restaurants would be treated, for insurance purposes, as a closure order. That was of particular relevance to policies covering business interruption losses where coverage can be triggered by such an order. I believe there may have been subsequent communications by or with the Treasury following the meeting in which I was not involved. Later that day, the Chancellor of the Exchequer made the following statements in Parliament:

*“for those businesses that do have a policy that covers pandemics, the Government’s action is sufficient and will allow them to make an insurance claim against their policy”*

and

*“after extensive meetings today between my hon. Friend the Economic Secretary to the Treasury and the insurance industry, the insurance industry will honour insurance contracts that would have been triggered if the advice had been to ban certain things, rather than it being advisory not to do them.” [MB1/23-97].*

26. The FCA published a statement on 19 March 2020 setting out our expectations for insurance firms in light of the COVID-19 pandemic [MB1/98-101]. This outlined our expectation that firms must treat their customers fairly and consider the needs of any potentially affected by COVID-19. This publication was not directed solely at insurers with policies covering business interruption losses. Rather it was a statement directed at insurers generally, outlining the FCA's expectations that insurers consider the needs of their customers and the need for flexibility in the treatment of them.
27. On 23 March 2020, the Prime Minister instructed the public that people must stay at home other than for the limited purposes of: shopping for basic necessities, as infrequently as possible, one form of exercise a day, any medical need, to provide care, or to help a vulnerable person, and travelling to and from work where this is absolutely necessary and cannot be done from home. I will refer to these measures as the "*public health controls*" [MB1/102-104].
28. As noted above, the FCA understands that insurers have accepted liability under certain policies and denied liability under other policies. Furthermore, a number of insurers have discussed with the FCA their approach to claims for business interruption losses. Since the announcement of 23 March 2020 the FCA has received significant correspondence and information from various sources about the rejection of a significant number of claims for business interruption losses in relation to non-damage terms across the market and of the ongoing hardships that policyholders believe that they are suffering as a result. Those sources included letters from MPs on behalf of constituents, complaints made by policyholders and media reports of actions groups. I provide the following overview of this information.

#### Letters from Members of Parliament on behalf of constituents

- a. Since the public health controls began on 23 March 2020 the FCA has been receiving correspondence from MPs requesting support for their constituents who are not receiving payments from insurers for what they believe to be valid claims for business interruption losses and are suffering financial and possibly emotional distress as a result. As of 1 June 2020 the FCA had received 105 emails/letters from MPs about these issues. I shall give some examples of these.
- b. On 25 March 2020, an MP wrote to the FCA to express his concern that his constituents were facing the "*likelihood of bankruptcy*" in the absence of successful business interruption claims [MB1/105-106].

- c. Another MP echoed this concern in an email to the FCA on 30 March 2020, less than a week after the public health controls were imposed, where he described himself as “inundated” by correspondence from constituents concerned that insurers are not paying out for legitimate claims and urging the FCA to take action [MB1/107-108]. The MP gave an example of one small business which he felt would have no option but to file for bankruptcy if they did not receive business interruption cover:

*“I am especially worried for one small business, whose bank is not accredited to take part in the Coronavirus Business Interruption Loan Scheme and whose landlord has been unwilling to offer them rent relief. They were reliant on an insurance pay out on a business interruption claim to keep the business ticking over both so that their 14 employees could access the Coronavirus Job Retention Scheme and until they were able to reopen following the de-escalation of the health crisis. However, their insurance provider refuses to pay out. What recourse do they now have other than to file for bankruptcy?”*

- d. This MP passed on correspondence from a number of constituents, including one who said that he had been told by a broker that they would have cover available if there was an outbreak within 25 miles, but that he was later told this cover was not available [MB1/107-108]:

*“I have a clause in my business interruption insurance for our cafe which states ‘Human contagious infection’ and was in touch with the broker ... for a few weeks before we had to close. The guy there said I could make a claim with that clause and that I was lucky to have that clause at all. He also said that it would be valid if there was an outbreak within 25 miles radius of the cafe.*

*The response I have just had basically tells me it’s now not valid for a claim. How can this be right?*

*It’s not even like it will be that much in the grand scheme of things but would be a huge help for us.*

*I thought maybe if there was a confirmed case in [location] or within 25 miles I might get somewhere? I just think this is very very wrong. Especially with the policy having a contagious disease clause.”*

- e. A further MP has similarly described himself as being “*inundated with owners of pubs, hotels and other leisure businesses in my constituency*” [MB1/120-125].
- f. On 14 April 2020, a further MP raised with the FCA concerns from a constituent who has a café that had only been open nine weeks and five days before it had to close due to COVID-19. Having invested heavily in the business before the imposition of the public health controls, his constituent said he had insufficient cash to replace the stock which would deteriorate during the period of the public health controls and was in a severe financial situation [MB1/126-131].
- g. On 11 May 2020, a further MP’s office forwarded to the FCA an email sent by one of his constituents who works in the wedding industry, noting that:

*“if we are unable to re-open our venues until after July, as an industry, we will need further financial support to avoid businesses from going under, and the mass redundancies that will likely ensue. Without continued financial support the cost to the Treasury will be substantially increased, due to unemployment costs, and the reduced tax take”* [MB1/197-199].

- h. On 19 May 2020, a further MP wrote to the FCA in support of his constituent, whose business had been adversely affected by flooding in February 2020 and was only re-opened for a week when it was required to close as a result of the COVID-19 pandemic [MB1/214-215].
- i. On 19 May 2020, a further MP wrote to the FCA in support of a charity, which is expecting to lose a third of its income as a result of having to close its charity shops and day centres, in the absence of its business interruption cover responding [MB1/216-220].
- j. Some 51 of the MP letters relate to the RSA Cottagesure policy which has a Business Interruption Extension providing cover in respect of a Notifiable Disease within 25 miles of the premises. These set out a standard form complaint, in the following terms:

*“We are insured through RSA/Gallagher’s Cottagesure Policy, which has a Business Interruption extension. Over 2200 small rural businesses are covered by this policy, many of which are now facing considerable hardship and potential financial ruin. The policy offers broad cover in respect of Covid-19 and states*

*clearly that we are covered if closure of our business happens as a result of a notifiable human disease manifesting itself at the premises or within a radius of 25 miles of the Premises, which is the case. However, we are being refused cover on the basis of RSA's view that we are not covered because of the Government lockdown. There is nothing in the policy which allows for this exclusion. The Financial Conduct Authority are bringing an action against insurers to try and bring about an early resolution to this issue, and are looking at a range of policies from a number of Insurance Companies. Please may I ask you to write to the Financial Conduct Authority and press them to make sure that the RSA/Gallagher's Cottagesure Policy is included in their review? This would help both us and the other 2200 rural businesses that have this policy, some of which I'm sure will be in your constituency."*

For the avoidance of doubt the FCA understands that RSA does not accept this characterisation of its position [MB1/200-201].

#### Complaints to the FCA

- k. The FCA had also received a considerable number of complaints from policyholders in connection with claims for COVID-19 related business interruption losses either through our online and telephone "Supervision Hub", or sent directly to the FCA's senior management or contact centre. As at 28 May 2020, there had been 353 calls to the contact centre from March to May, including 327 consumer queries and 26 firm queries. HM Treasury has referred to the FCA some of the complaints that it has received. In circumstances where the COVID-19 pandemic is having a huge impact on financial services contracts generally and on the capacity of businesses and consumers to meet their financial commitments, complaints related to insurance in relation to business interruption losses have been one of the most significant category of complaints over the last two months.
- l. The FCA has sought to log these complaints to inform supervisory activity. As noted above, these started following the Prime Minister's announcement of public health controls on 23 March 2020. The vast majority of the complaints that were logged to inform supervisory activity related to business interruption claims under non-damage extensions of the kind contemplated in this claim.

## Media reports of action groups

- m. There has been increasing media coverage of insurers declining claims for business interruption losses. This coverage initially focussed particularly on two policyholder action groups that had been formed, the Hiscox Action Group and the RSA Cottagesure Action Group, but other policyholder action groups have also been formed and have received media coverage (details of which I outline below).
- n. The Hiscox Action Group describes its purpose as to *“take any action necessary to ensure that Hiscox Insurance is forced to pay out on thousands of valid BI insurance claims”* [MB1/232-233]. It is said to have been launched on behalf of around 400 SMEs with up to £40 million in claims to bring group arbitral proceedings against Hiscox. This action group is represented by the law firm Mishcon de Reya LLP. By way of example of the kind of complaint being made, one member of the Hiscox Action Group has commented *“for many of our members, this insurance is the difference between survival and bankruptcy, and we are determined that they should get the money they are entitled to as soon as possible”* [MB1/211-213].
- o. The RSA Cottagesure Action Group comprises 250-300 business owners [MB1/223-224] in the holiday-let cottage sector operating in the self-catering accommodation market. They bought policies underwritten by RSA through the Cottagesure scheme [MB1/143-144]. The group is represented by the law firm Edwin Coe LLP [MB1/223-224].
- p. A further group action against RSA and Hiscox is said to be being prepared by Edwin Coe LLP [MB1/225-228]. The group action against Hiscox is said to be in conjunction with a claims specialist. There are so far said to be around 60 claimants in this group [MB1/223-224].
- q. Edwin Coe LLP is also said to be working with Harris Balcombe to represent claimants in claims against Allianz under its Resilience MD&BI policy wording [MB1/186].
- r. The Hospitality Insurance Group Action (HIGA) was launched on behalf of hospitality sector businesses. They are also represented by Mishcon de Reya LLP, who have identified at this stage two insurers against whom group claims may be brought, Aviva and QBE. They have said that the next steps will be disclosed by 10 June 2020 [MB1/221-222].

- s. The Night Time Industries Association (NTIA) is a trade association for night time premises such as restaurants, pubs and bars. The NTIA has announced that it will, together with the NDML, an insurance broker for nightclubs, bars, pubs, restaurants and hotels, be coordinating COVID-19 related business interruption claims against Hiscox [MB1/137] [MB1/173-174].
  - t. Potentially over 40 insureds represented by the law firm Fieldfisher are said to be joining a group action against QBE [MB1/149-151]. Fieldfisher's website also has sign-up pages for insureds with policies with Ecclesiastical, Hiscox and RSA so further groups may soon follow [MB1/234-236].
  - u. Fieldfisher is also representing claimant businesses in the childcare provision sector. The claimants bought their policies through the Early Years Alliance, an early years membership association in England, and the packages were underwritten by RSA. Around 40 businesses are so far said to be looking to join the action [MB1/138-142].
  - v. The "QIC Action Group" has appointed Shepherd and Wedderburn LLP to advise on its legal action against QIC Europe (QEL) and Eaton Gate [MB1/168].
  - w. The "Covid Claims Group" has been formed to represent more than 850 small business owners affected by the declinature of coverage. The group has said in an open letter to the ABI that *"denying claims for business interruption due to COVID-19 will directly result in the collapse of thousands of companies that might otherwise have survived this crisis. Thousands more jobs will be needlessly lost and the burden on the British taxpayer will increase"* [MB1/191-196].
  - x. Finally, Michelmores LLP announced on 6 May 2020 that it is launching a series of group actions on behalf of businesses affected by the COVID-19 pandemic and is currently accepting registrations of interest from policyholders [MB1/189-190].
29. By early April 2020, we had begun to discuss the options that the FCA might pursue by way of supervisory action in light of the complaints made by policyholders. We were concerned, by that stage, that if valid claims were being rejected insureds might face failure of their business as a result. The FCA began to consider what steps should be taken to ensure that business interruption claims were handled promptly and fairly in accordance with insurers' regulatory obligations. A number of options were under consideration at that stage.

30. On 15 April 2020, the FCA published a letter addressed to Chief Executive Officers of insurance firms [MB1/132-133]. We use what are known as “Dear CEO letters” when we need to send a message quickly to a regulated market, or to a significant portion of the market, around the FCA’s views, which can be made public. The letter was directed at insurers of SMEs and focused specifically on insurance for business interruption losses. The letter stated that, based on the FCA’s conversations with the industry to date, our estimate was that most policies have basic cover, do not cover pandemics and therefore would have no obligation to pay out in relation to the COVID-19 pandemic. However, the letter also stated that, in the FCA’s view, there were policies where it was clear that the insurer has an obligation to pay out and, in respect of those claims, it would be important that insurers assess these claims and settle them quickly.
31. The FCA issued the Dear CEO letter because there was considerable uncertainty in the market as to whether a large number of policies ought to respond to COVID-19 claims and policyholders urgently needed this uncertainty to be resolved to alleviate financial distress and where possible to avoid businesses being at risk of insolvency. We were conscious of the importance of business interruption payments being made to policyholders as swiftly as possible where cover was accepted. Even in ordinary circumstances it can take a long time for payments to be made under a policy for business interruption losses because the sum due often has to be calculated by reference to anticipated income. We were keen to ensure that, where cover was accepted, interim payments were made to policyholders so as to ensure they had sufficient liquidity. Following the Dear CEO letter, the ABI set out on their website certain principles for handling business interruption claims (“ABI Principles for Handling Business Interruption Claims related to COVID-19”) including with regard to interim payments that:

*"5. Insurers will seek, where possible, to make interim or part payments where claims are ongoing.*

*6. These interim or part payments will flow from the claim and evidence presented, helping to relieve some of the more immediate pressures that customers are facing".*

32. The ABI have also stated on their website as follows:

*"In the instance where there are valid claims, ABI members are working tirelessly to support their customers, through the swift payment of valid claims, interim payments*

*to their customers, and providing clear and quick answers to their questions. Insurers have been managing an unprecedented level of activity, with some insurers reporting a 200% rise in call volumes" [MB1/237-238].*

33. Lloyd's also stated in an update on their website:

*"Many of you are receiving and asking various questions regarding policy coverage relating to COVID-19 claims [...] There have been many varied and very specific questions that have been raised and answered, whilst some of the more 'general' ones are noted below:*

***Pandemic / contagious disease extensions:** where such unspecified extensions are provided, on business interruption or contingency covers, Lloyd's would expect this to include losses related to COVID-19" [MB1/271-272].*

34. Our Dear CEO letter also highlighted that smaller businesses could seek to resolve disputes through the Financial Ombudsman Service. The rules on this are set out at DISP 2.7.3R. Smaller businesses for this purpose are (in summary) those businesses with an annual turnover below £6.5 million, and fewer than 50 employees or a balance sheet total of less than £5 million. The Ombudsman operates the statutory scheme under which certain disputes may be resolved quickly and with minimum formality by an independent person (s225(1) FSMA). A complaint is to be determined by reference to what is, in the opinion of the Ombudsman, fair and reasonable in all the circumstances of the case (s228(2) FSMA). In considering what is fair and reasonable in all the circumstances of the case, the Ombudsman will take into account relevant law and regulations, relevant regulators' rules, guidance and standards and relevant codes of practice and, where appropriate, what he considers to be good industry practice at the relevant time (DISP 3.6.4R). It follows that although the Ombudsman may, where appropriate in the circumstances, direct a firm to provide redress notwithstanding that it has not breached any legal obligation owed to the customer, the legal rights and obligations of the parties under the relevant contract are material to the determination of what is fair and reasonable in all the circumstances. The Ombudsman has informed us that, as at 28 May 2020, 103 complaints are at the investigation stage of the Ombudsman process. To bring a complaint to the Ombudsman, a customer must first make a complaint to the firm. The firm has eight weeks in which to provide a final response setting out whether the firm accepts the complaint and where appropriate offers remedial action or redress, offers remedial action or

redress without accepting the complaint, or rejects the complaint and the firm's reasons for doing so (DISP 1.6.2R). It is the customer's decision whether to submit a complaint to the Ombudsman and (subject to the time limits in DISP 2.8.1R and DISP 2.8.2R) when to do so. Unless the parties agree to earlier consideration, the Ombudsman can usually only consider a complaint if the firm has already sent the customer its final response or, if sooner, eight weeks have elapsed since the firm received the complaint (DISP 2.8.1R). The FCA is aware from the response to its data request that many insurers have only come to decisions recently on claims and consequently time will still be running under DISP 1 for the response to any complaints made about the decision on the claim. The FCA expects that the number of complaints to the Ombudsman will grow as insurers complete their claims and complaints procedures.

35. The feedback we received from policyholders following our Dear CEO letter of 15 April 2020 was that the issues between policyholders and insurers generally continued to remain unresolved.

**(4) The decision to bring the claim to assist the FCA to discharge its statutory functions**

36. On 15 April 2020 we sent an information request to certain insurance firms who sold insurance covering business interruption losses asking them to confirm the policies under which they were paying COVID-19 business interruption claims. At this time a number of options were under review, including a court process.
37. We ultimately determined that a test case brought by the FCA was the most appropriate and expeditious way of achieving the degree of legal certainty required at a proportionate cost. The FCA seeks to establish that cover is available for business interruption claims under the policies that are the subject of the claim and in any event, to have the essential legal issues resolved in order to assist it to discharge its statutory functions, and in particular to enable it to:
- a. assess whether insurers, and intermediaries handling claims on their behalf, are complying with their legal (including regulatory) obligations in relation to the handling of business interruption claims and associated complaints;
  - b. determine and pursue the FCA's regulatory and supervisory policy in relation to insurers' and intermediaries' handling of business interruption claims arising from the COVID-19

pandemic and to further develop the policy and principles for supervising those matters;  
and

c. consider what, if any, further rules and guidance it should issue in relation to those matters.

38. The announcement of the FCA's intention to bring a test case was made publicly on 1 May 2020 [MB1/169-170]. On 1 June 2020, the FCA issued draft guidance for consultation regarding the handling by insurers and intermediaries of business interruption claims under policies which may be affected by the court's judgment in the present claim [MB1/263-266]. In summary, the draft guidance highlights particular steps that the FCA considers that firms should take to identify whether their decisions on business interruption claims under their policies will be affected by the test case; to keep policyholders informed about the test case and its implications for policies, claims and any settlement offers; and to treat policyholders fairly when the test case is resolved. It is intended that, if issued, the guidance will come into force when the FCA issues the claim form or shortly thereafter.

#### **(5) Consultation with policyholders and insurance intermediaries**

39. Once the decision had been made to proceed with a test case, we were concerned to ensure that we captured and took into account as much feedback and information from policyholders and insurers as we reasonably could. This was so as to ensure that the test case addressed the most critical and widespread business interruption coverage and causation issues, and would therefore provide the degree of certainty that the FCA and the markets require in relation to as many claims for COVID-19 business interruption losses as possible in an expeditious and proportionate way. We therefore issued a further announcement on 15 May 2020 explaining what was intended for the proceedings [MB1/209-210].

40. Our announcement of 15 May 2020 also invited policyholders and insurance intermediaries to provide information, in particular:

- a. arguments as to why policyholders consider cover is available, together with details of policies that policyholders consider have not responded appropriately to a claim; and
- b. a brief statement of the relevant facts of the case.

41. As at 21 May 2020, the FCA had received upwards of 1,200 email submissions from policyholders, policyholder groups, brokers, lawyers and interested groups during a period of 5 days.
42. The submissions made by policyholders in response to the FCA's announcement of its intention to bring a test case present a picture of widespread closures of business premises, cancellations of bookings across a variety of businesses and consequential loss of income, which for many businesses is substantial. Insurance claims have been made under various notifiable disease, non-damage denial of access or closure by public authority extensions, many of which have been denied by insurers.
43. The FCA has also received correspondence and submissions from a number of insurance brokers. Many have said that they are finding that claims are being rejected by insurers and that disputes are arising under wordings. The following are some of the points made by insurance intermediaries:
  - a. The FCA's proactive stance in seeking clarity on the key coverage issues is welcomed.
  - b. Clarification is needed now at a time of "*unprecedented stress to the insurance industry and the British economy generally*".
  - c. It is in all parties' interests to secure clarity as early as possible.
  - d. Some insurance brokers are concerned about long-term damage to the reputation of the insurance industry.
  - e. A number of brokers referred to the urgency of achieving certainty as to cover. By way of example, one group of insurance intermediaries referred to the "*swift resolution needed*", commenting that it is "*widely known many businesses are struggling through the current pandemic and that many VSMEs [very small and micro-enterprises] simply do not have the cash reserves and/or cash flow to last this out. It would be regrettable if cover was established, but if it were too late for many small businesses, which we fear may happen due to Insurers delay and intransigence.*" Another broker asked that "*where Insurers can provide cover or where there is ambiguity that these claims are met as quickly as possible*".

- f. Some brokers have suggested that many policies are clear and do not provide cover under their business interruption sections for claims relating to COVID-19 and that insurers are responding quickly to clients.
44. Also in this correspondence and these submissions insurance brokers have suggested that, in dealing with claims, insurers are doing the following:
- a. Insurers are not considering individual policy wordings properly.
  - b. Insurers are not providing enough detail in declination letters.
  - c. Insurers are declining cover where brokers believe that cover should be provided.
  - d. Insurers are referring to the "*intentions*" behind certain clauses as a reason to deny cover, in some scenarios leaving "*clients confused, frustrated and often angry, as the wordings... read like they should respond to this event, despite any argument the insurer may have around the original design and intention*".

**(6) Consultation with insurers, preparation of the claim and the conclusion of the Litigation Framework Agreement**

45. As I have mentioned, in order to assist the FCA in the discharge of its statutory functions and in particular to determine and pursue its regulatory and supervisory policy, the FCA seeks to establish that cover is available for business interruption losses under the policies that are the subject of the claim and, in any event, to achieve legal certainty in relation to as many claims for COVID-19 business interruption losses as possible in an expeditious and proportionate way.
46. A thorough and urgent process has been undertaken in order to identify appropriate relevant wordings to be tested in the test case, details of which were set out in our announcement of 1 June 2020 [MB1/261-262]. Since the FCA's announcement on 1 May, we have approached 56 insurers and reviewed over 500 relevant policies from 40 insurers. As mentioned in paragraph 41, over 1,200 emails from policyholders and brokers have also been carefully reviewed and considered. Supported by external counsel, we have thoroughly considered the information we received to enable us to decide which selection of policy wordings would be representative of the key issues in dispute between policyholders and insurers. We have identified a sample of approximately 20 policy wordings that capture the majority of the key

issues that could be in dispute. Each defendant has policies with one or more of the policy wordings. The overall approach has been to identify an appropriate selection of policy wordings and insurers that will enable the majority of the key issues to be expeditiously and justly resolved in a proportionate and efficient way.

47. The claim is intended to promote the objective of informing the FCA's regulatory and supervisory policy and achieving the maximum clarity possible for the maximum number of policyholders and their insurers consistent with the need for expedition and proportionality. It will not test all policies or all issues. We are confident that we have identified sample wordings which will provide clarity in relation to the majority of contentious issues between insurers and policyholders.
48. The ABI and British Insurance Brokers Association (BIBA) welcomed the FCA's proposal for a test case in a public statement issued on 1 May 2020 [MB1/171] and [MB1/172]. The FCA, certain insurers and the ABI then liaised to consider in principle how the appropriate legal certainty could best be achieved. This included the initial development of a framework agreement for the litigation pursuant to which the FCA would commence proceedings against an appropriate selection of insurers for declaratory relief. The draft agreement covered a range of matters in principle, including the nature of the issues to be resolved, how they would be resolved by reference (where applicable or necessary) to assumed facts, and an expedited timetable directed towards a trial in July 2020.
49. From 23 May 2020, following the selection by the FCA of a short list of potential defendant insurers following the process summarised at paragraph 46 above, the FCA engaged with those insurers to seek to agree the draft framework agreement and various related documents intended to identify the relevant policies and terms, assumed facts and issues for determination.
50. The Framework Agreement was entered into between the FCA and the defendants on 31 May 2020 [MB1/239-260].
51. The FCA is confident that, following the thorough and robust process described in paragraph 46 above, it has identified sample wordings which, together with assumed facts (which, based on the consultation which has taken place with insurers, policyholders and brokers, are regarded as representative of actual claims made by insureds under policies that provide cover for business interruption losses that will be refined and agreed with insurers for the purpose

of the trial), will enable the court to grant declarations that will provide clarity in relation to the majority of contentious issues between insurers and policyholders and will assist the FCA to discharge the statutory functions described in paragraph 37 above.

#### **(7) The suitability of the Financial Markets Test Case Scheme**

52. For the reasons I have explained above, the FCA considers that there is legal uncertainty as to whether certain policies issued by insurance firms cover business interruption losses arising from the COVID-19 pandemic. Although it is not possible to give a firm estimate of the number of affected claims and their value, based on information up to early May 2020, the FCA has been informed of approximately 8,500 claims under policy wordings likely to be affected by the test case. The value of those claims was calculated at approximately £1.2 billion, on the assumption that those claims were fully paid up to any policy limit or sub-limit identifiable from the policy wording. This estimate is derived from preliminary calculations undertaken by the PRA based on information and data provided by the FCA. The figure may be updated in due course as further data is received from insurers. It was not possible, based on information readily available to the FCA, to independently assess the likely quantum of these claims in such a way that would provide an accurate assessment of the actual exposure of the relevant insurers. However, I note that Zurich identified its potential exposure in 2020 to all UK business interruption claims related to COVID-19 as USD\$200 million net of reinsurance if all industry wordings reviewed provide cover for business interruption in relation to COVID-19 [MB1/267-270]. Hiscox has carried out a UK business interruption risk scenario which models the impact of a 12-week lockdown and, based on that scenario, it estimates a range of modelled outcomes of between £10 million and £250 million net of reinsurance [MB1/175-185]. RSA has reported that as at the end of April 2020, RSA Insurance Group had received valid claims across travel, wedding cancellation (UK only) and commercial lines business interruption and related policies with an estimated cost of c.£25 million net of reinsurance. RSA confirmed on 1 June 2020 that this estimated cost has not changed materially since then [MB1/273-274].
53. I understand from the FCA's legal advisers that, to have this matter heard under the Financial Markets Test Case Scheme, the court must be satisfied that the requirements of Practice Direction 51M – Financial Markets Test Case Scheme are met.

54. I understand that there will be legal submissions in due course on whether the claim is suitable for the Scheme. It may assist if I explain the following matters that may be relevant to the court's assessment of this:
- a. the FCA's view on the importance of the claim for the financial markets;
  - b. why, in the FCA's view, the proceedings raise issues of general importance in relation to which immediately relevant authoritative English law guidance is needed; and
  - c. why this claim is suitable as a test case.
55. I take each of these points in turn.

The importance of the claim for the financial markets

56. This matter raises important issues for the financial markets. I explain the various potential impacts on the market below.
57. *Quantum in issue:* Exposure to business interruption losses has a potentially very significant financial impact on insurers. As I have set out above at paragraph 52, the value of the affected claims may exceed £1 billion. I note further that Lloyd's of London has indicated that it expects to pay between \$3 billion and \$4.3 billion to global customers as a result of COVID-19 across all classes of business. This would be on a par with the 9/11 terrorist attacks and the combined impact of hurricanes Harvey, Irma and Maria in 2017 [MB1/205-208].
58. *Insurer dividends:* The impact of COVID-19 has already caused financial uncertainty for insurers in the market. The PRA wrote an open letter to insurers on 31 March 2020 stating that it expected that, when insurers' boards were considering any distribution to shareholders or making decisions on variable remuneration, it expected them to pay close attention to the need to protect policyholders and maintain safety and soundness. It stated:

*“In the current situation of high uncertainty, it is therefore critical that insurers manage their financial resources prudently in order both to ensure that they are able to meet the commitments they have made to policyholders in a way that is consistent with the expectations of the Financial Conduct Authority, and to enable them to continue to invest in the economy.” [MB1/109]*

On 2 April 2020 the European Insurance and Occupational Pensions Authority released a statement that “*in the context of the current crisis all (re)insurers should take measures to preserve their capital position in balance with the protection of the insured, following prudent dividend and other distribution policies [...]*” and that “*Against this background of uncertainty, EIOPA urges that at the current junction (re)insurers temporarily suspend all discretionary dividend distributions and share buy backs aimed at remunerating shareholders*” [MB1/110-11]. On 8 April 2020, Hiscox, RSA and Aviva withdrew their recommendations to pay 2019 dividends to their shareholders, all citing COVID-19, and referring variously to “*the uncertain impact of COVID-19 on the global economy*”, the “*extraordinary challenges presented to us all by COVID-19*” and the “*significant uncertainties presented by COVID-19*” [MB1/114-115, MB1/116-117, MB1/118-119]. These uncertainties and challenges do not relate solely to cover for business interruption losses. The PRA also released a statement on 8 April 2020 welcoming the “*prudent decision from some insurance companies today to pause dividends given the uncertainties associated with Covid-19*” [MB1/112-113].

59. *Impact on reinsurance market:* The FCA understands that there is concern amongst the insurance market that, absent clarity on whether insurers are liable, insurers may be unwilling to pay policyholders in respect of claims because of the lack of certainty regarding recovery from reinsurers.

Why in the FCA’s view the proceedings raise issues of general importance in relation to which immediately relevant authoritative English law guidance is needed

60. This has largely been addressed above, but I emphasise the following points.
- a. The number and value of claims potentially affected is believed to be very large (see paragraph 57).
  - b. The legal uncertainty risks causing substantial financial distress and, in the FCA’s view, also risks eroding confidence in insurers and in the insurance market.
  - c. Legal certainty is necessary to assist the FCA to discharge its statutory functions in the furtherance of its statutory strategic objective to ensure that the relevant markets (including the insurance market) function well, and of its statutory operational objectives

of securing an appropriate degree of protection for consumers and protecting and enhancing the integrity of the UK financial systems.

- d. I understand from the FCA's lawyers that the construction of non-damage business interruption covers where claims arise in the context of a pandemic and national government advice and action raises some novel and important legal issues, including as to the application of a previous decision reached in the context of property damage, *Orient-Express Hotels Ltd v Assicurazioni Generali SpA* [2010] EWHC 1186 (Comm), [2010] Lloyd's Rep IR 531.

For these reasons, the matter is urgent (see further section 8 below).

#### Why this claim is suitable as a test case

61. There are some policy wordings in the market on which many claims rely because hundreds or thousands of policyholders take out policies on the same or substantially the same wording.
62. Further, there is a significant degree of convergence of the kinds of issues that arise in relation to non-damage business interruption clauses, which make them susceptible to being tested on agreed or assumed facts. Put simply, the same or similar issues arise time and again.
63. I refer to Section 6 of my statement which explains how the approach adopted towards selecting policies for these proceedings was designed to achieve the maximum clarity possible for the FCA and the maximum number of policyholders (especially, although not solely, SMEs) and their insurers that is consistent with the need for expedition and proportionality. It is the FCA's intention that all proper arguments on the issues in question will be before the court.
64. The clarity afforded by a decision on coverage on the selected wordings would, the FCA expects, result in all market participants being in a much-improved position to determine in a timely way the extent to which losses are covered and, in the case of the FCA, what if any further regulatory action should be taken to ensure that business interruption claims are handled promptly and fairly.

#### **(8) Urgency**

65. The urgency will be apparent from what I have already said. I provide the following additional information as context to the FCA's belief that the matter is both important and urgent.

66. Since all non-essential businesses were ordered to close on 23 March 2020, businesses and in particular SMEs have been under immense financial strain to stay afloat. According to media reports, research conducted by the Association of Practising Accountants reported in late April found that about 60% of owner-managed businesses in the UK had less than 12 weeks' cash in the bank, whilst 40% had less than eight weeks' [MB1/145-146]. It has been reported that insolvency experts Begbies Traynor have said that half a million UK firms are at risk of collapse [MB1/159-167]. It may take some time before the actual position becomes clearer from official data on company dissolutions.
67. As is well known, the Government has taken various measures to help businesses deal with the consequences of the public health controls (such as the furlough scheme and deferral of VAT). Clearly for those SMEs struggling with cashflow problems timely payment of an indemnity under a policy which provides cover for business interruption losses could prove invaluable. The potential relevance of such policies to the financial position of businesses is indicated, for example, by the fact that it was reported that in late April 2020 only 1% of hospitality firms had seen claims for business interruption caused by the COVID-19 pandemic approved by insurers according to the trade body UK Hospitality [MB1/134-136] and in early May 2020 it was reported that the British Institute of Innkeepers found that just 3% of pubs had been successful in their claims for business interruption losses [MB1/187-188]. A report by Aston Business School in mid-May 2020 showed that the denial of business interruption claims may lead to the closure of 127,000 firms and the loss of more than 635,000 jobs over the following month with 11% of those surveyed believing that they would close within a month if they could not successfully claim on their insurance policy for business interruption losses [MB1/202-204].
68. The media has reported on numerous examples of individual businesses which have been put under significant financial pressure. These reflect the position that emerges from the correspondence received from MPs and policyholders that I have summarised in paragraphs 28a-1 above. For example, according to media reports:
- a. Reel Cinemas, a cinema chain with 14 branches, has been left "*with almost no income and forced to furlough 196 of its 235 employees*". It is said that Reel Cinemas has "denial of access" cover, pays an annual premium of £250,000 and that Axa "*has failed to pay out on a claim of up to £7m over losses caused by the coronavirus lockdown*" [MB1/147-148].

- b. Ms English runs the Lansdown Arms pub in Lewis: *"We have no Premier League games and maybe a 20% to 30% hit on trade. I have been paying into the policy for almost 20 years, it is compulsory for us to have it [under her tenancy] and it is going to let us down just when we need it. We're going to take a real hit and I already know I can't pay my VAT bill. We are now paying VAT [due from] December when it was Christmas and everything was fab. We are now thinking if it is better to close down for a few months and pick up then?"* [MB1/18-19].
- c. Mr Fox, the managing director of Craft Local which runs three pubs in North London: *"We still have overheads to pay, landlords are still issuing us invoices for rent, yet our sales have been reduced to zero... We have a responsibility to our 56 employees and our communities to make it through this crisis. Removing some of the financial stress and liabilities that we thought were covered by our insurance would be a good starting point"* [MB1/152-158].

69. The impact of COVID-19 on SMEs in turn has a significant impact on the UK economy. According to statistics published by the UK Government, there were 5.9 million SMEs in the UK in 2019, which comprised over 99% of all businesses in that year. Those businesses accounted for 60% of employment and 52% of turnover in the UK, being approximately £2,168 billion [MB1/1-17]. Insurers have suggested their exposure for all business interruption claims could be very substantial (see paragraph 52 above).
70. It is the FCA's view that it is therefore a matter of compelling public interest to provide urgent legal certainty for the benefit of the FCA, policyholders, the defendant insurers and the wider insurance market.
71. The court's judgment in this claim would need to be applied to many affected policies and claims. Issues of quantum would still need to be determined.
72. On the assumption that many policyholders will be able to operate their businesses from around June 2020 onwards, in accordance with the recent announcement by the Government dated 25 May 2020 [MB1/229-231], it is hoped that an early judgment following a trial in July 2020 would allow policyholders' cover, if and where cover is found to exist, to be confirmed as quickly as possible to facilitate the continuation of their businesses (to the extent they have survived in the meantime). This would be subject to the impact of any appeal. I note also that business interruption losses arising from the COVID-19 pandemic may still be

incurred by an operating business (for example, due to social distancing requirements), although the extent of any cover will depend on the policy terms. Resolution of the issues in this claim therefore remains urgent even where businesses are entitled to resume operations from June 2020.

**Statement of Truth**

I believe that the facts stated in this witness statement are true. I understand that proceedings for contempt of court may be brought against anyone who makes, or causes to be made, a false statement in a document verified by a statement of truth without an honest belief in its truth.

Signed: *M. Brewis*.....

**MATTHEW BREWIS**

Dated: *9 June 2020*.....

Claimant  
M Brewis  
Exhibit MB1  
9 June 2020

FL-2020-000018

**IN THE HIGH COURT OF JUSTICE**  
**QUEEN'S BENCH DIVISION**  
**COMMERCIAL COURT**  
**FINANCIAL LIST**

**B E T W E E N :-**

**THE FINANCIAL CONDUCT AUTHORITY**

**Claimant**

**-and-**

- (1) ARCH INSURANCE (UK) LIMITED**
- (2) ARGENTA SYNDICATE MANAGEMENT LIMITED**
- (3) ECCLESIASTICAL INSURANCE OFFICE PLC**
- (4) HISCOX INSURANCE COMPANY LIMITED**
- (5) MS AMLIN UNDERWRITING LIMITED**
- (6) QBE UK LIMITED**
- (7) ROYAL & SUN ALLIANCE INSURANCE PLC**
- (8) ZURICH INSURANCE PLC**

**Defendants**

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**EXHIBIT MB1**

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This is the exhibit marked "MB1" referred to in the Witness Statement of MATTHEW BREWIS dated 9 June 2020.

Signed M. Brewis  
.....  
**MATTHEW BREWIS**

Date 9 June 2020  
.....

No.	Document	Date	Document ID
1	House of Commons Briefing Paper titled "Business statistics" by Chris Rhodes	16 December 2019	MB1/1-17
2	The Guardian article titled "Insurance policies for UK's biggest pub group do not cover Covid-19, Ei Group publicans told to seek further cover for loss of business over coronavirus" by Simon Goodley	15 March 2020	MB1/18-19
3	Transcript of Prime Minister Boris Johnson's statement on coronavirus delivered on 16 March 2020	16 March 2020	MB1/20-22
4	Hansard Volume 673 – Economic Update	17 March 2020	MB1/23-97
5	Financial Conduct Authority announcement titled "Insurance and coronavirus (Covid-19): our expectations of firms"	19 March 2020	MB1/98-101
6	Transcript of Prime Minister Boris Johnson's statement on coronavirus delivered on 23 March 2020	23 March 2020	MB1/102-104
7	Letter from MP to the Financial Conduct Authority regarding "Insurance Industry response to Business Interruption"	25 March 2020	MB1/105-106
8	Email from MP to the Financial Conduct Authority	30 March 2020	MB1/107-108
9	Prudential Regulation Authority letter to CEOs	31 March 2020	MB1/109
10	EIPOA statement on dividends and variable remuneration policies	2 April 2020	MB1/110-111
11	PRA statement on decision to pause dividends	8 April 2020	MB1/112-113
12	Update on dividend payment and guidance announcement by Hiscox Group	8 April 2020	MB1/114-115
13	Suspension of final 2019 dividend payment on ordinary shares announcement by RSA	8 April 2020	MB1/116-117
14	Update on COVID-19 and 2019 final dividend announcement by Aviva	8 April 2020	MB1/118-119
15	Email from MP to the Financial Conduct Authority	10 April 2020	MB1/120-125
16	Email from MP to the Financial Conduct Authority	14 April 2020	MB1/126-131
17	Letter from the Financial Conduct Authority to Chief Executive Officers of insurance firms	15 April 2020	MB1/132-133
18	The Telegraph article titled "Seven in 10 coronavirus insurance claims from pubs and restaurants rejected, MPs told" by Anna Mikhailova	21 April 2020	MB1/134-136

19	Big Hospitality article titled "NTIA to challenge Hiscox Insurance over business interruption claim denial" by James McAllister	22 April 2020	MB1/137
20	Insurance Age article titled "Covid-19: RSA faces legal action in BI dispute" by Ida Axling and Sian Barton	24 April 2020	MB1/138-142
21	The Sunday Times article titled "Coronavirus: now RSA faces row after rejecting insurance payouts" by Emma Dunkley	26 April 2020	MB1/143-144
22	Financial Times article titled "Half of SMEs in UK will run out of cash in 12 weeks, find survey" by Andy Bounds	26 April 2020	MB1/145-146
23	The Telegraph article titled "Cinema chain 'hurt' as Axa refuses to pay £7m insurance claim" by Michael O'Dwyer	26 April 2020	MB1/147-148
24	Insurance Age article titled "Covid-19: QBE latest provider facing legal action after denying BI claims" by Ida Axling	29 April 2020	MB1/149-151
25	Independent article titled "I'd lose everything': Pub and restaurant owners join forces to demand payout from insurers" by Ben Chapman	30 April 2020	MB1/152-158
26	Financial Times article titled "How Covid-19 is escalating problem debt" by Lindsay Cook and Clear Barrett	1 May 2020	MB1/159-167
27	The Insurer article titled "QIC Action Group secures Shepherd and Wedderburn to advise on rejected BI claims" [only available in part]	1 May 2020	MB1/168
28	Statement by the Financial Conduct Authority titled "FCA statement – insuring SMEs: business interruption"	1 May 2020	MB1/169-170
29	ABI comment on FCA statement on SMEs and business interruption	1 May 2020	MB1/171
30	BIBA comment on FCA statement on SMEs and business interruption	1 May 2020	MB1/172
31	NDML advertisement of Hiscox Arbitration live webinar	4 May 2020	MB1/173-174
32	Hiscox Q1 2020 Trading Statement	5 May 2020	MB1/175-185
33	Edwin Coe press release titled "In the vicinity but not beyond' Group action against Allianz Insurance plc issued by specialist insurance litigation team"	5 May 2020	MB1/186
34	Insurance Times article titled "More than half of UK publicans have had	5 May 2020	MB1/187-188

	their BI claims rejected says trade association” by Katie Scott		
35	Michelmores press release titled “Michelmores considers COVID-19 group actions against insurers” by Garbhan Shanks	6 May 2020	MB1/189-190
36	Letter from the Covid Claims Group to the ABI	9 May 2020	MB1/191-196
37	Email from MP to the Financial Conduct Authority	11 May 2020	MB1/197-199
38	Email from MP to the Financial Conduct Authority	13 May 2020	MB1/200-201
39	Evening Standard article titled “More than 635,000 jobs at risk from disputed business interruption claims” by Michael Bow	13 May 2020	MB1/202-204
40	Lloyd’s press release titled “COVID-19 will see historic losses across the global insurance industry”	14 May 2020	MB1/205-208
41	Financial Conduct Authority announcement titled “Business interruption insurance”	15 May 2020	MB1/209-210
42	Express and Star article titled “Hiscox faces legal action from companies pursuing coronavirus payouts”	18 May 2020	MB1/211-213
43	Email from MP to the Financial Conduct Authority	19 May 2020	MB1/214-215
44	Email from MP to the Financial Conduct Authority	19 May 2020	MB1/216-220
45	Big Hospitality article titled “Insurance action group prepares to challenge Aviva and QBE over business interruption policies” by James McAllister	21 May 2020	MB1/221-222
46	Law 360 article titled “Edwin Coe Forms 2 Biz Interruption Groups for COVID Claims” by Martin Croucher	22 May 2020	MB1/223-224
47	Insurance Age article titled “RSA and Hiscox face new group action in Covid-19 BI legal row” by Ida Axling	22 May 2020	MB1/225-228
48	Gov.uk press release titled “Prime Minister sets out timeline for retail to reopen in June”	25 May 2020	MB1/229-231
49	Hiscox Action Group homepage	27 May 2020	MB1/232-233
50	Fieldfisher webpage titled “Coronavirus Insurance Claims”	28 May 2020	MB1/234-236
51	ABI webpage titled “Business Insurance”	28 May 2020	MB1/237-238
52	Framework Agreement	28 May 2020	MB1/239-260
53	Financial Conduct Authority announcement titled “Update on FCA test case on the validity of business interruption claims”	1 June 2020	MB1/261-262

54	Financial Conduct Authority announcement titled "Business interruption insurance test case: draft guidance for firms"	1 June 2020	MB1/263-266
55	Zurich update on UK business interruption	1 June 2020	MB1/267-270
56	Lloyd's report titled "Market Participants"	1 June 2020	MB1/271-272
57	"Statement regarding FCA business interruption" by RSA	1 June 2020	MB1/273-274



## BRIEFING PAPER

Number 06152, 16 December 2019

# Business statistics

By Chris Rhodes

### Inside:

1. Businesses in the UK
2. Businesses by size
3. Businesses by region
4. Businesses by industry
5. Business births and deaths
6. Women in business
7. Business ownership by members of ethnic minorities
8. Annex – UK business statistics: sources and coverage

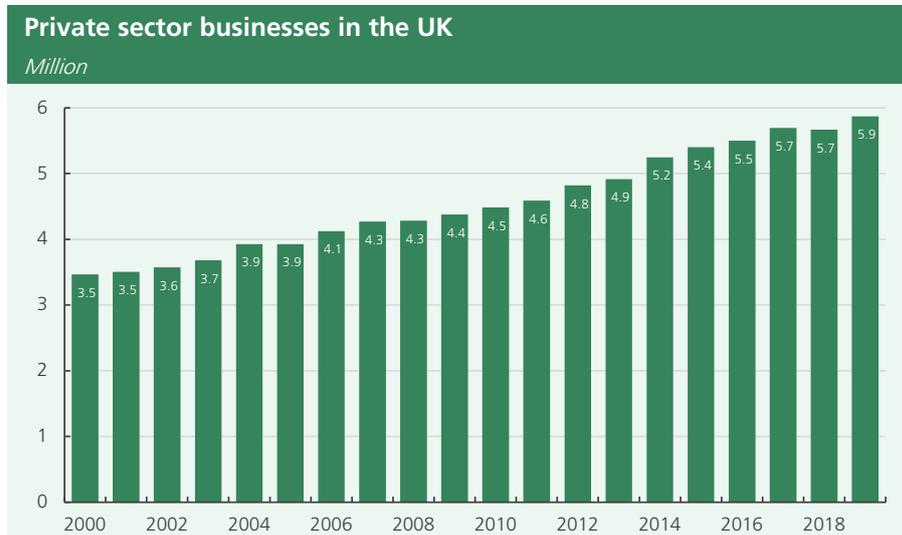


# Contents

<b>1. Businesses in the UK</b>	<b>3</b>
<b>2. Businesses by size</b>	<b>5</b>
<b>3. Businesses by region</b>	<b>6</b>
<b>4. Businesses by industry</b>	<b>8</b>
<b>5. Business births and deaths</b>	<b>9</b>
<b>6. Women in business</b>	<b>11</b>
6.1 Female-led SMEs	11
6.2 Female start-ups – international comparisons	12
6.3 Women on boards	13
6.4 The economic contribution of female led businesses	14
<b>7. Business ownership by members of ethnic minorities</b>	<b>15</b>
<b>8. Annex – UK business statistics: sources and coverage</b>	<b>16</b>

# 1. Businesses in the UK

The chart below shows the number of businesses in the UK since 2000.<sup>1</sup>



Source: BEIS, [Business Population Estimates](#), 2019, Table 25

In 2019, there were 5.9 million private sector businesses in the UK, up by 200,000 compared to 2018.

In 2019, there were 2.4 million more businesses than in 2000, an increase of 69% over the whole period.

The proportion of businesses with employees has fallen since 2000 from around a third, to around a quarter. This decline in the number of employers as a proportion of all businesses is due to the growth in self-employment.

The table on the next page shows data on the number of businesses in each year since 2000.

There has been a 69% increase in the number of businesses since 2000.

<sup>1</sup> Most of the data in this note is from the Department for Business, Energy and Industrial Strategy (BEIS) publication, [Business population estimates](#).

Private sector businesses in the UK				
	Number of businesses (000s)	Change on year (000s)	% change on year	% that are employers
2000	3,467	-	-	32%
2001	3,502	35	1%	33%
2002	3,573	71	2%	33%
2003	3,679	106	3%	32%
2004	3,925	247	7%	30%
2005	3,927	1	0%	30%
2006	4,125	199	5%	29%
2007	4,272	146	4%	29%
2008	4,284	12	0%	29%
2009	4,375	92	2%	28%
2010	4,483	108	2%	27%
2011	4,589	106	2%	26%
2012	4,818	229	5%	26%
2013	4,914	97	2%	25%
2014	5,247	333	7%	24%
2015	5,401	154	3%	24%
2016	5,498	97	2%	24%
2017	5,695	197	4%	24%
2018	5,668	-27	0%	25%
2019	5,868	200	4%	24%

Source: BEIS, [Business Population Estimates](#), 2019, Table 25

## 2. Businesses by size

The table below shows businesses in the UK by size (the number of employees per business).

Private sector businesses in the UK by number of employees, 2019						
	Businesses 1000s	Employment 1000s	Turnover £ billions	Businesses %	Employment %	Turnover %
No employees	4,458	4,835	305	76%	18%	7%
SMEs (0-250 employees)	5,860	16,630	2,168	99.9%	60%	52%
Of which: Micro (0-9 employees)	5,613	9,041	900	96%	33%	22%
Small (10-49 employees)	211	4,117	629	4%	15%	15%
Medium (50-249 employees)	36	3,473	639	1%	13%	15%
Large (250+ employees)	8	10,868	1,982	0%	40%	48%
Total, all businesses	5,868	27,498	4,150	100%	100%	100%

Source: BEIS, [Business Population Estimates](#), 2019, Table 1

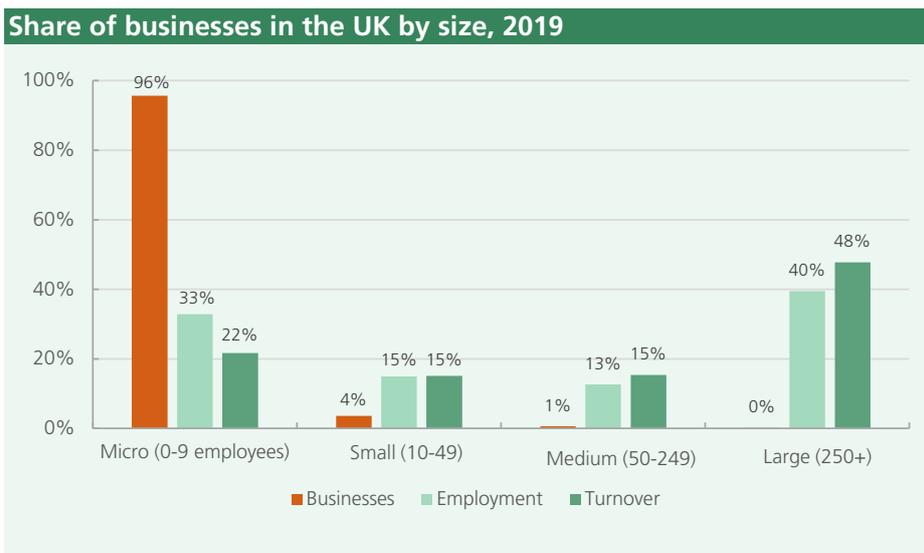
The usual definition of small and medium sized enterprises (SMEs) is any business with fewer than 250 employees. There were 5.9 million SMEs in the UK in 2019, which was over 99% of all businesses.

Micro-businesses have 0-9 employees. There were 5.6 million micro-businesses in the UK in 2019, accounting for 96% of all businesses.

Although the vast majority of businesses in the UK employ fewer than 10 people, this sort of business only accounts for 33% of employment and 22% of turnover.

There are 8,000 large businesses, with more than 250 employees, accounting for 0.1% of businesses but 40% of employment and 48% of turnover, as the following chart shows.

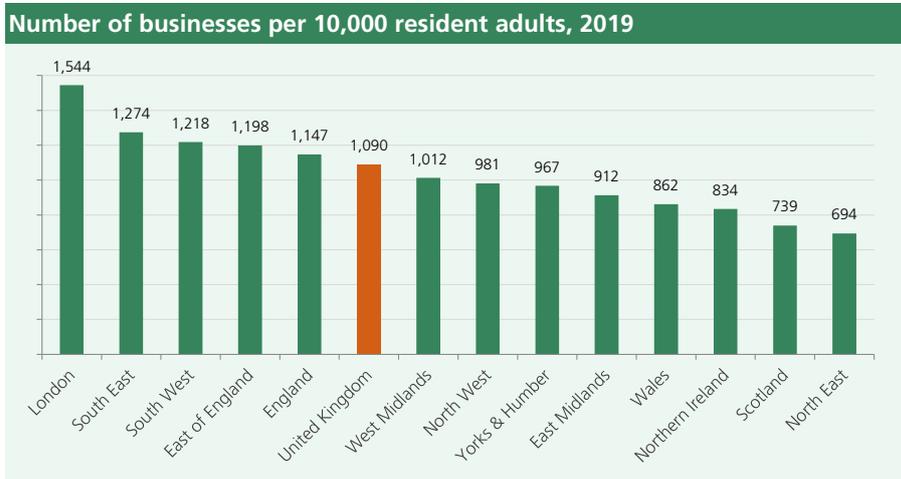
96% of businesses have fewer than 10 employees.



Source: BEIS, [Business Population Estimates](#), 2019, Table 1

### 3. Businesses by region

The chart below shows how the number of businesses per head of population differs across the regions of the UK.



Source: BEIS, [Business Population Estimates](#), 2019, Table 8

In the UK in 2018 there were 1,090 businesses per 10,000 resident adults. In London there were 1,544 businesses per 10,000 residents, whilst in the North East there were 694 businesses per 10,000 residents.

Over a third of UK businesses are in London or the South East (1.1 million in London and 940,000 in the South East). Northern Ireland has 124,000 businesses, the fewest of any country or region in the UK.

Overall, there was a 4% increase in the number of businesses in the UK between 2018 and 2019. The biggest percentage fall in the number of businesses between 2018 and 2019 was in the North East which saw a 7% fall. Northern Ireland saw a 6% fall and the East Midlands saw a 3% fall.<sup>a</sup>

In all the other countries and regions, there was an increase in the number of businesses. In Wales there was a 12% increase, the largest percentage increase. The South East saw an increase of 8%.

The table below shows data on businesses by regions of the UK.

One in three businesses are in London or the South East.

Business statistics by regions and countries of the UK, 2019					
	Number of enterprises (000s)	% change on year*	Per 10,000 resident adults	Employers 000s	SMEs 000s
North East	152	-7%	694	41	151
North West	579	6%	981	142	578
Yorkshire & Humber	429	7%	967	103	428
East Midlands	356	-3%	912	96	356
West Midlands	480	7%	1,012	117	479
East of England	599	6%	1,198	143	598
London	1,092	0%	1,544	243	1,090
South East	940	8%	1,274	211	939
South West	562	3%	1,218	125	561
England	5,188	4%	1,147	1,219	5,182
Wales	222	12%	862	57	222
Scotland	334	1%	739	97	334
Northern Ireland	124	-6%	834	35	124
<i>United Kingdom</i>	<i>5,868</i>	<i>4%</i>	<i>1,090</i>	<i>1,408</i>	<i>5,862</i>

Source: BEIS, [Business Population Estimates](#), 2019, Tables 8 and 9

## 4. Businesses by industry

The table below shows businesses by industry in the UK in 2019.

Businesses by industry in the UK, 2019				
	Number of businesses		Employment	Turnover
	000s	%	%	%
Agriculture, mining and utilities	194	3%	3%	6%
Manufacturing	276	5%	10%	15%
Construction	1,037	18%	8%	9%
Total services	4,360	74%	79%	71%
<i>Of which:</i>				
Retail	547	9%	18%	34%
Transportation	360	6%	6%	5%
Accommodation & food	202	3%	9%	3%
ICT	370	6%	5%	7%
Financial and Insurance	91	2%	4%	-
Real estate activities	113	2%	2%	2%
Professional and scientific	868	15%	10%	9%
Administrative & support service	512	9%	11%	7%
Education	307	5%	2%	1%
Health and social work	361	6%	7%	2%
Arts and recreation	290	5%	3%	2%
Other service activities	340	6%	3%	1%
<i>Total</i>	<i>5,868</i>	-	-	-

Source: BEIS, [Business Population Estimates](#), 2019, Tables 4

Turnover excludes the financial services sector

In 2019 there 4.4 million businesses in the services industries, three quarters of all businesses in the UK. The biggest of the service industries in terms of the number of businesses was the professional, scientific and technical sector which accounted for 15% of businesses. The retail sector and the administrative and support services sector each accounted for 9% of all businesses.

Overall, businesses in the service industries accounted for 79% of employment and 71% of total turnover. Businesses in the retail sector alone accounted for 18% of employment and 34% of all turnover in 2019.

Construction sector businesses accounted for 17% of all businesses, but only 8% of employment and 9% of turnover. A large number of construction workers are self-employed, which increases the number of enterprises, but not the number employed in the sector.

Manufacturing firms accounted for 5% of businesses, 10% of employment and 15% of turnover.

Retail businesses account for a third of UK turnover (excluding financial services)

## 5. Business births and deaths

The table below shows new business ('business births') and businesses that ceased trading ('business deaths') in each year from 2001 to 2018. The business birth rate is the proportion of active businesses that began trading in the reporting year. The business death rate is the proportion of active businesses that ceased trading in the reporting year.

Business birth and death rates, UK				
	Births (000s)	Birth Rate	Deaths (000s)	Death Rate
2001	243	12%	212	10%
2002	243	11%	213	10%
2003	267	12%	232	11%
2004	280	13%	244	11%
2005	275	13%	228	10%
2006	256	12%	207	9%
2007	281	12%	224	10%
2008	267	11%	223	10%
2009	236	10%	277	12%
2010	235	10%	249	11%
2011	261	11%	230	10%
2012	270	11%	252	11%
2013	346	14%	238	10%
2014	351	14%	246	10%
2015	383	14%	282	11%
2016	414	15%	281	10%
2017	382	13%	362	12%
2018	381	13%	336	11%

Source: ONS, [Business Demography](#), 2019; House of Commons Library calculations

Notes: excludes the non-VAT registered businesses with no employees; Birth rate = New businesses as a % of active businesses; Death rate = Businesses that ceased trading as a % of active businesses

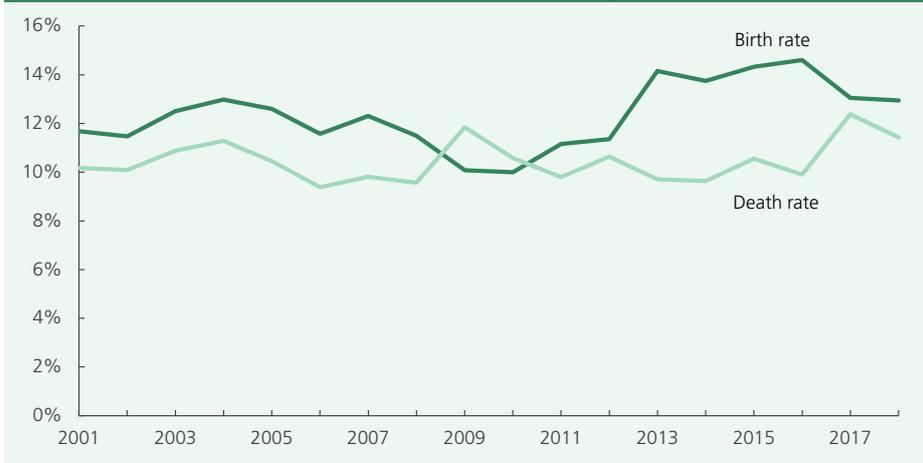
The volume of business births and deaths is proportionate to the business population as a whole. Generally, there are more business births and deaths in a bigger business population.

In 2018 in the UK, there were 381,000 business births, roughly the same as in the previous year. The number of business births in the past five years is considerably higher than in the period before that. In 2018, there were 56% more business births than in 2000.

There were 336,000 business deaths in 2018, 26,000 fewer than in the previous year. This is the biggest fall in the number of business deaths since 2010, when the UK left recession following the financial crisis. There were 58% more business deaths in 2018 than in 2000.

### Business birth and death rates in the UK

New businesses as a % of active businesses; Businesses that ceased trading as a % of active businesses



Source: ONS, [Business Demography](#), 2019; House of Commons Library calculations

Since 2000 there have only been two years when the business birth rate was higher than the business death rate: 2009 and 2010, the years immediately following the financial crisis.

In 2018, the business birth rate was 13%, and the business death rate was 11%.

### Business births and deaths by region

The table below shows business births and deaths in the regions of the UK in 2018.

Business births and deaths by region and country, 2018				
	Births	Birth rate	Deaths	Death rate
North East	9,440	12%	8,345	11%
North West	42,975	14%	40,725	14%
Yorkshire And The Humbe	23,405	12%	21,595	11%
East Midlands	22,850	12%	20,570	11%
West Midlands	31,300	13%	30,895	13%
East	35,880	12%	30,925	11%
London	97,300	16%	78,005	13%
South East	52,795	12%	44,785	10%
South West	24,100	10%	22,050	9%
Wales	14,045	13%	10,950	10%
Scotland	20,590	11%	21,965	12%
Northern Ireland	5,900	10%	4,855	8%
<i>United Kingdom</i>	<i>380,580</i>	<i>13%</i>	<i>335,665</i>	<i>11%</i>

Source: ONS, [Business Demography](#), 2019; House of Commons Library calculations

In 2018, the number of business births was greater than the number of business deaths in all regions and countries of the UK, except Scotland.

The largest number of business births occurred in London (97,300). The largest number of business deaths also occurred in London (78,005).

## 6. Women in business

This section uses various sources to analyse female involvement in business.

### 6.1 Female-led SMEs

The Department for Business, Energy and Industrial Strategy (BEIS) [Small Business Survey](#) is an annual survey of businesses with fewer than 250 employees. It is a useful source for information on the characteristics of business leaders. The information is presented separately for [SMEs with employees](#) and for [SMEs without employees](#).

#### Female-led SMEs with employees

In 2018, 17% of SME employers were led by women (meaning that they were either led by one woman or by a management team that is majority female).<sup>2</sup>

17% of SME employers are led by women

The 2018 figure is similar to the figure in each year since 2015.

There is considerable variation in the proportion of female led SME employers by industry. In the construction sector and the transportation and storage sector, only 9% of SME employers are female-led. In the information and communication sector, 11% of SME employers are female-led.

However, in the education sector, 31% of SME employers are female-led. In the health services sector, 37% of SME employers are female-led.<sup>3</sup>

#### Female-led SMEs with no employees

SMEs with no employees are typically self-employed people, or businesses with a single owner/proprietor.

Female-led SMEs with no employees account for 23% of all SMEs with no employees. This is six percentage points higher than the proportion of female-led SMEs with employees.<sup>4</sup>

23% of SMEs with no employees are led by women

60% of female-led SMEs with no employees are in the health sector. 7% of female-led SMEs with no employees are in the construction sector, 9% are in the transportation and storage sector and 12% are in the information and communication sector.<sup>5</sup>

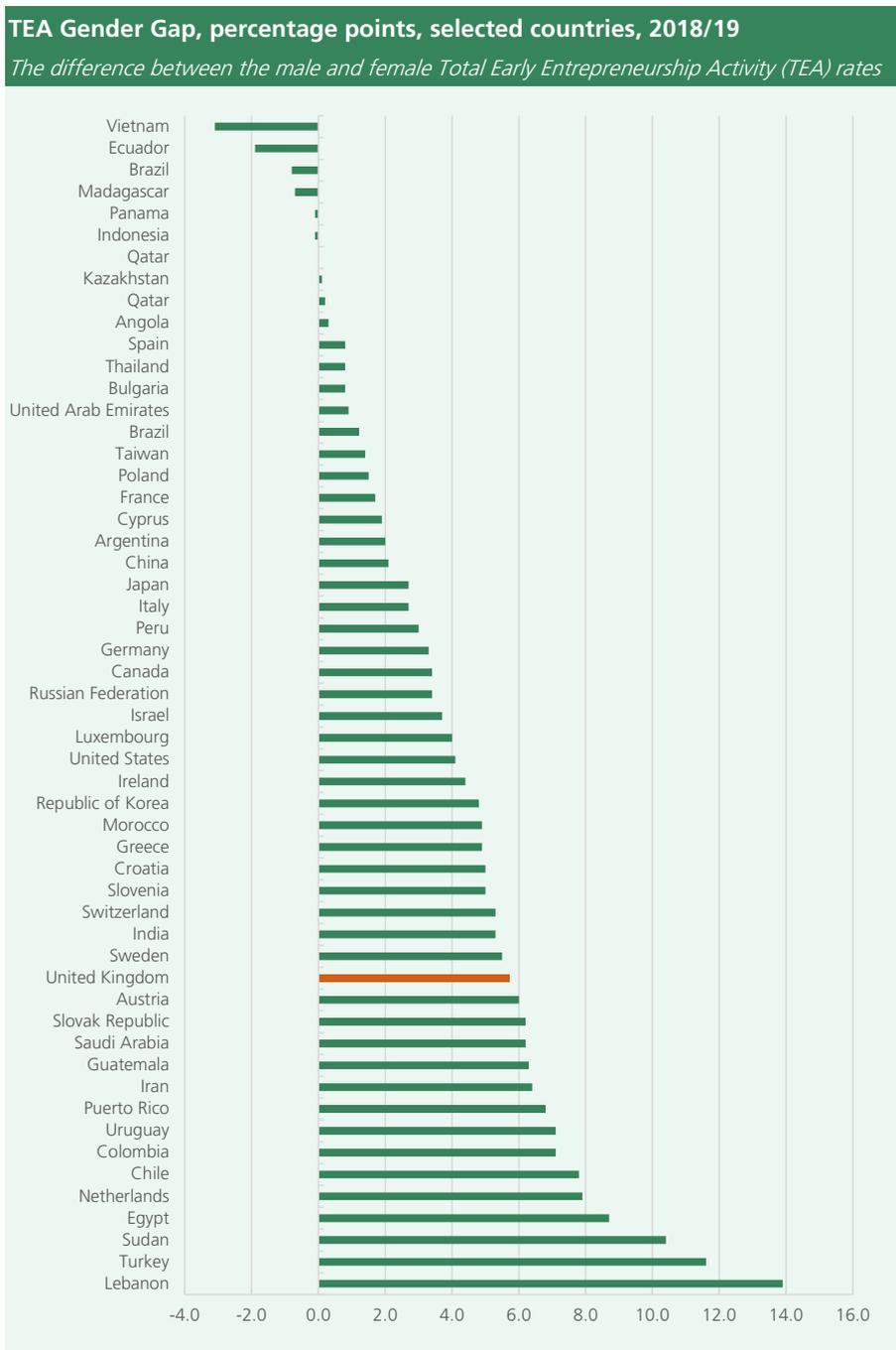
<sup>2</sup> BEIS, [Small business survey \(employers\)](#), 2019, p52

<sup>3</sup> BEIS, [Small business survey \(employers\)](#), 2019, Data table 25

<sup>4</sup> BEIS, [Small business survey \(no employees\)](#), 2019, p29

<sup>5</sup> *Ibid*

## 6.2 Female start-ups – international comparisons



Source: Global Entrepreneurship Monitor, *2018/19 Global Report*, 2019, Table 3, p120

Estimates by the [Global Entrepreneurship Monitoring Consortium](#) show the proportion of women involved in “total early stage entrepreneurial activity” or ‘TEA’. TEA includes the owning or running of any business that is less than 3 and a half years old.

In 2018/19, the TEA rate in the UK (the proportion of working aged people involved in TEA) for men was 11.1%, and was 5.4% for women.<sup>6</sup>

This means that the TEA gap (the difference between the male and female TEA rates) was 5.7 percentage points in the UK. The gap in the US was 4.1 percentage points, the gap in Germany was 3.3 percentage points and the gap in France was 1.7 percentage points.

Of the selected countries, the TEA gap is highest in Egypt – 11.3% points.

There is a negative TEA gap several countries including Vietnam, Brazil and Indonesia (a higher proportion of women are involved in start-ups than the proportion of men).

### 6.3 Women on boards

A government backed target that FTSE100 boards should have a minimum of 25% female representation by 2015 was set in the 2011 report by Lord Davies of Abersoch, [Women on boards](#).<sup>7</sup>

In October 2015, it was [announced](#) that this target had been met, and that 26% of FTSE100 board members were female.

In June 2019, 32% of FTSE100 directorships were occupied by women, and 27% FTSE250 directorships were held by women.<sup>8</sup>

There are now zero all-male boards in the FTSE100, down from 21 in 2011. In the FTSE250, there are now three all male boards, down from 152 in 2011.<sup>9</sup>

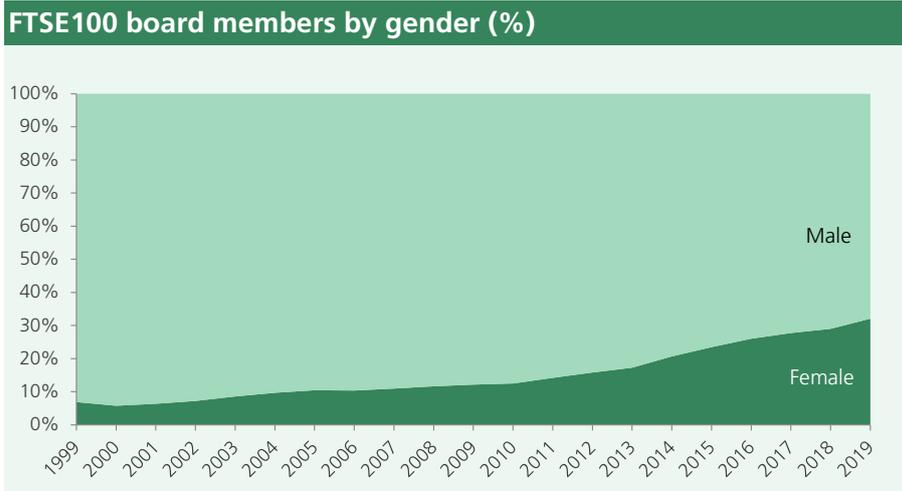
The following chart shows how the proportion of women on FTSE100 boards has increased steadily since the late 1990s with more significant increases in recent years.

<sup>6</sup> Global Entrepreneurship Monitoring Consortium, [Global Report 2018/19](#), 2019, Table 3, p120

<sup>7</sup> Lord Davies of Abersoch and BIS, [Women on boards](#), February 2011, p 4

<sup>8</sup> Cranfield University, [Female FTSE Index](#), 2018, p7

<sup>9</sup> *Ibid*



Source: Cranfield University, [Female FTSE100 report](#), 2019, p10, and House of Commons Library

Further information and statistical analysis of female representation in various professions is contained in the House of Commons Library Briefing Paper, [Women and the economy](#).

## 6.4 The economic contribution of female led businesses

It is estimated that in the UK, women-led SMEs contribute about £85 billion to economic output (16% of Gross Value Added contributed by SMEs in the UK).<sup>10</sup>

<sup>10</sup> BIS, [Contribution of women-led and MEG-led businesses to the UK non-financial economy](#), 2015, p3.

## 7. Business ownership by members of ethnic minorities

The BEIS [Small Business Survey](#) reports annually on the proportion of businesses that are minority ethnic group led (MEG-led, defined as having a person from an ethnic minority in sole control or having a management team at least half of which are from an ethnic minority).

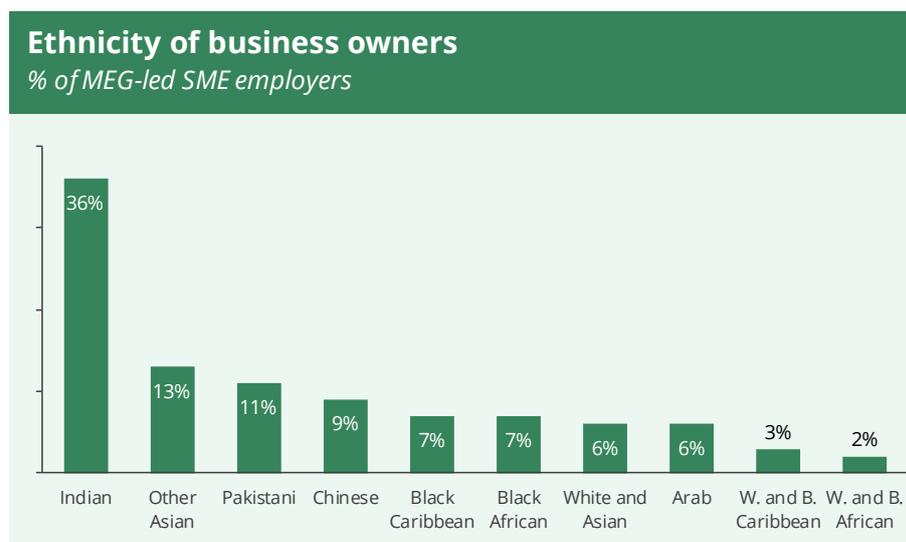
The Survey reports separately on SME with employees and SMEs without employees.

### MEG-led SMEs with employees

In 2018, 5% of SME employers were MEG-led, roughly the same as in each year since 2015.<sup>11</sup>

MEG-led SME employers were most likely in the health sector (9%), and the retail sector (7%).

The following chart shows the most likely ethnicity of the leaders of MEG-led SME employers. The most likely ethnic origin of the owners/directors were Indian (36%), any other Asian background (13%), Pakistani (11%), Chinese (9%), Black Caribbean (7%), Black African (7%), White and Asian (6%), Arab (6%), W. and B. Caribbean (3%), and W. and B. African (2%).



Source: BEIS, [Small business survey \(employers\)](#), 2019, [Data table, Table 22](#)

### MEG-led SMEs with no employees

Data on SMEs without employees shows a similar picture to the data on SMEs with employees. Among SMEs without employees, 4% were MEG-led in 2018.<sup>12</sup>

12% of MEG-led SMEs with no employees were in the retail and wholesale sector.

<sup>11</sup> BEIS, [Small business survey \(employers\)](#), 2019, p53

<sup>12</sup> BEIS, [Small business survey \(no employees\)](#), 2019, p29

## 8. Annex – UK business statistics: sources and coverage

There are various sources which provide statistics about businesses in the UK. These are explained in the Department for Business, Innovation and Skills (BIS) publication, [A guide to the UK Business Population and Demography](#).

Official data on the total number of businesses at national and regional level is published by BIS in the annual [Business population estimates](#) (BPE). BIS states that BPE is the only official source for data on the total number of enterprises in the UK, and associated turnover and employment.<sup>13</sup>

There are three main sources for the BPE: the Inter-Departmental Business Register (IDBR), the Labour Force Survey and HMRC self-assessment tax returns. The IDBR draws its information from HMRC records and it covers VAT and/or PAYE registered enterprises only.<sup>14</sup> In order to include businesses that are not covered by the IDBR, the BPE supplements the data with estimates of the number, employment and turnover of unregistered businesses based on data from the Labour Force Survey and additional data from HMRC. After adjustment to avoid double counting (for example of VAT-registered sole proprietorships), data from these three sources are combined in BPE.

Data on the number of VAT or PAYE registered enterprises only (excluding unregistered businesses too small to be registered for VAT and with no employees) are published in the annual publication [Business activity, size and location](#). This publication is the best source of information on businesses in local areas such as local authorities and parliamentary constituencies. However, since it excludes many small businesses, this publication is not a good source of information about the total number of businesses in the UK.

Information on business births and deaths is published in the annual publication, [Business demography](#). Data in this source is also based on the IDBR, and only covers VAT or PAYE registered enterprises. Its coverage differs from *Business activity, size and location* because *Business demography* examines active businesses in a whole year, rather than at a particular point in the year (*Business activity, size and location* only includes businesses active in March each year).

Data on businesses is also available from various surveys of the business population. Many of these are summarised on the Gov.uk [Annual business surveys](#) webpage. Others useful surveys include the [Global Entrepreneurship Monitoring report](#) and various ad hoc surveys conducted by business associations such as the [Federation of Small Businesses](#) and the [Confederation of British Industry](#).

<sup>13</sup> BIS, [BPE: methodology and quality note](#), 2012

<sup>14</sup> The VAT registration threshold is currently VAT taxable turnover of £73,000.

Another important source of information about businesses is the ONS [Annual Business Survey](#). This source includes data on employment, turnover and approximate Gross Value Added of sectors in the economy, down to very detailed sectoral level. This source is based on returns from a sample of businesses selected from the IDBR.

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March 15, 2020

Insurance policies for UK's biggest pub group do not cover Covid-19  
Ei Group publicans told to seek further cover for loss of business over  
coronavirusCoronavirus – latest updatesSee all our coronavirus coverage

Simon Goodley

The UK's biggest pub group has warned its publicans that their existing insurance policies will not cover them for loss of business because of coronavirus.

Ei Group – formerly known as Enterprise Inns and which owns a portfolio of more than 4,000 pubs – has told its managers that Covid-19 is not included in the group's policy with the insurer Zurich and has advised them to consider seeking further cover elsewhere.

Industry sources indicated that it appears likely the problem could be replicated in other sectors.

In a letter sent to publicans last week, which has been seen by the Guardian, Ei said: "It has been confirmed that Zurich is not including Covid-19 in its notifiable diseases section. As such, any business affected by Covid-19 will not be able to claim for loss of trade."

The move comes after many small-business owners had thought a problem with making insurance claims for coronavirus losses had been solved.

Earlier this month, the government bowed to pressure by changing its stance on insurance to declare coronavirus as a "notifiable disease" – a formal classification required by many insurance policies.

However, many of these existing policies cite specific diseases that businesses can claim for. As coronavirus is so new, it is not included in most of the lists.

A spokesperson for the Association of British Insurers said : "A small number of businesses may have cover in place that will specifically provide for business interruption arising from notifiable diseases. However, this type of extension is not commonly included as standard. Standard business insurance policies are designed and priced to cover standard risks and are therefore unlikely to provide cover for the effects of global pandemics like Covid-19."

Viv English, who runs the Lansdown Arms in Lewes, Sussex, said: "We have no Premier League games and maybe a 20% to 30% hit on trade. I have been paying into the policy for almost 20 years, it is compulsory for us to have it [as an Ei tenant] and it is going to let us down just when we need it.

"We're going to take a real hit and I already know I can't pay my VAT bill. We are now paying VAT [due from] December when it was Christmas and everything was fab. We are now thinking if it is better to close down for a few months and pick up then?"

Last week, Rishi Sunak unveiled a range of moves in his first budget that were designed to assist pubs and other small businesses where trade is likely to be hit by the virus.

The chancellor said he was also making big changes to the business rates paid by pubs this year, in an effort to insulate them from the economic effects of the coronavirus .

Leisure businesses with a rateable value of less than £51,000 will pay no rates for the next 12 months, while the "pub discount" given to bars with a rateable value of up to £100,000 will increase from £1,000 to £5,000 this year.

A spokesman for Zurich said: "Zurich's cover for business interruption is fully aligned with the rest of the insurance market. We will always respond whenever one of our policies is triggered and are continuing to support our customers on a case-by-case basis."

---- **Index References** ----

Company: EI GROUP LTD

News Subject: (Business Management (1BU42); Small Business (1SM15))

Industry: (Bars & Nightclubs (1BA02); Entertainment (1EN08); Financial Services (1FI37); Financial Services Convergence (1FI45); Financial Services Products (1FI16); Insurance (1IN97); Insurance Brokerage (1IN33))

Region: (England (1EN10); Europe (1EU83); United Kingdom (1UN38); Western Europe (1WE41))

Language: EN

Other Indexing: (Rishi Sunak; Viv English)

Word Count: 543

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**NewsRoom**

1. Home (<https://www.gov.uk/>)
2. Coronavirus (COVID-19) (<https://www.gov.uk/coronavirus-taxon>)
3. Health and wellbeing during coronavirus (<https://www.gov.uk/coronavirus-taxon/health-and-wellbeing>)

Speech

## PM statement on coronavirus: 16 March 2020

Prime Minister Boris Johnson made a statement on coronavirus.

Published 16 March 2020

From: Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>) and The Rt Hon Boris Johnson MP (<https://www.gov.uk/government/people/boris-johnson>)

Delivered on: 16 March 2020 (Transcript of the speech, exactly as it was delivered)



Good afternoon everybody, thank you very much for coming. I wanted to bring everyone up to date with the national fight back against the new coronavirus and the decisions that we've just taken in COBR for the whole of the UK.

As we said last week, our objective is to delay and flatten the peak of the epidemic by bringing forward the right measures at the right time, so that we minimise suffering and save lives. And everything we do is based scrupulously on the best scientific advice.

Last week we asked everyone to stay at home if you had one of two key symptoms: a high temperature or a new and continuous cough.

Today, we need to go further, because according to SAGE [the Scientific Advisory Group for Emergencies] it looks as though we're now approaching the fast growth part of the upward curve.

And without drastic action, cases could double every 5 or 6 days.

So, first, we need to ask you to ensure that if you or anyone in your household has one of those two symptoms, then you should stay at home for fourteen days.

That means that if possible you should not go out even to buy food or essentials, other than for exercise, and in that case at a safe distance from others. If necessary, you should ask for help from others for your daily necessities. And if that is not possible, then you should do what you can to limit your social contact when you leave the house to get supplies.

And even if you don't have symptoms and if no one in your household has symptoms, there is more that we need you to do now.

So, second, now is the time for everyone to stop non-essential contact with others and to stop all unnecessary travel.

We need people to start working from home where they possibly can. And you should avoid pubs, clubs, theatres and other such social venues.

It goes without saying, we should all only use the NHS when we really need to. And please go online rather than ringing NHS 111.

Now, this advice about avoiding all unnecessary social contact, is particularly important for people over 70, for pregnant women and for those with some health conditions.

And if you ask, why are we doing this now, why now, why not earlier, or later? Why bring in this very draconian measure?

The answer is that we are asking people to do something that is difficult and disruptive of their lives.

And the right moment, as we've always said, is to do it when it is most effective, when we think it can make the biggest difference to slowing the spread of the disease, reducing the number of victims, reducing the number of fatalities.

And as we take these steps we should be focusing on the most vulnerable.

So third, in a few days' time – by this coming weekend – it will be necessary to go further and to ensure that those with the most serious health conditions are largely shielded from social contact for around 12 weeks.

And again the reason for doing this in the next few days, rather than earlier or later, is that this is going to be very disruptive for people who have such conditions, and difficult for them, but, I believe, it's now necessary.

And we want to ensure that this period of shielding, this period of maximum protection coincides with the peak of the disease.

And it's now clear that the peak of the epidemic is coming faster in some parts of the country than in others.

And it looks as though London is now a few weeks ahead.

So, to relieve the pressure on the London health system and to slow the spread in London, it's important that Londoners now pay special attention to what we are saying about avoiding non-essential contact, and to take particularly seriously the advice about working from home, and avoiding confined spaces such as pubs and restaurants.

Lastly, it remains true as we have said in the last few weeks that risks of transmission of the disease at mass gatherings such as sporting events are relatively low.

But obviously, logically as we advise against unnecessary social contact of all kinds, it is right that we should extend this advice to mass gatherings as well.

And so we've also got to ensure that we have the critical workers we need, that might otherwise be deployed at those gatherings, to deal with this emergency.

So from tomorrow, we will no longer be supporting mass gatherings with emergency workers in the way that we normally do. So mass gatherings, we are now moving emphatically away from.

And I know that many people – including millions of fit and active people over 70 – may feel, listening to what I have just said, that there is something excessive about these measures.

But I have to say, I believe that they are overwhelmingly worth it to slow the spread of the disease, to reduce the peak, to save life, minimise suffering and to give our NHS the chance to cope.

Over the last few days, I have been comparing notes and talking to leaders around the world and I can tell you that the UK is now leading a growing global campaign amongst all our friends and allies, whether in the G7, the G20, the UN, the IMF – all those bodies in which we play a significant role.

We're leading a campaign to fight back against this disease.

To keep the economy growing, to make sure that humanity has access to the drugs and the treatments that we all need, and the UK is also at the front of the effort to back business, to back our economy, to make sure that we get through it.

I know that today we are asking a lot of everybody. It is far more now than just washing your hands - though clearly washing your hands remains important.

But I can tell you that across this country, people and businesses in my experience are responding with amazing energy and creativity to the challenge that we face, and I want to thank everybody for the part that you are playing and are going to play.

Published 16 March 2020

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## Economic Update



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17 March 2020  
Volume 673

7.06 pm

### The Chancellor of the Exchequer (Rishi Sunak)

Thank you, Mr Speaker. I am grateful to you for allowing me to make this statement. Let me wholeheartedly apologise that I was not able to set out these measures to the House first. I can provide the reassurance that you requested and I hope that hon. and right hon. Members across the House understand that these are extraordinary circumstances.

I want to take the opportunity today to set out for the House the next stage of our economic plan in response to the coronavirus. The coronavirus pandemic is a public health emergency, but it is also an economic emergency. We have never, in peacetime, faced a fight of an economic nature like this. I know that people are deeply worried. I know that people's anxiety about the disease itself is matched only by their anxiety about their livelihoods.

In the Budget last week, I set out the first stage of our economic response with a £30 billion package to support people and businesses. I promised to do whatever it takes to

MB1/23

support our economy through this crisis and that, if the situation changed, I would not hesitate to take further action. As the Prime Minister set out yesterday, we are now approaching the fast-growth part of the upwards curve. He has set out the next stage of our public health response; I want to update the House on the next stage of our economic response.

Let me begin by setting out for the House our overarching economic strategy. People should know that the objective of our economic policy remains clear and our resolve remains firm: we will do whatever it takes to protect households and businesses to get through this, and to make sure that the effects do not become permanent. As we develop our strategy, not just today but over the coming days and weeks, we will be guided by three principles. First, our response must be comprehensive. This national effort will be underpinned by Government interventions in the economy on a scale unimaginable only a few weeks ago. This is not a time for ideology and orthodoxy. This is a time to be bold—a time for courage.

I want to reassure every British citizen that this Government will give you the tools you need to get through this. We will support jobs, we will support incomes, we will support businesses, and we will help protect your loved ones. We will do whatever it takes.

Secondly, our response must be co-ordinated. We in Government are working hand in glove with the wider economic authorities. Domestically, that includes the Bank of England, the regulators, and the health response. And internationally, I continue to engage with my G7 and G20 counterparts to agree and facilitate a global response.

Thirdly, our response must be coherent. It would be easy, at a time like this, to rush into a response and measures that we found out later had been ill-considered. The single most important test we in this House must set ourselves is to make sure that the actions we take will, in the lives of ordinary people and businesses, make a difference. To apply those principles in practice, we will use fiscal action to support public services, households and businesses. The Budget last week set out the first stage, including our commitment to provide the NHS with whatever it needs. In the coming days, I will take further steps, with a particular focus on supporting people and individuals.

In response to the updated medical advice yesterday, I can take three immediate steps today. First, the Government will stand behind businesses small and large. I can announce today an unprecedented package of Government-backed and guaranteed loans to support businesses to get through this. Today, I am making available an initial £330 billion of guarantees, equivalent to 15% of our GDP. That means any business that needs to access cash to pay its rent, salaries or suppliers will be able to access a Government-backed loan on attractive terms. If demand is greater than the initial £330 billion I am making available today, I will go further and provide as much capacity as required. I said whatever it takes, and I mean it.

That support will be delivered through two main schemes. To support liquidity among larger firms, I have today agreed a new lending facility with the Governor of the Bank of England to provide low-cost commercial paper. To support lending to small and medium-sized businesses, I am extending the new business interruption loan scheme I announced at the Budget last week so that rather than loans of up to £1.2 million, it will now provide loans of up to £5 million, with no interest due for the first six months. Both of those schemes will be up and running by the start of next week. I am also taking a new legal power in the covid Bill to offer whatever further financial support I decide is necessary.

Some sectors are facing particularly acute challenges. In the coming days, my right hon. Friend the Secretary of State for Transport and I will discuss a specific potential support package for airlines and airports. Yesterday, I asked my Cabinet colleagues to urgently convene meetings over the coming days with business leaders and representatives in the most affected sectors to identify other specific opportunities to support them, including possible regulatory forbearance. I repeat: we will do whatever it takes.

Secondly, as well as access to finance, businesses need support with their cash flow and fixed costs. Following the changed medical advice yesterday, there are genuine concerns about the impact on pubs, clubs, theatres and other hospitality, leisure and retail venues. Let me confirm today that for those businesses that do have a policy that covers pandemics, the Government's action is sufficient and will allow them to make an insurance claim against their policy. But many businesses do not have insurance, so we need to go

further. I announced last week that businesses in the retail, hospitality and leisure sectors with a rateable value of less than £51,000 will pay no business rates this year. Today, I can go further and provide those businesses with an additional cash grant of up to £25,000 per business to help bridge through this period.

Additionally, I am extending this business rates holiday to all businesses in those sectors, irrespective of their rateable value. That means that every single shop, pub, theatre, music venue and restaurant, and any other business in the retail, hospitality or leisure sector, will pay no business rates whatsoever for 12 months, and if they have a rateable value of less than £51,000, they will now get a cash grant as well. I also announced last week that we would be providing £3,000 grants to 700,000 of our smallest businesses. To support their cash flow in these exceptional circumstances, today I can increase those cash grants to £10,000.

Taken together, on top of the unlimited lending capacity I have already announced, that is a package of tax cuts and grants in this financial year to directly support businesses worth more than £20 billion. That comes on top of the existing multibillion-pound package I set out at Budget, which included reimbursing small and medium-sized companies for the cost of statutory sick pay. Local authorities in England will be fully compensated for the costs of these measures, and the devolved Administrations will receive at least £3.5 billion in additional funding as a result, to provide support to businesses in Scotland, Wales and Northern Ireland. I repeat again: we will do whatever it takes.

Thirdly, I will strengthen our support for peoples and individuals. At Budget last week, I committed £1 billion to support the financial security of vulnerable people through a half-a-billion-pound boost to the welfare system and a half-a-billion-pound hardship fund for local authorities. Following discussions with industry, I can announce today that, for those in difficulty due to coronavirus, mortgage lenders will now offer a three-month mortgage holiday, so that people will not have to pay a penny towards their mortgage while they get back on their feet. In the coming days, I will go much further to support people's financial security. In particular, I will work with trade unions and businesses to urgently develop new forms of employment support to help protect people's jobs and incomes through this

period.

Let no one doubt our resolve. When I said in the Budget last week that we will do everything we can to keep this country and our people healthy and financially secure, I meant it. The measures that I have announced today are part of a comprehensive, co-ordinated and coherent response to a serious and evolving economic situation. These are only the first steps, and I will set out the next stage of our response in the coming days. We have never faced an economic fight like this one, but we are well prepared. We will get through this, and we will do whatever it takes. I commend this statement to the House.

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□ 7.17 pm

## John McDonnell (Hayes and Harlington) (Lab)

There was an element of déjà vu about that statement. I thank the Chancellor of the Exchequer for providing us with an earlier copy of it. Of course, we recognise the immense threat that this virus poses to our country and the globe, and we want to work with him to ensure that we do everything we can to protect our economy and our people. But today, in some of our constituencies, people were being laid off—they were losing their jobs and their incomes, and their livelihoods are being threatened. People are worried, and I am disappointed that today's package of measures does not really appreciate the urgency or the gravity of the situation for those individuals and their families.

Let us establish a principle throughout our discussions. To protect our people, the underlying principle must be that, wherever a person is sick, self-isolating or laid off from their employment, we will protect their income and give them security. I want to raise a number of questions about issues that the Chancellor failed to address and that I hope will be addressed urgently.

On those people who are sick, there is an urgent need for statutory sick pay to be available for everybody from day 1, and that means extending it to people on low pay, in part-time work and on zero-hours contracts, who at the moment do not qualify. Will the

**MB1/27**

Chancellor now consider abolishing completely the lower earnings limit with regard to statutory sick pay, as called for by the CBI? May I also ask him to heed the call of the TUC and other groups to lift the overall level of statutory sick pay? The TUC has proposed that it should be raised to the level of the real living wage, and I think we should support that. Other countries are providing 100% protection of wages.

Other questions with regard to individuals remain unanswered. Will those workers who have been asked or required to self-isolate—teachers, health workers, nurses, carers and other essential public servants—be protected on full pay to ensure that essential services continue? Will the Government assure people of a right to work from home?

Other pressures felt by individuals relate to rents, mortgages and evictions. I really regret—I ask the Chancellor to consider this urgently this evening—that there was nothing in the statement to protect renters. It affects all our constituents. Will the Chancellor bring forward urgently now measures to protect renters, prevent evictions and enable rent holidays for those people unable to meet their costs? Will he put powers in the legislation now to follow the example of some other countries that have frozen or suspended utility bill payments and put that on a statutory footing because this is an emergency?

For those who have already lost their jobs, let us be clear: the level of and access to universal credit are unacceptable. The Chancellor has said that those receiving universal credit can receive an advance as a loan. This is pushing people into debt, some of them the poorest in our society. The Child Poverty Action Group has asked whether we can make that loan non-repayable as a grant. Can I urge him to consider that?

The Chancellor has said, and I welcome it, that he is going to bring the trade unions together to look at a more sustainable package. We need to do that within days, not weeks, and we will work with him to ensure that happens. I would cite other examples. In Denmark, the Government cover 75% of wages and companies cover 25%. It is true that workers give up some holidays in exchange, but there is a job guarantee for those workers.

We want financial support, but we want guarantees that these people, when this crisis is

over, will have a job to go back to, particularly in those companies where there have been significant lay-offs. Unfortunately, we are now facing significant job losses, and a real sense of uncertainty for workers and businesses alike. I have to say that that uncertainty was made worse last night by statements with regard to the hospitality sector. I do not believe that the Chancellor's statement today gives the clarity that is needed. Will he make it clear to the insurance companies that those in the hospitality sector—the pubs, the clubs, the theatres, the festivals—are closing on the instruction of the Government? In that way, most of them, even if they do not have “pandemic” in their insurance policies, will be covered.

I welcome today's announcement of loan guarantees to businesses, but I notice in the small print—can the Chancellor clarify this?—that this is interest free for a period of six months only. I am not sure whether that gives the sufficient support and guarantee for the long term that many will want. I welcome the grants, but may I say to him that the response so far from a number of businesses has been that the scale of the grants needs reviewing? They are too small, and they do not relate to the costs that people are involved in at the moment.

I welcome what the Government have said about the business rates relief holiday, but last week the statement seemed to exclude nurseries and childcare. Can the Chancellor just clarify that that has been remedied now, because childcare and nurseries will be desperately needed in the coming period? A bit of concern has been expressed about the British Business Bank being asked last week to deliver the business interruption loan scheme. As of very recently there is little public evidence that the scheme has been established or developed.

I will turn quickly to individual sectors. On the aviation sector and other key transport sectors, I accept that there is a need now for support. I say gently, however, that I resent Mr Branson urging his workers to take eight weeks of unpaid leave, when he makes such a fortune, often by tax avoidance as well. If we are to give grants, loans and assistance to some of these sectors, we should consider whether to take an equity stake for the long term. That also relates to the rail sector. If any franchise fails, is there any planning to

bring it under public ownership and management?

Another sector that has been mentioned—this is deeply worrying—is the fishing industry. It has been hit hard, particularly because of its inability to export. We have been told about the lack of insurance cover for boat mortgages. Can we look at that rapidly now to develop some form of legislative protection? Agriculture is now moving into the planting season. The sector was already facing a significant shortage of workers, but it now faces even bigger challenges. Will the Chancellor reassure the House that there will be support for agriculture throughout, because food supplies will be essential during this coming period, especially domestic food supplies?

I must also raise the issue of public services, which the Chancellor did not mention in any depth. The Opposition received well the commitment that whatever the NHS needs it will get, but can we be clear about the allocation of funding to enable testing to take place at scale? The £5 billion response fund did not earmark any particular funding for the NHS, let alone for testing. Clearly, the public now want reassurance that testing will be developed, and we need the funding. Also on the NHS, can the Government point to stronger steps that need to be taken to manufacture essential ventilators and provide personal protective equipment for frontline NHS workers? If we are harvesting our resources, Labour Members do not believe that we should be paying for private hospital beds at this time. Indeed, many of us believe that they should be requisitioned for the use of the whole community.

The overall system of caring for our population relies not just on the NHS but on social care. Will the Chancellor be absolutely clear now about the scale of funding that has so far been directed to social care, as there is uncertainty about that at the moment? What does he think is the best estimate for the level of funding that will be needed, given that we have already inherited 120,000 vacancies, and staff numbers may well dwindle because of the impact of the virus? In recent years, we have seen evidence that some care companies face threats to their financial viability. What plans have the Government developed to intervene if necessary in that sector? There is also pressure on family carers, who are relied on to support our social care system. We need proposals to support

them financially as well.

One area of change that has been mooted is the possible closure of our schools. It is crucial that childcare support is provided in the event that any closures occur. We will work with the Chancellor on that issue and with local authorities, but it is crucial that children who depend on free school dinners receive support if the schools are closed. We cannot allow them to go hungry. School staff may be off for long periods and we would like an assurance that their incomes will be guaranteed. Pupils and students are being advised to study from home and most will require access to high-speed broadband. What will be done to ensure access to broadband for students? May I suggest to the Chancellor that it could be free? We all rely in our communities on the voluntary sector as well and it is being hit hard because of the temporary downturn in donations and staffing levels. What consideration has been given to grants to ensure that the voluntary sector can continue to carry out its important functions?

We need more clarity on the Barnett consequentials, and very quickly, because there is uncertainty about the scale of support that will be given to the devolved countries and regions.

With regard to international interventions, whatever people thought about Gordon Brown's individual policies, in 2007 and 2008 he showed international leadership to tackle that crisis. I have expressed previously my disappointment that the Government did not act sooner in bringing countries together. I urge the Chancellor to follow up the teleconference with the G7 on Monday with engagement through the G20, the World Bank, the World Health Organisation and the UN, and to bring forward a global plan with his colleagues to ensure that we can give assurance not just to the markets but to those, particularly in the global south, who may well be hit hardest by this virus.

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## Rishi Sunak

I thank the right hon. Gentleman for the constructive attitude with which he approaches some of these issues. I very much welcome his desire to work with me to try to solve

some of the pressing issues that face our nation.

I will try to answer as many of the right hon. Gentleman's specific questions as possible, starting with financial security for our most vulnerable people. I wholeheartedly agree that this is a priority and should be a priority, which is why, in the Budget, we made significant changes to the operation of statutory sick pay, universal credit, and employment and support allowance to ensure that people had quicker and more generous access to a support system for them and their families. We have already invested £1 billion to provide that extra security, but of course we keep all these things under review. As I said, the next step of our plan is to focus on providing support to people, their incomes and their jobs over the coming days.

The right hon. Gentleman asked about insurance for the leisure sector. I can confirm that, after extensive meetings today between my hon. Friend the Economic Secretary to the Treasury and the insurance industry, the insurance industry will honour insurance contracts that would have been triggered if the advice had been to ban certain things, rather than it being advisory not to do them. That has been agreed and negotiated by my hon. Friend. I thank him for those efforts, and I thank the insurance industry for doing the right thing.

The shadow Chancellor asked, rightly, about renters. Of course, I announced measures today on mortgages. He is absolutely right that the biggest fixed cost that many families face will be their rent payment, and it is right that we have regard to that. I can tell him that my right hon. Friend the Housing Secretary will, in the coming days, make a statement with further measures to protect renters through these difficult times.

The shadow Chancellor asked about other countries and their experience, and about global leadership. He mentioned some specific examples of schemes. I can assure him that I am in touch with my counterparts across the G7 and the G20 to understand how schemes in other countries work. He mentioned, for example, employment support schemes in both Germany and Denmark. I say to him and to the House that, whatever package or scheme we come up with that we believe will provide the appropriate support, it is important that we can operationalise that at speed. The difference between our

system and that of many other countries is that they have these systems already in place, so it is far easier for them to step them up quickly. We need to make sure we come up with a solution that can be delivered so that it makes a difference to people quickly, which is why I am happy to work closely with unions and business groups to see what will make the most sense.

On international leadership, I say to the right hon. Gentleman that it was widely noticed by other countries that last week, in this country, we saw both monetary and fiscal policy—the Government and the Bank of England working independently but in a co-ordinated fashion to provide significant support and confidence to the economy. That was acknowledged by people, including the International Monetary Fund, which noticed what happened here and pointed at it as an example for others to follow.

On the scale of our response, I ask the right hon. Gentleman to look at the analysis comparing the scale of the fiscal support that various different countries are providing. Again, I think he will find that the package of measures announced both last week and today shows that we have one of the strongest responses of anybody in the G7 as a percentage of GDP to the significant challenge that we face.

The right hon. Gentleman asked about the delivery of the loan scheme and it is right to focus on how it will be delivered. We have been working at pace over the past week to make sure that the loans can be delivered not by the British Business Bank, but by individual retail banks on high streets up and down the country. Again, because of the work of the Economic Secretary, that will happen by early next week: businesses will be able to walk into their local branches and request a business interruption loan that has been backed by the Government on these attractive terms. Again, we have to work with the systems that we have. We cannot let the perfect be the enemy of the good because we want to be able to deliver these schemes as quickly as possible to businesses up and down the country.

The right hon. Gentleman asked about support for a variety of sectors. I can tell him that I have urgently asked my Cabinet colleagues to convene roundtables and engagement with their particular industries to understand if there are specific measures we should be

looking at, on top of the measures for airlines and airports that we can look to address in the coming days. All the sectors he mentioned will be covered by that.

I agree with the right hon. Gentleman: when it comes to providing support to larger companies, if the taxpayer is going to be put at risk in supporting those companies, it is right that the taxpayer is rewarded on the other side. That is a principle with which we also wholeheartedly agree. He can rest assured that, as we negotiate those situations, we will always protect the interests of taxpayers.

The right hon. Gentleman rightly asked about public services. Our No. 1 priority is to ensure that the NHS has everything it needs to get through this period. I made that commitment last week. I re-echo that commitment today.

On the Barnett consequentials, the right hon. Gentleman will have seen this week that we released the full amount of the Barnett consequentials resulting from the Budget package in advance to all devolved authorities. Today, I announced the overall quantum. Again, we will quickly release those, in advance of those payments being released in England, to the devolved authorities, so they can plan appropriately.

The right hon. Gentleman can rest assured that all the specific public service issues he mentioned, whether school meals, schools and social care, are under active and urgent consideration.

I will end on this point. Our public servants, in particular those working hardest in our NHS right now, deserve nothing but our support at this difficult time. I want them to know, and I want the country to know, that we will do whatever it takes to get through this.

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## Mel Stride (Central Devon) (Con)

These are truly shocking times and a great weight lies upon the shoulders of my right hon. Friend the Chancellor. I hope it is felt right across the House that we wish him every success in his endeavours to steer us through this crisis. He has come forward with a huge response to the current situation, which I know will, in many quarters and businesses up and down the country, provide some reassurance. There are, however, inevitably some

areas on which there is still work to come, not least in terms of the employment support package. I note the fact that he will shortly be engaging closely with trade unions and businesses to flesh that out. May I urge him to do so as quickly and promptly as possible? Does he know at this stage when the conclusions of that exercise may be reached, so that we can provide vital reassurance to employers and employees who fear for their jobs up and down our country? This is a time in our history where not just days, but hours matter.

Share

## Rishi Sunak

I thank my right hon. Friend for his thoughtful support. I can tell him that we are working on those proposals urgently and plan to have answers for both him and the House in the coming days, ideally next week, with an early thought of what we can do. As I said, designing these schemes will take an appropriate amount of diligence and care. That is what we are focused on urgently as we speak. He is right: this is about hours, not days and weeks.

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## Alison Thewliss (Glasgow Central) (SNP)

I thank the Chancellor for the action and the extra money that he has announced this evening. I put on record my thanks to health staff, volunteers and everybody working at the forefront of this crisis. I also mark my sadness at the second death that was recorded in Scotland today.

We want to work across the economy and across society, because fundamentally this is about people's lives. The Chancellor is right that nothing should be spared when it comes to that. Can he tell me precisely what the Barnett consequential will be from today's announcement? He says that the Scottish Government knew in advance. I do not make the point to be party political, but my understanding is that the Scottish Government were only notified by letter at 5.30 pm yesterday of the previous set of Barnett consequential from last week's Budget. *[Interruption.]* I hear hon. Members saying that that has been the same for Wales.

The Scottish Government want to act swiftly. They must not be behind the curve of what England is doing. The Chancellor must pick up the phone to Kate Forbes, the Scottish Cabinet Secretary for Finance, to let her know exactly what is coming, so that she can take action for Scotland's businesses and individuals across the country.

The Chancellor mentioned that the loans will be on attractive terms. Can he tell us more details? Businesses will be nervous about taking on more debt at this time, and interest free for six months is perhaps not good enough for businesses that are struggling and questioning their very future. His flexibility on the next steps is also welcome, but we expect those measures to come before the House if at all possible.

Will the Chancellor take a stake in the airlines to guarantee that money for the future? In any intervention for airlines, will he make sure that staff are protected first, including support staff in airports and in the supply chain, not just airline staff directly? They are all worried about their jobs.

Cash grants for small businesses are welcome, but I gently suggest that the £3,000 announced last week was not enough. Today's announcement of £10,000 shows how short that was. The hospitality sector in particular needs urgent clarity about what is going to happen for events, for pubs and right across the sector. The Government need to be absolutely clear: if people are to stay away from pubs, pubs need to know that and have the Government's backing if they close. That applies across the hospitality sector, including for hotels and lots of small businesses in the supply chain.

The Association of British Insurers has suggested that many businesses will not have a policy that covers pandemic. Will the UK Government stand as an insurer of last resort, as Professor Sir Charles Bean suggested at the Treasury Committee today, saying, "Big early action is better than half-hearted action that's late"?

I urge the Chancellor to think on that. Can the insurers cope if they are asked to pay out on all those policies? Will the Government stand behind the insurers if need be?

What protection has been given to pregnant women around maternity entitlement? Lots of women have been asked to take their maternity leave early, which will affect how long

they can stay off at the end. They need to know that the Government will back them on that and that they will not lose out on their maternity leave because of the coronavirus.

The Chancellor made no mention of private renters, particularly young people who are more likely to be in insecure employment. He is giving a break to those paying mortgages, lots of which are buy-to-rent mortgages where people rent the accommodation. If the mortgage holders are getting a break, that must be guaranteed for renters as well. It must be passed on, and passed on quickly. If the Chancellor looks at Twitter, he will see that people around the country are losing their tenancies and do not know whether they can get a new one.

There has been talk in the US of \$1,000 being given to Americans, and in Italy €500 being given to the self-employed. Will the Chancellor consider such direct schemes for individuals who may be struggling to cope? Will he also look at the situation for asylum seekers and those with no recourse to public funds who cannot claim benefits and are particularly vulnerable? The services, food banks and voluntary action that they rely on will disappear. They need direct payments as well if they are to live through this crisis.

I note that France is moving to the direct payment of bills. Will the Chancellor look at that measure? That is a different mechanism that stops money being taken out of people's pockets, rather than putting money into them. Has he spoken to the energy companies about that?

Turning to the vulnerability of people in the economy just now, the Fraser of Allander Institute has said that only one in four under-25s has enough savings to cover one month of income. The under-25s are incredibly vulnerable, so will the Chancellor consider specific measures to tackle issues for those young people? Only 42% of households in the bottom income decile have enough savings to cover one month. People will not get through this crisis with the money they have in the bank, because a lot of them have no money in the bank. He needs to consider how he will ensure that people can put food on the table. That need is particularly pressing for families, because if the schools do close and parents cannot work, there will be no money coming in. He needs to think about how those families will put food on the table for those children during this extended period.

I agree with everyone who has said that statutory sick pay is woefully inadequate to deal with this crisis. The Government have suggested that people should apply for universal credit, but they seem to be forgetting that for many people universal credit is far less generous even than statutory sick pay, so will the Chancellor urgently increase the amount that people can get through the universal credit system? Will he uprate that so that people can get enough money to survive the crisis? Will he consider extending the period for universal credit advances, or ideally get rid of the advances and pay people straight away? Will he ensure that the Department for Work and Pensions looks carefully at the implications of people claiming universal credit for their entitlement to legacy benefits, because people might lose out on their legacy benefits if they jump into universal credit just now? Will the Department protect that for all claimants so that they do not lose out in the long term?

This is a crisis. I welcome all action that the UK Government will take on this, but the questions this evening will be legion, and people will have so many questions in the days ahead. I ask the Government to listen and to react as quickly as possible to all the questions that honourable colleagues will raise this evening, and in the weeks and months ahead.

Share

## Rishi Sunak

I thank the hon. Member for her comments. I can reassure her that I am listening. I welcome all the suggestions that she has made, and indeed all those that other hon. Members will make. We are listening intently to hon. Members, and to businesses and others, to ensure that we provide the support required.

Let me answer the hon. Member's specific questions. The Barnett consequential resulting from today's package will be about £3.5 billion. I understand that my right hon. Friend the Chief Secretary to the Treasury will be speaking to the Scottish Finance Secretary tomorrow to explain in more detail how that will work. Earlier this week we released the Barnett consequential to the devolved authorities before the money has

been drawn down in England, as would be typical, in order to provide advance on the Barnett consequential to all devolved authorities in recognition of the circumstances that everyone is grappling with, so that they can plan appropriately. I hope that will be welcomed.

Obviously, it would not be appropriate for me to comment on specific interventions in any particular company, whether an airline or anything else, but I agree with the hon. Member that in general we are interested in protecting people's jobs. When I stand here and talk about supporting businesses, I am keen to support businesses because that is the best way to protect jobs, and ultimately that is the best way to protect people.

The hon. Member asked about cash grants. In thinking about the scale of the grants and how significant they might be, let us take the £10,000 grant available for anyone currently in receipt of small business rate relief. The typical rateable value on one of those properties would be approximately £7,000. That is a good proxy for a year's worth of rent. A £10,000 cash grant is therefore reasonably significant in covering what is probably a business's biggest fixed cost. When we look at what the average income of one of those smaller businesses might be, again we see that it will be significant.

The hon. Member talked about pubs and the leisure sector. Not only will there be a business rates holiday for the sector for the next 12 months, but for all businesses in the sector, regardless of their rateable value, there will be a £25,000 cash grant for businesses up to £51,000.

The hon. Member asked about insurance. The statement is welcome on insurance. With regard to retrospectively changing insurance policies, she rightly identified that that would most likely cause solvency issues with insurance companies, so it is perhaps not the most appropriate course of action, which is why we have several other measures for providing support directly to businesses in those circumstances. She will probably be aware that very few businesses actually have the requisite insurance in any case, so although the steps set out today are welcome, it is important that we think more broadly about direct support.

I welcome the hon. Member's question on maternity pay, which I will discuss with my right

hon. Friend the Secretary of State for Work and Pensions and reflect on. With regard to renters, as I said in my earlier answer, my right hon. Friend the Secretary of State for Housing, Communities and Local Government will shortly announce further measures to protect renters.

The hon. Lady talked about other countries, and about fiscal responses and individual measures. Every country is doing this slightly differently, but, broadly, are trying to do the same things through different means. I think that the best way to judge us is by the total scale of our fiscal response, and on that metric, as a percentage of GDP benchmarked to nearly all developed countries, we have what is to date one of the most comprehensive and significant packages of scale—which, as I have said, underlies our commitment to doing what it takes to get the country through this.

Share

## Mr David Davis (Haltemprice and Howden) (Con)

I strongly welcome the Chancellor's enormous loan and guarantee package, but he himself recognised that he is supporting the liquidity of businesses rather than their long-term viability. We want to see employment protected, so may I ask him to fund business not just in ways that enable the maintenance of employment, but in ways that actively incentivise it? It is not the same thing. Block grants will not do it. May I also ask him, when he does that, to do more than just taking the route of sectoral support packages? If he takes that route, tens of thousands of small businesses will fall through the cracks.

That, unfortunately, means an incredibly tailored system. The Chancellor will have to design rather intricate mechanisms to ensure that we pay people properly, which may involve small claims courts, the insurance business and British chambers of commerce and the like. I ask him to consider doing that, however. What he has done today is important in terms of maintaining liquidity, but his main aim must be to maintain the viability of the British economy.

Share

Rishi Sunak

My right hon. Friend has made a good point. I believe that providing liquidity now ensures sustainability for the future, but he is right to identify the further steps that are needed to provide support on fixed costs such as employment, and preserving and incentivising that employment. This is work that we are undertaking as a matter of urgency.

Share

## Rachel Reeves (Leeds West) (Lab)

For those who are currently off work on statutory sick pay or are self-isolating for public health reasons, who are laid off because there is no work or who are self-employed or low-paid, there is nothing at all in the Chancellor's package of measures. The Chancellor says that these matters are under review. As a matter of urgency, will he at least increase statutory sick pay to the level of the national living wage, and come back to the House with a package of support that ensures that workers will not be financially penalised for doing the right thing, and will not be unable to pay their bills and rent and put food on the table?

Share

## Rishi Sunak

We have put £1 billion into the welfare system to provide extra financial security for those people, to speed up both access and the generosity of all those benefits.

Share

## Harriett Baldwin (West Worcestershire) (Con)

I thank the Chancellor and his team for all that has been announced today. I know that those in the retail hospitality sector in my constituency will be very pleased to hear about it.

There is a sector of the retail market that is doing incredibly well, and that is the supermarkets. Many of my constituents are worried because they rely on home deliveries from supermarkets. Can the Chancellor update us on what talks he and his colleagues are having with the supermarket industry about increasing capacity for home delivery?

Share

## Rishi Sunak

That is an excellent point. My right hon. Friend the Secretary of State for Environment, Food and Rural Affairs is engaged in urgent talks with supermarkets to ensure the security of our food supply and to improve accessibility, particularly for those who may now be at home.

Share

## Jess Phillips (Birmingham, Yardley) (Lab)

I simply want to ask the Chancellor whether he could live on £94.25 per week. It is a simple question: has he ever lived on that, and could he live on that, because that is what most of my constituents are currently having to live on?

Share

## Rishi Sunak

We believe in a strong safety net during a short period so that people can get through this, which is why we have strengthened that safety net with £1 billion of extra investment to increase generosity and accessibility.

Share

## Sir Iain Duncan Smith (Chingford and Woodford Green) (Con)

I commend my right hon. Friend the Chancellor for his bold measures today, which will encourage many small businesses to believe that the Government are on their side. There is more to do, I know. Can I also encourage him, though, in his statement to come, on further employment measures to bear it in mind that the most important thing we can do is to do everything we can to keep people in employment? That will help to deliver growth.

One area I want to raise with my right hon. Friend, which has not really been touched on, although I think the shadow Chancellor raised it, is the voluntary sector. The Centre for Social Justice has done some quick work on this and come to the conclusion that the

smallest elements of the voluntary sector, which have no reserves, are going to lose about £400 million during this next few months, and they are going to be the ones that are called upon most for support in the community for those who suffer. Can I please ask him to look at this very carefully and see what we can do to give them that cash aid?

Share

## Rishi Sunak

My right hon. Friend knows better than most the value of making sure that people have the security of a good job, and I commend him for all his work in that regard. I agree with him wholeheartedly. My right hon. Friend the Communities Secretary is talking already to the voluntary sector and we stand ready to provide the support that may be required.

Share

## Edward Miliband (Doncaster North) (Lab)

I recognise, as I am sure the whole House does, the Chancellor's wish to get any employment support scheme right, but he will recognise, as the shadow Chancellor said from the Front Bench, that people are facing redundancy right now. May I suggest two things that he can say tonight to help ward off those redundancies? The first is that he accepts the principle that Government should cover a substantial proportion of people's wages, because it is in their interests and those of the economy and their businesses. The second is that he undertakes to come back not next week but by Friday of this week with a clear plan developed with unions and businesses.

Share

## Rishi Sunak

I say to the right hon. Gentleman that it is more important that we get this right than rush to things that will not work, but he can rest assured that we agree wholeheartedly with the ambitions of what he says, but delivering them and getting it right are vital and that is what we are working on doing.

## George Freeman (Mid Norfolk) (Con)

I congratulate and thank the Chancellor on behalf of the people in Mid Norfolk for a coherent and comprehensive package, in particular the support on rates and mortgages. In my rural and quite fragile economy, it is the pubs, the high streets, the small businesses, tourism and farming, and food processing that are the backbone of the economy. May I press him on the insurance point? The policies of many of my local employers simply do not cover liability for epidemics. Would it not be sensible to look at reinforcing the insurance industry, which has the wherewithal to deliver the support, so that those that have made money in the good years can help companies that really need it in tough times?

Share

## Rishi Sunak

I appreciate the point my hon. Friend is making. The steps today on insurance are welcome, but he is right to identify that retrospectively changing the situation that insurers would have reserved against could have a very significant impact on their solvency, which would send a ripple effect throughout the insurance market. That is not something that any of us would want to see.

Share

## Ms Angela Eagle (Wallasey) (Lab)

The Chancellor must surely recognise that those on statutory sick pay are being asked to protect the rest of us, but take only £96 a week in income and live on that, and that those on universal credit, if they can access the system at all, will be asked to live on £74 a week. Millions of people are simply not eligible for either of those deeply flawed structures. He has to do something fast. He has to do it quickly. Instead of talking about the £1 billion he has already put in, will he now realise that he has to move fast to reassure people that if they do the right thing they will not suffer and that they will be able to put food on the

table and maintain their housing and their children's meals?

Share

## Rishi Sunak

We have provided half a billion pounds specifically to local authorities to provide extra support, particularly to help people with housing costs, notably council tax. That will make an enormous difference to people on the ground.

Share

## Mark Eastwood (Dewsbury) (Con)

Many mortgage payers in my constituency will welcome the three-month holiday announced today. However, can the Chancellor confirm whether this will be implemented automatically by the banks and mortgage lenders, or will borrowers need to apply?

Share

## Rishi Sunak

Borrowers can speak to their mortgage provider and, owing to the work of my right hon. Friend today, they should receive a three-month mortgage holiday, depending on their circumstance as explained, but it should be reasonably automatic thereafter.

Share

Several hon. Members rose—

Share

## Mr Speaker

Order. I am expecting to run this to around 9 o'clock.

Share

Sir Edward Davey (Kingston and Surbiton) (LD)

Our economy is suffering a heart attack, one deeper and bigger than in 2008, so the Chancellor has a serious responsibility and he deserves constructive engagement from everyone in this House, including my party. His main task is to ensure that there is confidence among the business community and the British people. I have to tell him that although he has made a good start, this is still very much a work in progress. His package for the business sector was large, but may I urge him to say far more about the loan terms he is putting forward? Many small businesses will be very worried about taking on this debt. May I also urge him to go much faster to give confidence to the ordinary people who are suffering in our constituencies?

Share

## Rishi Sunak

I thank the right hon. Gentleman for his constructive attitude, and I look forward to working with him. The loan terms will be interest-free for six months. Because of the liquidity that has been provided by the Bank of England, they will be incredibly cheap, and they will be available on a rolling basis for commercial paper, so they will be loans that are accessible and very valuable to businesses. They will be ready from next week.

Share

## John Redwood (Wokingham) (Con)

I am delighted that the Chancellor recognises the need for burden-sharing on employment costs in badly affected sectors such as tourism, travel and hospitality, but will he also make sure that there is a package for the self-employed, because some of those people are losing a large amount of their business, too?

Share

## Rishi Sunak

My right hon. Friend has written about the importance of employment support, and I look forward to getting his thoughts on those measures.

Share

## Ms Karen Buck (Westminster North) (Lab)

Half of my constituents rent privately—that is the highest proportion in the country. A quarter of all Londoners rent privately, and 13 million people across the country rent privately, with a third having no savings whatsoever. Will the Chancellor assure me that when we have the statement from the Housing Minister, there will, in addition to any legislative change to protect renters, be money on the table to help people on low incomes and in insecure employment to pay their rent, so that this crisis does not mean that they also get into debt and risk losing their homes?

Share

## Rishi Sunak

We very much recognise that rent is a significant portion of most household bills, which is why the Housing Secretary will shortly be outlining measures in this regard.

Share

## Paul Holmes (Eastleigh) (Con)

The measures announced by the Chancellor should be welcomed, but many of my constituents who are self-employed are worried because their cash flow has stopped now. When can we expect further announcements on how we are going to help these people? Will he consider extending the loans he has made available to businesses to cover this category of people?

Share

## Rishi Sunak

I can confirm to my hon. Friend that the loans available already will be available to those who are self-employed and that many of them, those who do have small properties, will benefit from the business rate reliefs and grants too.

Share

## Sammy Wilson (East Antrim) (DUP)

My party also wishes to work with the Government on ensuring that we get through this crisis as easily as we can. Redundancies are already starting across a range of industries in Northern Ireland. It is important that if the Chancellor is coming with the next step, it addresses the issue of how we keep people in employment and how firms are supported. I understand that he wants to get this right, but he also has to get it done.

Share

## Rishi Sunak

I can tell the right hon. Gentleman that we will get it done, we will do it at pace and we very much agree that it is important to protect people's jobs. That is the security we want to provide.

Share

## Rehman Chishti (Gillingham and Rainham) (Con)

I very much welcome the Chancellor's statement and all that the Government are doing to support individuals and businesses in my constituency. I have a specific point for him that has been raised with me by the chairman of Gillingham football club. They are in league 1, but this also covers clubs in league 2. A lot of the matches for those clubs have been postponed. They rely on matchday income to support them. What will be done to work with those smaller football clubs and organisations to ensure that their Her Majesty's Customs and Revenue payments are dealt with adequately and that they are given soft loans over a certain period to ensure that they can get through these challenging, difficult circumstances?

Share

## Rishi Sunak

My hon. Friend's football club, like many others, will be eligible for the business rates relief measures and grants that I have announced today. On HMRC, we activated Time to Pay

last week, and there are now 2,000 specific, dedicated HMRC officers ready to take the calls of businesses such as Gillingham football club, in order to provide exactly what he suggested: a deferral for their tax payments and an agreed schedule for paying them back.

Share

## Mr Kevan Jones (North Durham) (Lab)

Yesterday, the Government announced measures for the hospitality industry. Businesses are laying off people today, throughout the country and certainly in County Durham, where I have spoken to businesses this afternoon. It is clear that the Chancellor does not have a clue how ordinary people live. They do not have access to savings and they do not have access to trust funds or independent wealth; they rely on what comes in each week. I urge him very strongly either to ensure that benefits are paid from day one, or to bring in some system that allows the Government to subsidise wages directly for some small businesses.

Share

## Rishi Sunak

It is because we care deeply about the financial security of all people that we want to work hardest to protect their jobs. That is the way to help working people in this country. We have strengthened the welfare system, and the measures that we have taken today will increase the likelihood that we can preserve those jobs. We know that there is more to do.

Share

## Henry Smith (Crawley) (Con)

I very much welcome the package of measures that the Chancellor announced this evening, but when does he expect to be able to give some more detail on support for the aviation industry? Virgin Atlantic, easyJet, British Airways and Gatwick airport in my constituency are suffering deeply.

Share

## Rishi Sunak

I know that my hon. Friend knows those businesses well. He should rest assured that we are already in contact with them, through both the Treasury and the Department for Transport. As I said, we will work with them as quickly as possible to put in place what measures are necessary.

Share

## Brendan O'Hara (Argyll and Bute) (SNP)

This afternoon, Lochfyne Langoustines, which employs 20 people in the village of Tarbert, told me that it did not have a single UK or export sale today. Soon, the company's boats will be tied up, processors will be laid off, and the business could close. The far east markets are beginning to reopen and there is a glimmer of hope, so will the UK Government work with the Scottish Government to help to arrange cargo flights to get into the reopening markets as soon as possible?

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## Rishi Sunak

I am happy to ask my right hon. Friends the Secretary of State for International Trade and the Secretary of State for Environment, Food and Rural Affairs to have a look at that.

Share

## Alun Cairns (Vale of Glamorgan) (Con)

I pay tribute to my right hon. Friend for the scale of the package that he has announced, and I recognise the significance of the Barnett consequential that will come from it. Does he agree that simplicity and commonality are key features? It was only late yesterday that the Welsh Government matched the business rate package, which left—*[Interruption.]* It left many businesspeople in my constituency anxious before the support was made available. Does my right hon. Friend recognise that commonality will be an important

theme?

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## Rishi Sunak

My right hon. Friend makes an excellent point: a simple, common message across our Union would make an enormous difference to people everywhere.

Share

## Stephen Doughty (Cardiff South and Penarth) (Lab/Co-op)

I am disappointed to hear the tone from the right hon. Member for Vale of Glamorgan (Alun Cairns). I do not doubt what the Chancellor and the Chief Secretary have said about the devolved Administrations and what they are trying to do to give them information, but I must tell the Chancellor that it is not coherent and it is not working. He knows that getting cash to the frontline—to businesses and individuals—is absolutely mission-critical and time-critical at the moment, so will he work with the Administrations so that they can make future announcements together, so that businesses are not confused, people are not scared and we do not have further chaos? That has not happened today. The Welsh Finance Minister has made it clear that she would do that, but the Welsh Government did not have the information. Can we sort that out please, as a matter of urgency?

Share

## Rishi Sunak

I thank the hon. Member for his comments. As I said, the Chief Secretary will talk with all his counterparts in the devolved Administrations to ensure as co-ordinated an approach as we can achieve.

Share

## Robert Courts (Witney) (Con)

I warmly welcome the package that has been announced today, but my constituency is

home to one of the largest concentrations of self-employed people in the country. Will the Chancellor please commit to looking at what further help might be given for them? Will he also please look at A2 properties, which do not currently receive business rates relief, and see whether some of those businesses—such as estate agents on the high streets—can be helped?

Share

## Rishi Sunak

I know that my hon. Friend is a champion of the self-employed. Some of the measures announced last week at the Budget will benefit them, as will, indeed, some of the loan and other grant measures announced today, depending on their circumstances, but my hon. Friend is right and we will of course keep an eye on that issue as we develop these packages.

Share

## Mr Pat McFadden (Wolverhampton South East) (Lab)

The difference with this crisis is the profound effect it is having on human behaviour. The Chancellor has acknowledged that the big missing piece from the package announced tonight is direct financial support for workers who are laid off as a result of the advice that the Government have given to the country, so will he commit now—in principle if he cannot give the number—to bringing forward a package of support for a significant proportion of the wages of those who have been laid off as a result of this crisis?

Share

## Rishi Sunak

I have already committed to that urgent piece of work that we are undertaking. We have already improved the financial security available to people who find themselves either ill or off work, as a result of the £1 billion invested last week in these measures.

Share

## Mrs Natalie Elphicke (Dover) (Con)

At a time of national emergency and national need, Dover once again stands ready to do its duty. The Port of Dover, the hauliers and the ferry companies will be moving the goods, medicines and resources that are needed to keep our country safe and fed. Will my right hon. Friend assure the House that the port, transport, ferry companies, Border Force and all the hard-working local workers in my constituency will be given the necessary financial and practical assistance so that they can do their duty for our country?

Share

## Rishi Sunak

My hon. Friend is absolutely right to highlight the vital importance of our ports, particularly Dover. They are conduits for trade and everything else that our country needs at this critical time, and, of course, we stand ready to listen and hear what they need.

Share

## Chi Onwurah (Newcastle upon Tyne Central) (Lab)

Last night, a constituent in the hospitality trade contacted me to express concern at the Prime Minister's measures and to ask what could be done about them. Today, she emailed me to say that she had been made redundant and to ask how she could pay her rent. The Chancellor does not seem to grasp the scale of the fear, the uncertainty and the desperation in the country now. Will he guarantee to me now that every renter will have the means to pay their rent, and every small business the means to pay their staff?

Share

## Rishi Sunak

It is because of what was announced yesterday and the particular impact on the hospitality sector that today we have announced a series of steps of considerable support for that sector. As I have already said, when it comes to renting, the Secretary of State for Housing, Communities and Local Government will shortly be announcing measures to

protect renters in these circumstances, and we have strengthened the safety net, the security, for people to fall back on.

Share

## Sir John Hayes (South Holland and The Deepings) (Con)

In amplifying the point made by my right hon. Friend the Member for Chingford and Woodford Green (Sir Iain Duncan Smith), will the Chancellor specifically say whether the charitable sector will be eligible for both the rate holiday and the grant funding? It is critical that we help those whose aim, purpose and mission is to help others.

Share

## Rishi Sunak

Most charities are already eligible for 80% charitable rate relief, but they will benefit from the new enhanced retail rate relief at 100%.

Share

## Catherine McKinnell (Newcastle upon Tyne North) (Lab)

The Chancellor has talked about courage, but I will tell him what takes courage: fighting this pandemic on the frontline without adequate protective clothing. Will he commit right now to doing whatever it takes to ensure that every single frontline healthcare worker has the protective clothing they need if they are working exposed to this virus?

Share

## Rishi Sunak

My right hon. Friend the Health Secretary is working around the clock to support our healthcare workers to have everything they need to do the vital job that they are doing for us. They will get whatever support that they require.

Share

## Mr Mark Harper (Forest of Dean) (Con)

I welcome the scale of what the Chancellor has announced. It is up to the mark. Some of his specific measures will be welcomed by constituents who have contacted me, but may I press him a little on the employment support package? I recognise the importance of coming up with a package that is deliverable, but I fear that if he is unable to say anything more urgently, he needs to give businesses the confidence to keep those employees employed, because some of them will be facing massive reductions in cash flow immediately. Will he look at what he can say quicker than next week to give them the confidence that they will be supported in due course?

Share

## Rishi Sunak

I very much appreciate the strains that business cash flows are under, which is why, today, we have already taken steps with the announcement of new cash grants of £10,000, £25,000 and an extension of the business rate holiday to thousands more businesses.

Share

## Yvette Cooper (Normanton, Pontefract and Castleford) (Lab)

The health action that is being put in place is essential to save lives, but does the Chancellor accept that that also means that some of the jobs that are going this week and the redundancies that are being made will not come back in a hurry, because many hospitality, leisure and tourism jobs simply cannot be done at a social distance? Does he accept that there is a gap between the employment support package that he is rightly working on, I hope, as fast as possible and the welfare support that is simply not adequate for the huge numbers of people who are going to be urgently losing their jobs and who will be terrified of losing their homes as well?

Share

## Rishi Sunak

We have strengthened the security and the safety net for those in that situation, but the

right hon. Lady is right that we are urgently working on measures to do more.

Share

## Aaron Bell (Newcastle-under-Lyme) (Con)

I asked for more firepower at half-past 4 this afternoon, and it is fair to say that the Chancellor has delivered. However, a number of businesses whose entire model has been undermined, such as village pubs and restaurants, are facing a very uncertain year. On that note, may I ask him what he proposes that they should do? Does he welcome the announcement by my right hon. Friend the Secretary of State for Housing, Communities and Local Government that such businesses can now operate as takeaways, which will help to solve some of the problems of self-isolation as well?

Share

## Rishi Sunak

My hon. Friend makes an excellent point about the Secretary of State for Housing, Communities and Local Government and what he has done. I think that it will make an enormous difference, as will the cash support that we have provided today to pubs and restaurants in his constituency and elsewhere across the country.

Share

## Liz Saville Roberts (Dwyfor Meirionnydd) (PC)

This is a welcome step in the right direction—there is much to welcome in the Chancellor's announcement—but the family reliant on a zero-hours-contract hospitality worker's salary or the self-employed tradesman whose cash flow has dried up want to know how this money will reach their bank account. What prevents the Chancellor from introducing a coronavirus universal basic income in his package of new measures which, in itself, would give confidence to thousands of Welsh workers and beyond?

Share

## Rishi Sunak

We have already taken steps to strengthen the safety net that the right hon. Lady has mentioned in particular. They will be eligible for those enhanced packages, and beyond that, we are looking to do more, as she knows, in the employment support field.

Share

## Tim Loughton (East Worthing and Shoreham) (Con)

These measures are indeed bold, and will provide practical support. I particularly look forward to further information about renters and measures for the childcare and nursery sector, which was generally omitted from the Budget last week and is in a fragile state. The hospitality industry, which the Chancellor rightly singled out—it is our third largest industry—is laying off people, and the number of customers has absolutely collapsed. I am told that they are approaching banks and being told, “We may be able to get something for you in April.” Can he instil a sense of urgency in the banks and make sure that the grants from central Government are immediate so that people do not have to wait for them, which could make the difference to their being there in a few weeks’ time or not?

Share

## Rishi Sunak

I can tell my hon. Friend that the grant schemes are being delivered in the coming weeks. Businesses will receive a letter from local authorities. My right hon. Friend the Secretary of State for Housing, Communities and Local Government is doing that work at pace. With regard to the loan schemes, that will not take until April—they will be ready to access for business from the start of next week.

Share

## Beth Winter (Cynon Valley) (Lab)

The Chancellor says that we have to do whatever it takes, and I completely agree with him, but that must apply to everyone in the UK. I cannot believe that every step of the way we, the fifth richest nation in the world, have to battle for the poorest and those who are struggling the most in our communities, including in my constituency—homeless people,

those who do not qualify for statutory sick pay, private renters and families on low incomes. When will we stop debating and start the action that is desperately needed?

Share

## Rishi Sunak

I refer the hon. Lady to the measures in the Budget last week, particularly on homelessness and rough sleeping. We announced £640 million to build 6,000 more units and to provide support for substance abuse support services, once people are off the streets, to help them tackle their long-term addictions. That money will make an enormous difference and build on the good work of the Secretary of State for Housing, Communities and Local Government.

Share

## Greg Clark (Tunbridge Wells) (Con)

It was not possible for ordinary businesses and working people to anticipate the scale of the most severe public health crisis for 100 years, so does the Chancellor accept that for many businesses the nation has to act, not so much as a lender of last resort, but as a collective insurer of last resort, meeting their unmet operating costs if they are to keep people employed and inoculate against economic contagion?

Share

## Rishi Sunak

My right hon. Friend is right to highlight the need to provide support for businesses with their fixed costs, rather than their variable ones. That is what we need to help bridge through—the cash grants today related to rateable value, with reference directly to rent payments—but he is right that other fixed costs are people, which is why we are working up measures in that area.

Share

## Nick Smith (Blaenau Gwent) (Lab)

The measures in the Red Book are nowhere near enough. For families in need, can statutory sick payments be available from day one, for all workers when they are sick, and can it be set at the level of the national minimum wage?

Share

## Rishi Sunak

As a result of the actions of my right hon. Friend the Secretary of State for Work and Pensions, SSP is available for those who are eligible for it from day one. Regulations are being laid to that effect, and employment and support allowance will also be available from day one, rather than day eight.

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## Damian Green (Ashford) (Con)

The measures announced by my right hon. Friend are extremely welcome, and he should be congratulated on them. For many people, including freelancers and those working in the gig economy, the most vital thing over the next few weeks will be some kind of guarantee of continuing income, so they can know that they can continue to pay their bills. Will those measures and the ones that he says are to come over the next few days guarantee that vital help?

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## Rishi Sunak

Many of the workers in the gig economy will benefit from statutory sick pay, depending on their exact contractual relationship with their employers, but the measures that we undertook last week in the Budget will provide direct support to those people.

Share

## Catherine West (Hornsey and Wood Green) (Lab)

What contingency will be put aside by the Treasury to assist in recruiting more social care

workers, who are desperately needed to look after people in their homes as they fall ill?

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## Rishi Sunak

As I reiterated last week, we will provide whatever is required to public services. My right hon. Friend the Health Secretary is working with the Local Government Secretary to understand exactly what is required in social care.

Share

## Huw Merriman (Bexhill and Battle) (Con)

I welcome the package that the Chancellor has laid out and all the work that he has been doing. He said that he will look at other things over the coming days. May I please ask him to consider pre-schools and nurseries? They pay business rates, so will not receive the £10,000, but they are not within the category of hospitality, retail and leisure. Mine have been in to see me today and they are very worried. It would be awful for the very people that rely on them—the parents. Will my right hon. Friend consider that ask?

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## Rishi Sunak

I thank my hon. Friend for his comments and am happy to look at what he is saying.

Share

## Meg Hillier (Hackney South and Shoreditch) (Lab/Co-op)

Many of my constituents are freelancers. One wrote to me unable to pay his rent or bills in the next couple of weeks. That is how urgent the situation is. Can the Chancellor give any comfort tonight for people who are very worried? They have been laid off today, have no ability to pay the bills and their freelance work has dried up. We are told that we have to wait for an answer from the Housing, Communities and Local Government Secretary. The Government have known that this was coming. Where is the planning? What answer does the Chancellor have now?

Share

## Rishi Sunak

For those people, the measures that we took last week will already start to help from day one. The Work and Pensions Secretary has already put in place support to make sure that access to the security that they need is both faster and more generous than it was.

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## Caroline Nokes (Romsey and Southampton North) (Con)

The events industry is not only highly seasonal but full of people working on a self-employed basis. Given that this season has pretty much been wiped out, what reassurance can my right hon. Friend give the industry that he is looking to its needs?

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## Rishi Sunak

I am happy to look specifically at the issue that my right hon. Friend has raised, but the measures that we took last week will provide immediate support to many of her constituents in that situation.

Share

## Alan Brown (Kilmarnock and Loudoun) (SNP)

I was contacted today by a constituent who is self-isolating and has underlying health conditions. She was trying to get a food delivery, which she vitally needs. Tesco could only do it within 10 days, while other suppliers would take three weeks. There is clearly a massive issue, probably a combination of stock levels and delivery logistics. Will the Chancellor do whatever it takes to work with the supermarkets and logistics companies? There are opportunities to get other people into short-term employment if this is done right and quickly, so that people get the supplies that they need.

Share

## Rishi Sunak

The hon. Gentleman is right that the security of our food supply and deliveries is critical. My right hon. Friend the Environment Secretary is already having those conversations and has already taken steps on delivery curfews to ensure that deliveries can continue and to maintain the security of those supply chains.

Share

## Steve Brine (Winchester) (Con)

Today is a very good part 1; the Chancellor would be the first to admit that it is part 1—he obviously has a lot of other ongoing workstreams. I do not know what he has done with the mortgage lenders, but so many of my constituents and people across the country will be incredibly pleased about the three-month holiday.

The second biggest outgoing for thousands of my constituents is probably their train season tickets. Right now, they are paying for a service that they are not getting—some would argue that they have been barely getting it for a long time. They are currently paying for a service they are not getting at all and are not able to use at all. Will my right hon. Friend use whatever influence he did with the mortgage lenders to lean on the train companies to show some humanity to their customers right now? Frankly, those companies are not in their customers' best books already.

Share

## Rishi Sunak

My hon. Friend is always a champion of his commuting constituents. I am happy to have that conversation with the Transport Secretary to see what we can do to encourage companies—whether mortgage companies or others—to help people through this difficult time.

Share

## Stephen Timms (East Ham) (Lab)

For somebody who is self-employed, self-isolation will often mean giving up their income. The advice is to claim benefit, but all someone gets with universal credit in the first five weeks, as has been pointed out, is a loan. People are not going to give up their incomes for that. Will the Chancellor replace those advances with non-repayable grants for those who lose their income because of this crisis?

Share

## Rishi Sunak

Depending on the particular circumstances of the person who is self-employed, they may well qualify for ESA, which is also available from day one now, rather than day eight.

Share

## David Mundell (Dumfriesshire, Clydesdale and Tweeddale) (Con)

I was very pleased this evening when Nicola Sturgeon confirmed to me promptly that every penny of the likely £1.9 billion that the Scottish Government will receive as a result of today's announcement will go directly to businesses and individuals. It is very important that we have that common approach across the United Kingdom from Governments, but it is also important that we have a common approach from banks. The Chancellor has referenced the banks in relation to his loan and grant schemes, but many businesses have existing loan arrangements with the banks. What confirmation does he have from the banks that they will not seek to change those arrangements or to take advantage of the situation where people may be able to get Government money to repay those loans?

Share

## Rishi Sunak

I can tell my right hon. Friend that we have had extensive discussions with the banks just this week, and they have outlined their forbearance measures. I very much expect them to honour those commitments. He is absolutely right with his point that we will get through this as one United Kingdom.

Share

## Zarah Sultana (Coventry South) (Lab)

Today the Government have announced a mortgage holiday for homeowners, and that is welcome, but they have made the political choice not to give a rent suspension to millions of tenants. The average rent is £220 a week. Statutory sick pay is £94.25 a week. Before people are forced on to the streets because this virus will stop them from working, I, like many other Members in this House, call on the Government to follow the example of other countries and suspend rents and ban evictions today.

Share

## Rishi Sunak

The hon. Lady talks about other countries. If she looks at the overall scale of the fiscal interventions that we have outlined last week and this week, she will see they are more significant than almost every other country.

Share

## Sarah Atherton (Wrexham) (Con)

The Welsh Labour Government stand to gain £1.6 billion as a consequence of coronavirus. Will my right hon. Friend comment on how the UK Government can encourage the Welsh Labour Government to spend that money timely and appropriately, because business and people need help now?

Share

## Rishi Sunak

As I said before, we will get through this as one United Kingdom. We have provided Barnett consequential early and in advance to devolved authorities, and I very much hope that we can take a joint approach to supporting businesses, public services and individuals through this difficult time.

Share

## Clive Efford (Eltham) (Lab)

The notes that have been handed out from the Vote Office tonight say “Statement to the Press”, not to the House of Commons. I do not think there is any difference between what the Chancellor has said to the House and what was said to the press earlier on, and that should not happen again.

Are businesses that are strapped for cash flow likely to take out a loan rather than lay staff off? Is it not assistance with paying wages that they do not have to pay back later that those businesses need? They do not need more debt from the Government; they need help with paying wages.

Share

## Rishi Sunak

As we have already outlined, in addition to the extensive loan guarantee scheme, we have also announced significant cash grants to business to provide immediate cash flow relief to them. With regard to employment support, as I have said, that is our next urgent priority.

Share

## Andrew Griffith (Arundel and South Downs) (Con)

Difficult times require bold measures, and I commend my right hon. Friend for twice in the space of a week coming to this House and demonstrating that he will do whatever it takes. I support the comments on employment support, but may I ask him also to extend hospitality and leisure benefits to the equally hard-pressed exhibition sector?

Share

## Rishi Sunak

I thank my hon. Friend for his support. With regard to the exhibition sector, those that have physical properties and business rates will be eligible for the scheme that we announced today and the cash grant. I am happy to have further conversations with him as well.

## Sam Tarry (Ilford South) (Lab)

The RSA recently pointed out that 32% of workers in this country live on less than £500 a month in terms of savings, and 41% have less than £1,000 in the bank. That means there could be as many as 20 million people living from one pay cheque to the next. From what I have heard tonight, renters, freelancers, gig economy workers and zero-hours contract workers will not be feeling reassured. Will the Chancellor be able to look them in the eye and tell them honestly that he has truly done enough, or are they going to be collateral damage on the scrapheap, like so many with the Government's already failing strategy over herd immunity?

Share

## Rishi Sunak

We already took extensive measures last week to strengthen our safety net for vulnerable people. I firmly believe that the best way to help all people through this is to protect their jobs, and that is why the actions we have taken today to support business cash flows provide the best means of doing exactly that.

Share

## Steve Double (St Austell and Newquay) (Con)

I warmly welcome the bold and decisive steps that the Chancellor has taken today, which will be welcomed by many businesses in mid-Cornwall, particularly those in the hospitality sector.

I want to raise something that many Members have already raised—the self-employed and small businesses that do not own premises and therefore will not benefit from the measures on business rates and grants. Many people such as taxi drivers, window cleaners, electricians and plumbers have overheads that are not rent, because they are keeping vehicles on the roads. Will he urgently look at what he can do to get cash to those people, so that they can keep their businesses going?

Share

## Rishi Sunak

I am happy to look at all the measures that my hon. Friend suggested. The steps we took last week will provide immediate support for those people, and the further measures that are coming will provide a degree of relief for those who have property and small businesses. Of course, they will be able to access the loans that we have talked about, but he is right to highlight the importance of those who are self-employed. They deserve our support, and indeed, last week and this week they are getting it.

Share

## Chris Elmore (Ogmore) (Lab)

Following the previous question, I want to press the Chancellor on sole traders. There are measures on taxation that he could introduce quickly to support sole traders. Many in my constituency are very worried that they will not benefit from any of the Chancellor's proposals laid out last week or today. Will the Chancellor look at that specific area with Treasury officials, the devolved Governments and anybody else who could support sole traders?

Share

## Rishi Sunak

I am happy to hear those suggestions from the hon. Gentleman. He will have noted the comments made by the Chief Secretary earlier in relation to IR35, and HMRC has activated its time to pay service, but if he sends me the details, I will happily look at that.

Share

## Richard Drax (South Dorset) (Con)

I commend my hon. Friend for this raft of packages, although Members on both sides of the House clearly feel that there is still a lot more to do. I shudder at the administrative

task ahead of him to ensure that all this money gets to the right people at the right time. Should we not bring back the small bank branches that have closed over the years, particularly in rural communities that simply do not have access to them?

Share

## Rishi Sunak

My hon. Friend is right to highlight the importance of rural communities. My right hon. Friend the Economic Secretary to the Treasury has done a sterling job of preserving access to cash for those communities, and we have said that we will legislate to do more, but in the short term, we will keep that under review.

Share

## Stuart C. McDonald (Cumbernauld, Kilsyth and Kirkintilloch East) (SNP)

May I ask the Chancellor again whether he will work with the Home Office to revisit its rules on no recourse to public funds? If it does not revisit those rules, thousands of the most vulnerable people in this country will not have access even to the most basic support to see them through this crisis.

Share

## Rishi Sunak

My right hon. Friend the Chief Secretary is talking to all Departments about the resources that they require to get through these challenging few months.

Share

## Kevin Hollinrake (Thirsk and Malton) (Con)

I warmly welcome this package of support for small businesses, which has been warmly welcomed by a number of businesspeople who have already contacted me. The business interruption loan scheme is a key part of this, but some lenders cannot access that scheme because they are not registered with the British Business Bank, and it would take

months for them to do so. Will the Chancellor act now to ensure that all lenders can access that scheme?

Share

## Rishi Sunak

I thank my hon. Friend for his comments. He is right: we want this scheme to be available through as many branches and outlets as possible. We are urgently working with the Prudential Regulation Authority to see whether we can onboard new providers at pace. He will understand that there are regulatory requirements, but we are seeing what we can do to speed that up.

Share

## Lilian Greenwood (Nottingham South) (Lab)

I welcome the increase in the small business grant to £10,000, and I understand that those grants will be distributed by local authorities. What assessment has the Chancellor made of the capacity of local councils to deliver that help, and when will businesses actually receive the money?

Share

## Rishi Sunak

As a former local government Minister, I have amazing faith in the capacity of our local authorities to deliver for us in this regard. They are being provided with extra resources to help deal with the administration of this money, and my right hon. Friend the Communities Secretary is already working at pace to ensure that the rebilling and processing of these grants happens in a matter of days and weeks.

Share

## Stephen Hammond (Wimbledon) (Con)

I warmly commend my right hon. Friend for this package. The support for the retail, hospitality and leisure sectors is welcome, but he could make it even more effective if he

extended the same package to those who are in the supply chain of those industries and the businesses that disproportionately supply customers for those industries, such as English language schools.

Share

## Rishi Sunak

My hon. Friend makes an interesting point, and that is why all Secretaries of State have been tasked by me to engage with their affected industries to see whether there are further specific measures of support that are worth our exploring.

Share

## Naz Shah (Bradford West) (Lab)

I welcome the Chancellor's measures for small businesses, and especially in my constituency lots of people have been in touch with us about them, but they will only be effective if they are timely, so when will the cash grants be available to small businesses in real terms? Will he also consider the idea that, when landlords get mortgage breaks, they pass them on to their renters, and how will we ensure that actually happens?

Share

## Rishi Sunak

On the processing of the cash grants, as I have said, my right hon. Friend the Communities Secretary is working on this at pace. It will require local authorities to write to the recipients of small business rate relief to collect their bank details, which they do not hold centrally, so that they can then provide the cash payment, but I can assure the hon. Member that that work is happening at pace.

Share

## Mark Pawsey (Rugby) (Con)

Businesses in the hospitality sector will appreciate the relief the Chancellor has given on business rates and the cash grants, but can I raise the question of suppliers to the sector,

many of which have seen their sales fall off a cliff? In particular, there are those with short-dated products, such as Wood Farm micro-brewery in my constituency, which produces an excellent product but has £20,000 of short-dated stock with four weeks' life left on it, and stands to bear a pretty substantial loss as a consequence. Is there something that can be done to support businesses such as these?

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## Rishi Sunak

I thank my hon. Friend for raising that particular case, and I am happy to have a look at it.

Share

## Mrs Emma Lewell-Buck (South Shields) (Lab)

The Prime Minister's public health advice to avoid pubs, restaurants and theatres was not coupled with immediate economic protections, causing panic and upset for the small businesses, the self-employed and those on zero-hours contracts who form the backbone of coastal constituencies such as mine. The measures announced today do not address their concerns. They struggle with high rents and high bills, and my friends have lost their jobs today. Today, the grafters should have been a priority. When will they be?

Share

## Rishi Sunak

The package of measures today does specifically provide cash support to those in that sector to help with things like rent, but I make no apology for our being led by the public health response. This is first and foremost a public health emergency, and we will be led by responding to that. Of course, the economy is foremost in our minds, and I will always respond quickly and rapidly to any changes in the public health advice.

Share

## Mr John Baron (Basildon and Billericay) (Con)

I commend the Chancellor for this package of measures as far as they go, and we

understand that it is a moving narrative, but I particularly urge him to focus on the importance of cash flow when it comes to smaller businesses and the self-employed. However, can I raise with him a group of people who so far have not been mentioned, which is the elderly and the vulnerable who live alone? There is a real risk in a situation such as this that they get inadvertently overlooked, and we need to reach out to them. Would the Chancellor consider providing appropriate support for local authorities to do just that—to identify them, locate them and make contact, because no one should be left behind?

Share

## Rishi Sunak

I can tell my hon. Friend that he is absolutely right, and the Communities and Local Government Secretary has already been engaging on this particular issue, working together with the Health Secretary with regard to social care, to make sure that, in our local communities, we can identify and protect the elderly and most vulnerable, and make sure that they get the support that they need.

Share

## Wendy Chamberlain (North East Fife) (LD)

A constituent of mine in the Howe of Fife, who is self-employed, has contacted me today because she is worried about her future employment and how she will pay her mortgage and support her family. Although I welcome the Chancellor's moves in relation to mortgages, the fact is that mortgage products often have payment holidays as part of them. Given that these are the first steps, may I ask the Chancellor, first, is this going to be for people who are directly impacted by coronavirus, or is it potentially for people who are self-isolating as they are at risk of getting an infection; and secondly, is he considering other measures to support my constituent, such as statutory sick pay for the self-employed or, indeed, council tax relief?

Share

## Rishi Sunak

I say to the hon. Lady that I think the measures today on mortgage forbearance are significant and welcome, and banks will show flexibility in providing that. In regard to council tax support, we did provide £500 million of hardship funding to local authorities specifically to use and deploy through their local council tax or support systems that already exist to provide extra support to people with their council tax bills.

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## Martin Vickers (Cleethorpes) (Con)

I welcome the Chancellor's package, but he will recognise that many of our constituents remain anxious and we look forward to further measures. He rightly mentioned the aviation sector, which could lose many thousands of jobs. At a more local level, bus and coach operators will suffer as a result of people staying home. They provide a vital service to get NHS workers, for example, to and from work. Could he have a word with his colleague in the Department for Transport and ensure that bus operators are looked after?

Share

## Rishi Sunak

My hon. Friend makes a good point and I will certainly take that up with the Transport Secretary.

Share

## Mike Amesbury (Weaver Vale) (Lab)

If Denmark can step in and offer 70% subsidies as a transitional arrangement, why can't the Chancellor? Step up. Step up!

Share

## Rishi Sunak

I have already mentioned looking at the Denmark scheme and indeed the German scheme. The point is what we are able to deliver at pace. Other countries have had

schemes in place beforehand, which makes it easier for them to do things, and we need to work with what we have got. But the principle of providing support is one that I fully acknowledge, which is why we are working on that at pace. Again, when considering individual measures, it is worth looking at fiscal interventions between this week and last week in the round, which, in the context of any global response, are extremely significant.

Share

## Bob Seely (Isle of Wight) (Con)

I welcome the Chancellor's statement and have two questions. First, charities and social enterprises, such as Age UK on the Isle of Wight and the West Wight Sports and Community Centre, face significant income cuts and I fear that rate relief will not be enough. Can more be done to support social enterprises? Secondly, my chamber of commerce is concerned about the ability of small businesses, especially tourism businesses, to access the grants and it fears that

"businesses will be closing, and on mass, before money becomes available".

So can we act as swiftly, quickly and generously as possible?

Share

## Rishi Sunak

As I said, the Secretary of State for Housing, Communities and Local Government will have already been in touch with my hon. Friend's local council through MHCLG. They will be the ones processing these grants. There is no reason why that cannot happen as swiftly as a council is able to act.

Share

## Alex Davies-Jones (Pontypridd) (Lab)

In the past few weeks, businesses in my constituency, and across Rhondda Cynon Taf, have been devastated by unprecedented flooding and are still trying to recover. Many are faced with the bureaucracy of insurers and are trying to rebuild their livelihoods. They are

now faced with the prospect of closing for good because of the loss of business due to coronavirus. What conversations is the Chancellor having with the Welsh Government to secure financial relief for all these businesses in the UK?

Share

## Rishi Sunak

The hon. Lady asked about flooding. In last week's Budget we outlined a variety of packages to help the communities affected by that. First and foremost, there was £120 million to rebuild flood defences that have just been destroyed, as well as £200 million of new resilience funding for communities that are repeatedly flooded and £5.2 billion, which represents a doubling of the amount that we spend every year to build new flood defences. That will protect 300,000 people and it comes on top of the work by the Secretary of State for Housing, Communities and Local Government in activating the Bellwin scheme and providing immediate relief for communities that have been impacted by local flooding.

Share

## Jason McCartney (Colne Valley) (Con)

I welcome the Chancellor's pledge to do whatever it takes to support businesses, families and individuals, but when will we get the details of support for renters, for the self-employed and for freelancers, and when will businesses that are losing customers day by day get those cash grants in their bank accounts, so that they can pay their staff, keep them employed and pay their rents?

Share

## Rishi Sunak

Measures to help those who are self-employed and in the gig economy are already taking effect as a result of the measures taken last week. The Secretary of State for Housing, Communities and Local Government is working at pace to deliver these cash grants to businesses in the coming days and weeks.

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## David Linden (Glasgow East) (SNP)

Sole traders in my constituency work as driving instructors and personal trainers. They are watching their bookings evaporate before their eyes. What support is the Chancellor providing for sole traders?

Share

## Rishi Sunak

Again, the measures that we took last week to strengthen our security net will benefit those who are self-employed and sole traders. Those with properties that qualify for business rate relief will benefit from that and cash grants will also flow to those people.

Share

## Felicity Buchan (Kensington) (Con)

This morning in the Treasury Committee, we asked the Chancellor to throw the kitchen sink at the economy and I thank him because he has certainly done that. However, small businesses in my constituency of Kensington have an issue, because most of the business rate relief is funnelled only if the rateable value is under £51,000. But they are suffering in the same way as other businesses. Will the Chancellor look into that?

Share

## Rishi Sunak

I am pleased to tell my hon. Friend that, as a result of the measures I have taken today, any business in the retail, hospitality and leisure sector, regardless of its rateable value, will now qualify for 100% business rates relief for these next 12 months.

Share

## Alex Norris (Nottingham North) (Lab/Co-op)

Like colleagues, I spent today talking to businesses in my community. They wanted to

know that, when they follow health advice to the letter, and if they keep all their staff on payroll, as they desperately want to, their business will be safe. As a result of the package the Chancellor announced tonight, can I give them that categorical assurance first thing in the morning?

Share

## Rishi Sunak

I very much hope that the businesses that are looking at the range of measures outlined today will see that there is significant financial support for them, whether that is business rate holidays, direct cash grants or access to incredibly low-cost and accessible financing. The combination of all those measures, on top of the compensation we will pay to small and medium-sized businesses for statutory sick pay, is a significant direct fiscal support for businesses up and down our country to protect people's jobs.

Share

## Derek Thomas (St Ives) (Con)

Life and the economy on the Isles of Scilly are particularly fragile. To give a quick example, a passenger boat operator who needs to provide a service for the whole of the islands but relies on tourism tells me that he has five weeks left in business. What can the Chancellor do to help businesses and the community on the Isles of Scilly?

Share

## Rishi Sunak

My hon. Friend is right to highlight the particular issues that his remote communities face. I believe the measures announced today, whether on business rates or direct cash grants, will make an enormous difference to local businesses in his constituency.

Share

## Gavin Robinson (Belfast East) (DUP)

I am grateful to the Chancellor for the effort he is putting into these measures. One

question that has been raised is about the facility that is being made available for business interruption payments. Can the Chancellor outline what criteria will apply to that facility? Will there be complete access, should it be required, or will businesses have to fulfil criteria that will be assessed? If so, what will be the basis of that assessment—books this week, last week or before any interruption?

Share

## Rishi Sunak

The hon. Gentleman makes an excellent point. Our ambition is for the criteria to be as flexible and generous as possible. The basic point will be to ensure that a business was sensible and well-traded before coming into the crisis that it now faces. As long as that is the case, the loans should be able to be provided through the banks on the ground, with our guarantee standing behind that.

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## Sir Desmond Swayne (New Forest West) (Con)

Should payment quarterly and in advance be tolerated for commercial lets?

Share

## Rishi Sunak

As always, my right hon. Friend makes a pithy point. He is right to highlight the importance of prompt payment, especially during this time. That is why the Government are taking every step we can to be prompt in our payments and urging all other businesses that can do so to do exactly the same.

Share

## Dame Diana Johnson (Kingston upon Hull North) (Lab)

Given the exceptional circumstances, why exactly can statutory sick pay not be paid at the real living wage rate?

Share

## Rishi Sunak

We have an extensive security and support network, which extends beyond statutory sick pay to an NHS that is free at the point of use. Our welfare and security support system works well, and we buttressed it with an extra £1 billion investment last week.

Share

## Sir Geoffrey Clifton-Brown (The Cotswolds) (Con)

Although I congratulate my right hon. Friend on the package he has worked very hard on, sadly, I received a phone call today from one of my employers, whose contract had been cancelled forthwith. He has had to lay off 1,000 people. There will be a lot of very anxious people tonight. Although they are probably entitled to employment and support allowance and universal credit, they will suffer a considerable drop in their wages. I urge the Chancellor to come up with an employment support package as soon as possible.

Share

## Rishi Sunak

I thank my hon. Friend for his support. I have sympathy with his constituents in that situation. That is why we strengthened our security and safety net last week, but the best thing we can do is help employers get through this and ensure that those jobs are ready for people to go back to as soon as practically possible.

Share

## Wes Streeting (Ilford North) (Lab)

The reality is that universal credit and statutory sick pay were not generous enough in the best of times, and they certainly are not enough to live on in these worst of times. When the Chancellor comes forward again, will he announce immediate plans to provide income protection for people who suffer loss of earnings, and will he give a tax holiday to freelancers and contractors facing tax bills in July for work that will never materialise in these circumstances?

Share

## Rishi Sunak

We have taken steps to strengthen the safety net. On deferring tax payments, that is something that is able to happen through Time To Pay. I urge people to contact Time To Pay. The details are available online. HMRC has 2,000 people standing by to talk to individuals. If tax deferrals are needed, it stands ready to negotiate and agree those.

Share

## Virginia Crosbie (Ynys Môn) (Con)

On behalf of my constituents, I welcome the significant package of financial measures the Government have made available today. Businesses in Ynys Môn, such as Seawake, Gwynedd Shipping and the restaurant Catch 22, have contacted me today, desperate for the Government to take action. Will the Chancellor join me in urging the Welsh Government to make this additional funding available as quickly as possible to small businesses across Wales so they can survive?

Share

## Rishi Sunak

My hon. Friend is right to highlight the importance of speed in Wales and everywhere else. That is why we have taken steps to make Barnett consequentials available in advance as quickly as we can, so that all devolved authorities can plan and execute their plans expeditiously.

Share

## Mr Toby Perkins (Chesterfield) (Lab)

Businesses face collapsing revenues and the biggest part of the Chancellor's response is to invite them to take on substantially more debt. That will not save people's jobs. For the Chancellor to compare that £330 billion, which is a guarantee he is making that he may never have to spend, with the package President Macron put together in France is

absolutely absurd.

Share

## Rishi Sunak

Far from being absurd, President Macron yesterday announced exactly €300 billion in loan guarantee schemes.

Share

## Robert Largan (High Peak) (Con)

I represent the Peak District, where hotels, restaurants, pubs and the tourism industry in general are absolutely central to the local economy. I therefore welcome the economic measures announced, but people and businesses are struggling right now. So may I urge the Chancellor to make certain that loans and grants are paid and put into people's bank accounts as soon as possible?

Share

## Rishi Sunak

My hon. Friend is exactly right. That is why the steps we are taking are designed to work at pace. Loan schemes will be available from early next week and the Communities Secretary is ensuring that the grant payments are processed as quickly as possible through local authorities in the coming days and weeks.

Share

## Abena Oppong-Asare (Erith and Thamesmead) (Lab)

I have been contacted by my constituent Andy, from Erith and Thamesmead. Businesses like Andy's collapsed this week. The scrapping of business rates does not help small businesses like Andy's. Loans of £300 billion do not help small businesses like Andy's. Will the Chancellor clearly set out how he will help small businesses? Will he personally promise me that he will help my constituent Andy and do whatever it takes to make sure

he is properly supported?

Share

## Rishi Sunak

We have outlined a package of measures to support small businesses specifically. Indeed, 700,000 of our smallest businesses will now be receiving a £10,000 grant. I suggest that the hon. Lady's constituent Andy contacts his local authority for further support, either on business rates or local council tax support, where we are injecting an extra half a billion pounds into the system.

Share

## Mr Philip Hollobone (Kettering) (Con)

I declare my interest as a member of Kettering Borough Council. I commend the Chancellor for coming up with a £350 billion business support package in record time. That will be welcomed by many small businesses in Kettering. Billing authorities such as Kettering Borough Council are already at their busiest time of year, sending out council tax bills. Can the Chancellor explain what role they will play in getting business support to local businesses and what extra support they will get to enable that to happen?

Share

## Rishi Sunak

My hon. Friend makes an excellent point. He is right to highlight the capacity of local authorities to execute this plan. The Communities Secretary is working closely with them and they will be provided with extra resource funding to deal with the extra administration they will now have to undertake on our behalf. But I know and have confidence that they will do that job extremely well.

Share

## Stephen Farry (North Down) (Alliance)

Members on both sides of the House are demonstrating that there are gaps in terms of not

only the provision that has been announced but the urgency required to address the issue. May I therefore return to the issue of a universal basic income, or a series of flat payments to people? Would that not be a much more efficient and effective way of helping people in the immediate term, with the proviso that money can be clawed back through the tax system in due course?

Share

## Rishi Sunak

I believe our approach represents a sensible, coherent, co-ordinated and comprehensive way to tackle the problem. We have a range of targeted measures, each of which will make a significant difference to those on the ground, but as I said, we stand ready to do more and are indeed actively doing extra things.

Share

## Greg Smith (Buckingham) (Con)

I warmly welcome the enormous package of measures outlined by the Chancellor. This morning, I spoke to Energy Generator Hire in Kimble Wick in my constituency, which has lost most of its order book and is uncertain about the future. Can he confirm whether event hire companies are included in the envelope of leisure and hospitality?

Share

## Rishi Sunak

Those that have business properties will be eligible both for the relief and the grant, which will cover a significant number of events companies that have premises. Obviously, if they do not have premises, they will not qualify for business rates relief, but should be eligible for some of the other measures that I have outlined today.

Share

## Helen Hayes (Dulwich and West Norwood) (Lab)

The failure of the Chancellor to mention private renters in his statement was a grave error, because many of those private renters are the same precarious workers in hospitality, the arts and culture and other industries who are being laid off today. Will he guarantee that no one will lose their home as a consequence of coronavirus?

Share

## Rishi Sunak

The Housing Secretary will urgently and soon bring forward measures to protect renters. The hon. Lady is right to highlight the importance of that, and that is why we will be acting in short order.

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## Peter Aldous (Waveney) (Con)

I commend the Chancellor for coming forward with such a comprehensive range of support. If he is to use the benefits system to support those ineligible for sick pay, I urge him to take on board the concerns raised by the right hon. Member for East Ham (Stephen Timms) about the fundamental flaw with universal credit. I also highlight the vital work that food banks, citizens advice and local churches will be doing in the coming weeks. He should ensure that they get the right support for that.

Share

## Rishi Sunak

I wholeheartedly agree with my hon. Friend about the importance of our voluntary sector, particularly at this time, and the vital role that it will play. It is right that it gets our support. The Communities Secretary is actively engaging with it and I stand ready to do more as needed.

Share

## Charlotte Nichols (Warrington North) (Lab)

What measures will the Government take to ensure that landlords who benefit from

mortgage holidays do not profit from the crisis by having their pockets lined by tenants still expected to pay their rent?

Share

## Rishi Sunak

As I said, the Housing Secretary will shortly outline our measures to protect renters. We understand well the point that the hon. Lady makes.

Share

## Richard Graham (Gloucester) (Con)

This is a huge step to support jobs. Speed is of the essence, so will the Chancellor confirm when the business interruption loans will be available and how quickly applications will be processed? Will he also confirm that the Communities Secretary's package will cover renters, the self-employed, nurseries, community groups, kindergartens and charities so that all the people in those sectors will be reassured as well?

Share

## Rishi Sunak

My hon. Friend is right that speed is of the essence. The loan programme will be available from early next week. My right hon. Friend the Chief Secretary to the Treasury is doing an excellent job working with the banks to make sure that those applications will be processed at speed, so businesses that need that support will get it quickly.

Share

## Bill Esterson (Sefton Central) (Lab)

The amount of money announced for the loan guarantee scheme is a massive sum, but will businesses want to be saddled with debt when they have no income and no means of paying it back? Previous loan schemes were poorly taken up because the banks ignored the guarantee part of the scheme, so how will the Chancellor make sure that the loan

guarantee scheme is delivered by the banks at the scale and speed needed?

Share

## Rishi Sunak

I thank the hon. Member for the thoughtful question. He is right to ask about that particular point. He will be pleased to know that, compared with previous loan guarantee schemes, the generosity of the Government guarantees is significantly increased to provide a strong incentive for the banks to provide that lending. We have spoken to all the banks individually specifically on this measure and have their assurance that they will work at pace to deliver it. As a result of our entreaties, they have also unilaterally unlocked £21 billion of their own extra lending capacity to provide to the sector, so I am confident that they will deliver as required.

Share

## Danny Kruger (Devizes) (Con)

Many businesses depend on not the public or other businesses, but the state itself, through contracts with different parts of the public sector. Many such contracts are on a payment-by-results basis, so they are paid according to outcomes that might no longer be possible, given the situation. Will the Chancellor work with other parts of Government to ensure that the state's contracts, particularly with social enterprises, charities and social businesses, can be flexed to ensure that those important businesses stay afloat?

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## Rishi Sunak

My hon. Friend makes an excellent point, which I will be sure to raise with the Chancellor of the Duchy of Lancaster.

Share

## Kerry McCarthy (Bristol East) (Lab)

Can the Chancellor clarify whether community interest companies will be treated in the

same way as other small companies when it comes to being able to apply for the £10,000 grants?

Share

## Rishi Sunak

If the hon. Lady will forgive me, I do not have a precise answer for her at this moment, but I will look into the matter as soon as I am done and write to her.

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## Mike Wood (Dudley South) (Con)

A firm in the hospitality sector has written to me to say that tomorrow it must lay off 200 workers and halve the pay of 100 more, because bookings are close to zero and it cannot cover the wage bill. How much longer should it hold off?

Share

## Rishi Sunak

Hopefully it will benefit today from the significant measures that have been put in place to provide forward business rate relief and immediate cash support through grants. That should provide the business with some reassurance that help is on its way to enable it to protect jobs, with more to come.

Share

## Seema Malhotra (Feltham and Heston) (Lab/Co-op)

Yesterday a constituent of mine was laid off from his employment, along with 50 colleagues. He described how he watched the company's owners trying to hold back tears as they let go people who have worked for them for decades. Why will the Chancellor not cut off this problem at the root by providing to British businesses the same reassurance that President Macron has provided to French businesses: that no business will go bankrupt?

Share

## Rishi Sunak

As I have already said, the French Government announced €300 billion of loan guarantees yesterday. We have gone a step further with £330 of loan guarantees, equivalent to 15% of our GDP, to provide the same level of support. Beyond that, the fiscal measures that we have taken between last week and today are comparable in scale to those undertaken by any major economy.

Share

## Owen Thompson (Midlothian) (SNP)

The introduction and increase of grants is a welcome step in the right direction, but a number of food and drink producers in my constituency have seen the outlet for their produce dry up, so what additional support can be offered to help keep such companies afloat?

Share

## Rishi Sunak

The measures announced today, whether the loan or other guarantee schemes, will be of significant support to those businesses, and the measures we announced last week will also help the employees. As I have said previously, we are looking at more measures in all areas, and I will update the House as things develop.

Share

## Gerald Jones (Merthyr Tydfil and Rhymney) (Lab)

All our constituents will require realistic statutory sick pay if they are required to self-isolate. Will the Chancellor do whatever it takes to ensure that happens, and will he include the self-employed and those on zero-hours contracts in his measures?

Share

## Rishi Sunak

As previously discussed, depending on people's particular employment circumstances, they might well be eligible for statutory sick pay even though they are self-employed or in the gig economy. We have already taken measures to ensure that they are eligible for those benefits and for employment and support allowance from day one, rather than day four and day eight respectively, and we have further strengthened the safety net with an investment of £1 billion.

Share

## Mike Kane (Wythenshawe and Sale East) (Lab)

Hundreds upon hundreds of aviation workers in my constituency were sent home today. Coronavirus has devastated the airline industry. Because they had less than three years' experience, 21 days' pay is all they get, with no prospect of a job going forward. Can the Chancellor give us more information on the aviation package that he has announced tonight?

Share

## Rishi Sunak

We are in active dialogue with the key companies in the sector, both airlines and airports, to discuss what specific support might be required. In the circumstances, it would not be appropriate for me to comment on the measures that individual companies might want to engage with us on, but the hon. Gentleman can rest assured that we are working hard for the industry.

Share

## Claudia Webbe (Leicester East) (Lab)

Given the acceleration of the virus and the collapse of the aviation industry, which means that there is no prospect of any deportation charter flights leaving the UK, and given that there is no testing, it seems inhumane and unjustified to continue to raid the homes of my constituents, especially those who have underlying health conditions or are self-isolating, and put them into detention centres indefinitely, at great expense and in poorly sanitised

conditions. That puts the lives of my constituents in danger and violates their human rights. Detentions and deportations by charter flight are barbaric and costly. The outbreak of covid-19 further underlines their cruelty and expense. Will the Chancellor urge the Home Secretary to end them immediately?

Share

## Rishi Sunak

My right hon. Friend the Home Secretary is doing an excellent job, making sure that our borders are secure and that we enforce our laws as required, but in a way that is humane and compatible with all human rights. I am sure that she will do exactly that as we go through the challenging next few months.

Share

## Matt Western (Warwick and Leamington) (Lab)

The Chancellor will be aware that in certain business sectors, the loss of just one or two people in specialised roles from an organisation can bring down a business. France and Italy are reviving the approach adopted in a global financial crash of supporting workers with a proportion of their wages. Will the Chancellor do the same here?

Share

## Rishi Sunak

As I have said, we are considering employment support packages and what can be designed and implemented at pace. As for other countries, let me again put it on record that the fiscal interventions we have undertaken are comparable in size with those of any other major developed economy.

Share

## Kate Green (Stretford and Urmston) (Lab)

There is huge fear, and also confusion, among my constituents this evening about a range of issues: whether measures will apply to start-ups, what will happen to VAT on advance

sales, the position of businesses in the hospital supply chain, and what will happen if a freelancer cannot work because he or she must look after a family member who has been sent home. May I suggest to the Chancellor that local authorities will not have the capacity to deal with all those queries while they are doing many other things, including delivering vital services? It would be very helpful if a dedicated MP hotline could be set up to deal with such questions, so that we could go to one Government location to help our constituents.

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## Rishi Sunak

I shall be happy to look at that suggestion. The hon. Lady also asked a specific question about VAT on postponed accounting. I am actively considering that, in terms of when we are scheduled to introduce it and whether it could be improved.

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## Darren Henry (Broxtowe) (Con)

Small businesses in my constituency will welcome their eligibility for grants of £10,000, up from £3,000 last week. How will they receive information on how to gain access to those funds, if, indeed, they qualify?

Share

## Rishi Sunak

If those businesses are already receiving small business rate relief, that will be known to the local authorities, which will shortly be writing to them to request their financial details so that they can process the grant payments. If businesses have not heard in short order, they can get in touch with their local authorities.

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## Janet Daby (Lewisham East) (Lab)

Food banks are used by 1.6 million people, 250,000 more than the number indicated by the previous year's data, and the demand will increase. Food banks rely on the surplus from supermarkets, and on people's food donations. What is the Chancellor's contingency plan to address this very serious issue?

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## Rishi Sunak

My right hon. Friend the Environment Secretary is engaging actively with supermarkets to make sure that all aspects of our food supply are secure, including deliveries and ensuring that everyone receives the food that they need during this time.

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## Kevin Brennan (Cardiff West) (Lab)

The Chancellor needs to be more than a desiccated calculating machine. When he answers questions, we need to hear talk about people, not just packages. Will he look at early-day motion 302, which I tabled and which advocates a universal basic income—particularly for freelancers and the self-employed—as a temporary measure during this crisis, and will he pledge to return to the House, rather than just making an announcement through the press, to tell us what he is going to do about these employment measures?

Share

## Rishi Sunak

The hon. Gentleman talks about packages to support business. They are not divorced from people's circumstances; they are directly helping people's circumstances. The way to help people is to secure their employment, now and in the future, and that is what these packages are designed to do, which is why they will make a real difference to people on the ground.

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## Gavin Newlands (Paisley and Renfrewshire North) (SNP)

The Chancellor is already late with support for aviation. Airlines, airports, and support services such as baggage handlers have already announced, or are strongly considering announcing, significant job cuts. Can the Chancellor reassure them that they do not need to do that, and that he will follow other Governments such as that of New Zealand, which announced £35 billion worth of direct wage subsidies to keep not just those jobs but all jobs safe?

Share

## Rishi Sunak

We have announced our own range of fiscal measures to help businesses to protect jobs, with particular reference to the airline industry. As I have said, my right hon. Friend the Transport Secretary and I are actively engaging with the companies and the airports in that sector to establish what support is required.

Share

## Jeff Smith (Manchester, Withington) (Lab)

A lot of my constituents work in the events and leisure industry; many are self-employed freelancers. I spoke to one today, who told me that she earns a large proportion of her annual income during the summer event and festival season. She is going to lose that this year. Given that it could be another year before she is able to get back on her feet, can I urge the Chancellor to come back with a package of support for people like her—ideally grant support, a long-term package for individuals in that sector?

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## Rishi Sunak

Those in the leisure and hospitality and the retail sectors are of course particularly impacted by what we are experiencing, which is why the package of measures announced today builds on what was announced last week and goes to the heart of that industry to provide direct cash support and business rate relief. The measures we announced last week also provide support to those who are self-employed.

## Apsana Begum (Poplar and Limehouse) (Lab)

I, like many others in this House, have been contacted by constituents who are extremely anxious and worried about the uncertainty and disruption in the months ahead. This includes constituents who are self-isolating, especially those who are expected to self-isolate for extended periods, who may face loneliness and other mental health challenges. Is the Chancellor planning to allocate any funding to address this?

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## Rishi Sunak

I very much appreciate people's anxiety at this difficult time. With regard to those who are self-isolating, we have already made changes to our welfare system to ensure that those people qualify for the support that they deserve. With regard to public services support, as I have said, the Communities Secretary and the Health Secretary are actively engaging with those sectors to understand whether there is extra support that is required.

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## Alex Sobel (Leeds North West) (Lab/Co-op)

The reality is that for businesses and workers this crisis is going to last for many months. Has the Chancellor considered a much more interventionist microeconomic policy? For instance, has he thought about repurposing the businesses shutting now—hotels, restaurants, music venues, theatres—as infection rates rapidly rise?

Share

## Rishi Sunak

That would be a question for my right hon. Friend the Health Secretary, who is actively engaged in making sure that we can increase the capacity of our health service to cope with the next few months and is considering a range of measures, but we will do whatever it takes to make sure that we have the capacity we need to help those who fall sick at this

time.

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## Chris Stephens (Glasgow South West) (SNP)

The Government effectively discouraged UK citizens from entering sectors of the economy that traditionally offer low-paid and precarious employment. Is it the Chancellor's intention, when he talks to trade unions and business over the next few days, to enter into those discussions with the principle that the wages of those whose jobs are under threat, whose shifts have been cancelled and whose hours have been cut will be protected?

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## Rishi Sunak

The Government telling people not to visit those places, or to hold back from them, was based on the advice of scientists and medical experts to ensure that our health as a country is protected. The measures we announced today directly go to help those in those industries to protect those jobs. As I said, we will work urgently with the unions and businesses to see what further measures can be put in place.

Share

## Andy Slaughter (Hammersmith) (Lab)

Many decisions the Government have taken on isolation, at-risk groups and testing limit the ability of NHS staff to go to work. It is easy to say, "Whatever it takes," but how can we be sure that our hospitals in particular have the resources to save every life that can be saved?

Share

## Rishi Sunak

Of course, we take the advice of the chief medical officer in this regard and we will continue to do so. We have been absolutely clear that the NHS will get whatever support financially it needs from the Government to help get us through what will be a very

challenging time. We are considering all measures to increase the capacity of the NHS to respond to this, and indeed provide the support to those on the frontline who are going to deal with a very difficult few months.

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## Sarah Olney (Richmond Park) (LD)

I obviously welcome the Chancellor's commitment to making sure that jobs are saved and that people can stay in work, but I wonder whether he agrees that by structuring his package around loans rather than grants, he actually loses some control over what the money is spent on. Therefore, he cannot be certain that the money is going to be spent most effectively in pursuit of this objective.

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## Rishi Sunak

It is not just loans; it is loans and grants and tax relief on business rates, as well as deferral of tax payments through time to pay and reimbursement for statutory sick pay. Across the piece, it is a series of different interventions, all of which will be effective at doing one fundamental thing: improving the cash flow in the short term of businesses to help them bridge through what will be a temporary dislocation, so that they can emerge on the other side and we do not lose for the long term that productive capacity and lose those jobs.

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## Daniel Zeichner (Cambridge) (Lab)

Making announcements is one thing, but, to use the Chancellor's words, operationalising at speed is quite another, so can he be more precise about the resources available for the civil service and local councils? A simple example—a Canadian nurse phoned my office today so frustrated that she cannot help the NHS because we cannot sort out the equivalent qualifications. It will be the same for many others, particularly Bangladeshi nurses working in the care sector.

## Rishi Sunak

I am happy to take on board the suggestion from the hon. Gentleman. I will raise it with the Health Secretary, who I know is actively looking at ways to bring extra people into the NHS to help respond to this crisis. There is a range of options and flexibilities we should consider. I will make sure that I raise that one with him as well.



## Insurance and coronavirus (Covid-19): our expectations of firms

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Many consumers are currently in a vulnerable position because of the coronavirus (Covid-19) pandemic. We expect insurers, given the unprecedented impact of coronavirus, to be aware of the circumstances that their customers find themselves in. This web page is aimed at helping firms understand the FCA's position. Read about our expectations of insurance firms.

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**Sign up to receive FCA coronavirus updates:** We've launched a daily email round-up of FCA coronavirus news and publications published on our website. [Join the list to receive our daily update \[1\]](#).

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We expect firms to consider very carefully the needs of their customers and show flexibility in their treatment of them. We are likely to see customers' behaviours change because of the pandemic. For example, this could mean that customers may need to work from home or commute by car. We would not expect to see their ability to claim impacted by circumstances over which they have little control.

We expect firms to clearly communicate any policy exclusions that may impact the cover and use of individual policies. This applies both to new sales or changes to existing policies (either mid-term or at renewal) – they must clearly meet consumers' demands and needs.

### Latest insurance coronavirus news

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- [FCA confirms measures to help insurance customers who may be suffering financial difficulties as a result of coronavirus, 14 May 2020 \[2\]](#)
- [FS20/5: Coronavirus and customers in temporary financial difficulty: guidance for insurance and premium finance firms, 14 May 2020 \[3\]](#)
- [Finalised guidance: Coronavirus and customers in temporary financial difficulty: guidance for insurance and premium finance firms, 14 May 2020 \[4\]](#)
- [FCA seeks legal clarity on business interruption insurance alongside package of measures to help consumers and small businesses, 1 May 2020 \[5\]](#)
- [FCA statement - insuring SMEs: business interruption, 1 May 2020 \[6\]](#)
- [See all latest news \[7\]](#)

### Operational resilience and business continuity

It is essential that all general insurance firms have plans in place to manage and mitigate the operational impact of coronavirus. More generally, we expect firms to:

- Have sufficiently robust systems and controls to continue to operate effectively in a stressed situation with business continuity plans to manage this.
- Act fairly, honestly and professionally in accordance with the best interests of customers.
- Ensure that all customer communications are clear, fair and not misleading.

Firms should consider, along with other challenges, the impact of staff absences and the need to ensure staff wellbeing on continuity of service. Firms must identify how staff absence or inability to use business premises can be sufficiently mitigated to ensure critical services are provided to customers. Where firms identify gaps through their planning that will, or could, cause harm to customers, they should notify the FCA through their usual supervisory contact.

## Travel insurance

There is currently a lot of consumer demand alongside fast-moving changes to risk, especially in the travel insurance market. Firms must ensure that they continue to treat their customers fairly during the whole product cycle of purchase, claim and renewal.

For existing customers with policies that are impacted by coronavirus (eg, future travel booked before the outbreak), we expect firms to clearly communicate any policy exclusions that result from coronavirus to their existing customers.

There will be some instances where a consumer bought annual travel insurance to cover the risk of cancellation or curtailment and are relying on a policy renewal to cover travel arrangements made before the coronavirus situation escalated. In these circumstances, the terms of the current policy may allow for a pay-out when the event causing the cancellation or curtailment occurs.

If the claim arises after the renewal date, we would expect insurers to treat customers fairly, taking individual circumstances into account. This includes where the policyholder was given a reasonable expectation that cover would continue. Where appropriate, renew or consider claims under the terms of the original policy for these travel arrangements.

## Motor and home insurance

Many people will also be changing the locations from which they carry out certain activities and keep certain items. For example, many consumers may use their home to as their main work location during the current situation and keep some work-related assets at their home address. Consumers may be concerned that this conflicts with the cover under their current policy.

We expect motor and home insurers not to reject claims because of a consumer's understandable temporary change in how they use their vehicle and their home address, in response to Government advice and the emerging coronavirus situation.

## Access to premises

Following Government restrictions on travel and the ongoing coronavirus situation, some consumers may not be able to access their main or additional residential properties, while businesses may not be able to access commercial premises. Where access is required as part of the terms of a policy, we expect insurers to take account of a customer's temporary change in how they access those premises, and treat their customers fairly. We don't expect insurers to void policies or reduce potential claims as a result. Contact your insurer if you are concerned about being unable to access your property.

## Updated guidance on MOTs

The [Department for Transport has released a statement](#) [8] for consumers who have a car, motorcycle or small van MOT due in the next 6 months .

Given this additional guidance, we expect motor insurers to continue to provide cover for consumers' car, motorcycle or van insurance due to their temporary situation, in line with Government policy of not being able to receive (and not needing) a new MOT certificate. This includes at renewal, to ensure customers are able to shop around for their insurance.

## Private medical insurance

Demand for access to hospitals is likely to increase. We are aware that private hospitals have been asked to support the NHS. The exact nature of the support is currently unknown, but it is likely to have an impact on consumers who have private medical insurance and are currently, or due, to receive treatment.

Most privately insured treatment is likely to fall under non-urgent care and may need to be delayed due to coronavirus. Insurers need to communicate effectively, timely and compassionately with customers.

## Product suspension

We understand that firms may decide to, or want to, suspend some product offerings. While we appreciate that firms are trying to manage their exposure to risks, we want to make clear our expectations of how firms deliver this change.

In these instances, the FCA's expectations of firms are:

- Firms must consider the needs of their customers carefully, in particular where the customer is relying on a renewal for continuity of cover (taking into account any vulnerabilities). In such circumstances, it may not be treating customers fairly if a firm were to not renew (even though the product would otherwise be suspended).
- Consumers who are due to renew their policy should have the policy coverage and exclusions clearly explained to them in all circumstances. Any exceptional cases of policyholder need should be considered by the insurer and all changes need to be clearly communicated.
- Alternative products are not sold to consumers that do not meet their demands and needs, and not in their best interest.

## Renewals

Firms considering making changes to their existing policies at renewal need to consider the existing requirements for product design. Firms making changes to policies must follow the appropriate processes for making these changes.

If firms are changing their policies to exclude coronavirus, we expect them to make it very clear, in a prominent position, to those consumers whose policy is due to renew, that their policy has changed, and of the exclusion - both before renewal.

We expect firms to consider the needs and particular circumstances of individual consumers (taking into account any vulnerabilities) when considering what may be an appropriate change to make. Firms must be able to demonstrate that they are complying with our rules and treating their customers fairly.

We also expect firms to make it clear in other relevant communications about exclusions to potential consumers, to ensure their messaging is fair, clear and not mis-leading.

Firms may experience challenges in contacting consumers, for example if they are unwell. This may make it harder to meet key conduct requirements such as assessing consumers' demands and needs at renewal.

If this is the case, we expect firms to continue to seek to meet these requirements, including the obligation to act honestly, fairly and professionally in accordance with the best interests of the customer. We have not prescribed how firms should go about meeting these requirements.

It may be reasonable for firms to rely on existing information that they already hold, for example if this information is recent, is still expected to be accurate, and there have not been significant changes to the product.

It might also be reasonable for a firm to decide that providing continuity of cover meets a customer's best interests, where there is no evidence to show the contract is inconsistent with the customer's demands and needs or wouldn't otherwise be unsuitable.

Firms will obviously also need to ensure that they comply with all relevant legal requirements in relation to their contracts. If, once the customer is better, they contact the firm to say that the policy did not meet their needs, then we expect firms to treat them fairly.

## Mid-term adjustments

We are aware some firms may wish to make mid-term changes to their existing policies and put policyholders on notice of the change.

We expect firms to consider the following if they intend to vary their contract terms:

- a. Whether there is a written term in the contract that states they are able to make the change that they want to make.
- b. Are the terms that they intend to rely upon fair and transparent under the Consumer Rights Act 2015 (or the Unfair Terms in Consumer Contracts Regulations 1999 if appropriate)?
- c. Whether they are applying the term properly, in accordance with the contract (for example, by complying with any notice period set out in the contract).

- d. Whether due regard has been given to the interests of their customers and treating customers fairly (per FCA Principle 6). Also, to the information needs of their customers and communicating information in a way that is clear, fair and not misleading (per FCA Principle 7).
- e. Whether there is any other reason in law or any other relevant FCA rules, and whether they are complying with them.

## Expectations of brokers

In these uncertain times, brokers have a key role to play to help consumers understand the market, the impact of coronavirus, and search the market for products that meet their demands and needs.

We encourage brokers to keep abreast of market developments so they can suitably advise their customers.

**Source URL:** <https://www.fca.org.uk/firms/insurance-and-coronavirus-our-expectations>

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Update History:

14/05/2020: **Link added** Latest news section confirming measures to help insurance and premium finance customers

06/05/2020: **Information added** Access to premises paragraph

01/05/2020: **Information added** latest news

31/03/2020: **Information added** Information for firms considering making changes to their existing policies at renewal

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### Links

- [1] <https://www.fca.org.uk/daily-news-and-publications-email-alerts>
- [2] <https://www.fca.org.uk/news/press-releases/fca-confirms-measures-insurance-customers-coronavirus>
- [3] <https://www.fca.org.uk/publications/feedback-statements/fs20-5-coronavirus-customers-temporary-financial-difficulty-insurance-premium>
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- [5] <https://www.fca.org.uk/news/press-releases/fca-seeks-legal-clarity-business-interruption-insurance>
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- [14] <http://www.fca.org.uk/publication/correspondence/dear-ceo-insuring-sme-business-interruption-coronavirus.pdf>

1. Home (<https://www.gov.uk/>)
2. Government (<https://www.gov.uk/government/all>)

Speech

# PM address to the nation on coronavirus: 23 March 2020

Prime Minister Boris Johnson addressed the nation on coronavirus.

Published 23 March 2020

From:

Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>) and The Rt Hon Boris Johnson MP (<https://www.gov.uk/government/people/boris-johnson>)

Delivered on:

23 March 2020 (Transcript of the speech, exactly as it was delivered)



Good Evening,

The coronavirus is the biggest threat this country has faced for decades – and this country is not alone.

All over the world we are seeing the devastating impact of this invisible killer.

And so tonight I want to update you on the latest steps we are taking to fight the disease and what you can do to help.

And I want to begin by reminding you why the UK has been taking the approach that we have.

Without a huge national effort to halt the growth of this virus, there will come a moment when no health service in the world could possibly cope; because there won't be enough ventilators, enough intensive care beds, enough doctors and nurses.

And as we have seen elsewhere, in other countries that also have fantastic health care systems, that is the moment of real danger.

To put it simply, if too many people become seriously unwell at one time, the NHS will be unable to handle it - meaning more people are likely to die, not just from Coronavirus but from other illnesses as well.

So it's vital to slow the spread of the disease.

Because that is the way we reduce the number of people needing hospital treatment at any one time, so we can protect the NHS's ability to cope - and save more lives.

And that's why we have been asking people to stay at home during this pandemic.

And though huge numbers are complying - and I thank you all - the time has now come for us all to do more.

From this evening I must give the British people a very simple instruction - you must stay at home.

Because the critical thing we must do is stop the disease spreading between households.

That is why people will only be allowed to leave their home for the following very limited purposes:

- shopping for basic necessities, as infrequently as possible
- one form of exercise a day - for example a run, walk, or cycle - alone or with members of your household;
- any medical need, to provide care or to help a vulnerable person; and
- travelling to and from work, but only where this is absolutely necessary and cannot be done from home.

That's all - these are the only reasons you should leave your home.

You should not be meeting friends. If your friends ask you to meet, you should say No.

You should not be meeting family members who do not live in your home.

You should not be going shopping except for essentials like food and medicine - and you should do this as little as you can. And use food delivery services where you can.

If you don't follow the rules the police will have the powers to enforce them, including through fines and dispersing gatherings.

To ensure compliance with the Government's instruction to stay at home, we will immediately:

- close all shops selling non-essential goods, including clothing and electronic stores and other premises including libraries, playgrounds and outdoor gyms, and places of worship;
- we will stop all gatherings of more than two people in public – excluding people you live with;
- and we'll stop all social events, including weddings, baptisms and other ceremonies, but excluding funerals.

Parks will remain open for exercise but gatherings will be dispersed.

No Prime Minister wants to enact measures like this.

I know the damage that this disruption is doing and will do to people's lives, to their businesses and to their jobs.

And that's why we have produced a huge and unprecedented programme of support both for workers and for business.

And I can assure you that we will keep these restrictions under constant review. We will look again in three weeks, and relax them if the evidence shows we are able to.

But at present there are just no easy options. The way ahead is hard, and it is still true that many lives will sadly be lost.

And yet it is also true that there is a clear way through.

Day by day we are strengthening our amazing NHS with 7500 former clinicians now coming back to the service.

With the time you buy - by simply staying at home - we are increasing our stocks of equipment.

We are accelerating our search for treatments.

We are pioneering work on a vaccine.

And we are buying millions of testing kits that will enable us to turn the tide on this invisible killer.

I want to thank everyone who is working flat out to beat the virus.

Everyone from the supermarket staff to the transport workers to the carers to the nurses and doctors on the frontline.

But in this fight we can be in no doubt that each and every one of us is directly enlisted.

Each and every one of us is now obliged to join together.

To halt the spread of this disease.

To protect our NHS and to save many many thousands of lives.

And I know that as they have in the past so many times.

The people of this country will rise to that challenge.

And we will come through it stronger than ever.

We will beat the coronavirus and we will beat it together.

And therefore I urge you at this moment of national emergency to stay at home, protect our NHS and save lives.

Thank you.

Published 23 March 2020

## Related content

- PM statement on coronavirus: 22 March 2020 (<https://www.gov.uk/government/speeches/pm-statement-on-coronavirus-22-march-2020>)

Andrew Bailey  
Chief Executive  
Financial Conduct Authority

Dear Sirs,

**Re: COVID-19  
Insurance Industry response to Business Interruption**

I write to you as a matter of urgency, and with specific reference to issues many businesses have found with their insurers.

You will be aware that all businesses have, for some time, been told by both the British government and our local devolved Assembly, to exercise caution and responsibility in the operation of their business. As of March 23<sup>rd</sup> this situation has now elevated to the closure of all non-essential businesses, as government and society attempts to slow the spread of an unknown, aggressive disease in what are truly unprecedented times.

These businesses who have paid costly insurance premiums, have now taken steps to make a claim citing 'Business Interruption or Closure' under their policies. In the absence of any such successful claim, they face the likelihood of bankruptcy.

However, even in circumstances where general business closure or interruption cover exists in a business insurance contract, the Association of British Insurers (ABI) have stated that forced closure due to government-backed Covid-19 mitigation and containment measures, is not covered and won't be honoured<sup>[1]</sup>. Moreover, a representative of ABI who responded to Sinn Féin's initial statement claimed:

***"Irrespective of whether or not the Government orders closure of a business, the vast majority of firms won't have purchased cover that will enable them to claim on their insurance to compensate for their business being closed by the Coronavirus".***

From this, it is evident that big insurance firms are deliberately ignoring their responsibilities to local businesses and to society in the midst of an unprecedented public health emergency. In fact, it appears the outworking of the above position is that only businesses who ignore all medical, governmental and societal advice, and remain open during this time, would be capable of making a claim once a confirmed case of the virus is found on their premises. This is dangerous and reckless.

Put simply, this is a cost-reduction strategy from the insurance industry. They are choosing to read policies in a way that maximises their financial benefit, as opposed to assisting businesses, workers and their families who are simply complying with best advice.

**MB1/105**

Insurance companies are trying to create a win-win situation, whereby they charge higher premiums across Ireland than in Britain due to supposedly higher risk, but pay as little a role as possible when this risk is realised on such a grand scale.

If businesses have paid these firms to be insured against closure and interruption, they must be compensated.

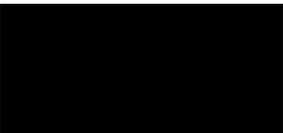
We all have a role to play in ensuring that we minimise the spread and impact of COVID-19, but our responsibility extends beyond the immediacy of the crisis. We must all ensure that once we have dealt with the disease, that businesses will be in a position to re-open, that jobs will be available, and we can begin to repair the damage this has already, and will continue to, cause.

I urge you to do all that you can within your office to ensure that insurance companies recognise that businesses warrant the protection they have paid for. Specifically I ask that all businesses covered for closure or interruption should be compensated on the basis of those policies.

Furthermore, businesses without specific cover for either of the above, it is incumbent on insurers that they consider favourably holidays and deferrals for premium payments, as we all seek to ensure the survival of our business community.

I would ask that this is given your most urgent attention, as business owners struggle with the uncertainty the insurance industry stance causes.

Is mise,



<sup>[1]</sup> <https://www.abi.org.uk/products-and-issues/topics-and-issues/coronavirus-qa/#g>

From: [REDACTED]  
To: [MPs Letters](#)  
Subject: [REDACTED]  
Date: 30 March 2020 19:00:54

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[REDACTED]

I write to represent a number of my constituents with regard to the high number of insurance companies who are refusing to pay out on business interruption and loss of earnings claims despite the unprecedented impact of the COVID-19 pandemic.

Many small businesses in my constituency have been forced to close their doors either because of illness, a drop in sales, or through Government-mandated closures. Some small business owners were relieved when they were forced to close so that they could make insurance claims to help cover the massive losses they have incurred thanks to the COVID-19 pandemic. Sadly, I have been inundated by a number of frustrated, anxious, and angry correspondence decrying the lack of empathy or action from insurers who refuse to pay out on legitimate claims.

One small business owner, a B&B in the [REDACTED], writes as follows:

*"I feel I need to put my voice and concerns along with many others asking at what point is this it be considered a formal shutdown and make the insurance companies do what they are supposed to do and pay out.*

*Being told to stop visitors coming to the area and subsequently reading that all but essential travel must stop is surely enough to ensure we all have to close our doors but without that official line the insurance companies are still sticking to the word of the policies and will not budge."*

Another constituent writes:

*"We are the owners of a tea room and B&B in [REDACTED]. We'd like to draw your attention to insurance companies including our own who ARE NOT paying out on business interruption. Despite being shut down by the government, they have reneged on paying out as they say they would only do so if someone brought Covid 19 into the tea room and we were consequently closed down by a public body/government. Despite not having someone come in with the virus, we have all understandably been closed down for effectively the same reason. Insurance companies must be encouraged if not compelled to share more of the financial burden of this crisis."*

And another:

*"We were told that £25,000 would be an expected pay-out from the insurance company for, business interruption. [REDACTED] is doing everything in their power to find ways not to pay out."*

And another:

*"Obviously the insurance companies are doing exactly what everyone knew they would do. Wriggle out of doing what we pay them for!!*

*I have a clause in my business interruption insurance for our cafe which states 'Human contagious infection' and was in touch with the broker [REDACTED] for a few weeks before we had to close. The guy there said I could make a claim with that clause and that I was lucky to have that clause at all. He also said that it would be valid if there was an outbreak within 25 miles radius of the cafe.*

*The response I have just had basically tells me it's now not valid for a claim. How can this be right?*

*It's not even like it will be that much in the grand scheme of things but would be a huge help for us.*

*I thought maybe if there was a confirmed case in [REDACTED] or within 25 miles I might get somewhere? I just think this is very very wrong. Especially with the policy having a contagious disease clause."*

I can assure you this is only the tip of the iceberg. I am especially worried for one small business, whose bank is not accredited to take part in the Coronavirus Business Interruption Loan Scheme and whose landlord has been unwilling to offer them rent relief. They were reliant on an insurance pay out on a business interruption claim to keep the business ticking over both so that their 14 employees could access the Coronavirus Job Retention Scheme and until they were able to reopen following the de-escalation of the health crisis. However, their insurance provider refuses to pay out. What recourse do they now have other than to file for bankruptcy?

The actions of insurance companies throughout this crisis has been utterly shocking and appalling. I recognise the large financial pressure that will now exist on the insurance industry, but I am aware of too many legitimate claims going unheeded in my constituency, that I cannot remain silent on this matter.

As one of the two regulatory bodies overseeing the insurance industry, what actions will the FCA take to ensure that insurance companies deal fairly with my constituents and pay out on legitimate claims?

My constituents have paid for a service for which they are now not receiving their due return. I urge the FCA to take action.

Thank you for your time and assistance in this matter.

Yours sincerely

[REDACTED]



BANK OF ENGLAND  
**PRUDENTIAL REGULATION  
AUTHORITY**

**Sam Woods**

Deputy Governor, Prudential Regulation  
CEO, Prudential Regulation Authority

31 March 2020

Dear CEO,

We are writing today to UK insurers about distribution of profits.

When UK insurers' boards are considering any distributions to shareholders or making decisions on variable remuneration, we expect them to pay close attention to the need to protect policyholders and maintain safety and soundness, and in so doing to ensure that their firm can play its full part in supporting the real economy throughout the economic disruption arising from Covid-19.

Through their provision of both general and life insurance products, insurers provide an essential safety net for individuals and businesses. They also have an important role as long-term investors in the UK economy. In the current situation of high uncertainty, it is therefore critical that insurers manage their financial resources prudently in order both to ensure that they are able to meet the commitments they have made to policyholders in a way that is consistent with the expectations of the Financial Conduct Authority, and to enable them to continue to invest in the economy.

Firms are also reminded, in the current exceptional situation, of the PRA's existing expectation (set out in Supervisory Statement 4/18) that when deciding on distributions boards should satisfy themselves that each distribution is prudent and consistent with their risk appetite.

Please share a copy of this letter with your Board. The PRA intends to publish this letter.

Yours sincerely

Sam Woods  
**Deputy Governor and CEO, Prudential Regulation Authority**

# EIOPA statement on dividends distribution and variable remuneration policies in the context of COVID-19

PUBLICATION

DATE:

02 Apr 2020

EIOPA considers that it is essential to ensure the access to and continuity of insurance services, safeguarding the ability of the insurance sector to continue to perform its role as risk transfer mechanism from citizens and businesses and its capacity to mobilize savings and invest them in the real economy. This objective requires that (re)insurers take all necessary steps to continue to ensure a robust level of own funds to be able to protect policyholders and absorb potential losses.

As mentioned in [EIOPA's statement of 17 March](#), in the context of the current crisis all (re)insurers should take measures to preserve their capital position in balance with the protection of the insured, following prudent dividend and other distribution policies, including variable remuneration.

In exercising this prudence, (re)insurers should ensure that their assessment of the overall solvency needs is forward-looking, taking due account of the current level of uncertainty on the depth, magnitude and duration of the impacts of COVID-19 in financial markets and on the economy and the repercussions of that uncertainty in their solvency and financial position.

Against this background of uncertainty, EIOPA urges that at the current juncture (re)insurers temporarily suspend all discretionary dividend distributions and share buy backs aimed at remunerating shareholders. This suspension should be reviewed as the financial and economic impact of the COVID-19 starts to become clearer.

Taking into account the need to preserve an efficient and prudent allocation of capital within insurance groups and the proper functioning of the Single Market,

EIOPA urges that this prudent approach is applied by all (re)insurance groups at the consolidated level and also regarding significant intra-group dividend distributions or similar transactions, whenever these may materially influence the solvency or liquidity position of the group or of one of the undertakings involved. The materiality of this impact should be monitored jointly by the group and solo supervisors.

This prudent approach should also be applicable to the variable remuneration policies. It is expected that (re)insurers review their current remuneration policies, practices and rewards and ensure that they reflect prudent capital planning and are consistent with, and reflective of, the current economic situation. In such context, the variable part of remuneration policies should be set at a conservative level and should be considered for postponement.

(Re)insurers that consider themselves legally required to pay-out dividends or large amounts of variable remuneration should explain the underlying reasons to their National Competent Authority.

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# **PRA statement on decision by insurance companies to pause dividends**

We welcome the prudent decision from some insurance companies today to pause dividends given the uncertainties associated with Covid-19.



Published on 08 April 2020

As set out in our [letter of 31 March](#), when insurers are considering whether or not to proceed with any dividend payments, their boards should pay close attention to the need to protect policyholders and maintain safety and soundness. Decisions regarding capital or significant risk management issues need to be informed by a range of scenarios, including very severe ones.



BANK OF ENGLAND

8th April 2020

**Hamilton, Bermuda (8 April 2020)** - In order to help Hiscox serve the needs of businesses and households through the extraordinary challenges presented by COVID-19, and with the support of our regulators, the Hiscox Ltd Board has decided that the resolution to approve the 2019 final dividend of 29.6 cents per share, which was scheduled for payment on 10 June 2020, will no longer be put to shareholders at the Annual General Meeting (AGM). The Board has also agreed that for 2020 the Company will not propose an interim dividend payment, or conduct any share buyback.

Hiscox's capital, liquidity and funding positions remain strong. Trading across the Group for the first two months of the year was ahead of expectations, however in view of the uncertain impact of COVID-19 on the global economy, the Group is unable to accurately forecast the outlook for 2020. As such, we are withdrawing all financial guidance for 2020 until there is more clarity.

We remain confident in our ability to return to our normal 90-95% combined ratio target range for the Retail business in 2022.

We remain focused on supporting our customers, employees and other stakeholders through this crisis.

**Ends**

Marc Wetherhill was responsible for the disclosure of this announcement for the purposes of MAR.

**For further information:**

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### **Hiscox Ltd**

Marc Wetherhill, Group Company Secretary, Bermuda	+1 441 278 8300
Kylie O'Connor, Group Communications Director, London	+44 (0)20 7448 6656
Ryan Thompson, Investor Relations Manager, London	+44 (0)20 7448 6522

### **Brunswick**

Tom Burns	+44 (0)20 7404 5959
Simone Selzer	+44 (0)20 7404 5959

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**Note to editors**

1. Executive Director bonuses will not be paid until the dividend has resumed. As previously announced, Executive Directors were not eligible for a bonus for 2019 as ROE was below performance threshold level.

## 2. About the Hiscox Group

Hiscox is a global specialist insurer, headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). Our ambition is to be a respected specialist insurer with a diverse portfolio by product and geography. We believe that building balance between catastrophe-exposed business and less volatile local specialty business gives us opportunities for profitable growth throughout the insurance cycle.

The Hiscox Group employs over 3,100 people in 14 countries, and has customers worldwide. Through the retail businesses in the UK, Europe, Asia and the USA, we offer a range of specialist insurance for professionals and business customers as well as homeowners. Internationally traded, bigger ticket business and reinsurance is underwritten through Hiscox London Market and Hiscox Re & ILS.

Our values define our business, with a focus on people, courage, ownership and integrity. We pride ourselves on being true to our word and our award-winning claims service is testament to that. For more information, visit [www.hiscoxgroup.com](http://www.hiscoxgroup.com).

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**RSA Insurance Group plc**  
**Suspension of Final 2019 Dividend Payment on Ordinary Shares**

**8 April 2020**

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The extraordinary challenges presented to us all by COVID-19 on top of the 'business as usual' support needed by customers in their daily insurance needs, put special focus on the insurance industry sustaining maximum confidence in its ability to serve society reliably through this crisis period and beyond. In reflecting on this and the heightened sensitivity of regulators and other stakeholders to short term use of capital, the Board of RSA Insurance Group plc (RSA) has agreed to suspend its final dividend relating to 2019.

The Board will therefore suspend its recommendation for the 15.6p per ordinary share full year 2019 dividend that would have been due for payment on 14 May 2020. Accordingly, Resolution 4 in relation to the declaration of this dividend will be withdrawn from the Annual General Meeting, which is scheduled to take place on 7 May 2020. The Board intends to recommence dividend payments as soon as it is prudent to do so, but it is too early to predict the quantum and timing of resumption which may therefore not be in time for the Company's normal interim dividend schedule.

In support of our customers, RSA pays some £5 billion in gross claims costs annually to policyholders around the world in addition to those specific claims costs that are arising in relation to COVID-19. While continuing this support as usual, the Company is actively participating in establishing various industry initiatives to support broader relief efforts.

The Company plans to publish its Q1 2020 Trading Update Statement on or about 7 May 2020. At this time, it is not possible to accurately predict the various impacts of the COVID-19 epidemic on RSA for the current financial year. We can say though, that the Group's Solvency II coverage ratio as at 31 March 2020 is estimated to have been within our target range and in excess of 150%, prior to the beneficial impact of the dividend decision outlined above.

**Commenting, Martin Scicluna, Chairman, said:**

"This is a difficult decision, not least in terms of the initial impact it will have on shareholders. The Company has a strong capital base, but we think it is right and prudent, for the many businesses and people that we support as well as wider stakeholders, to take these steps now, and ensure that RSA is well placed to continue doing what we can to help through this crisis. No company exists in a vacuum and at this time we judge it to be in the best long term interests of RSA to show forbearance on dividends and maximise our capability to support customers under the terms of their respective policies and play our part in industry initiatives to support relief efforts."

**Notes to the editors:**

All RSA senior management are aligned with shareholders in having material personal exposure to RSA share price and dividend streams. Additionally, while remuneration decisions will be made in the light of the Company's results and shareholder experience for all of 2020 at the appropriate time, RSA confirms that its Executive Directors and Executive Committee will not receive any cash bonuses for the current year at least until dividend payments are restarted for shareholders.

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation EU 596/2016. The person responsible for arranging the release of this announcement on behalf of RSA Insurance Group plc is Charlotte Heiss, Group Chief Legal Officer and Company Secretary.

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**Enquiries:**

**Investors & analysts**

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**Other information**

LEI number: 549300HOGQ7E0TY86138

The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this press release shall be construed as a profit forecast.

## OUR BUSINESS

# Update on COVID-19 and 2019 final dividend\*

08 APR 2020



## Update on COVID-19 and 2019 final dividend\*

Aviva plc ("Aviva") today announces that the Board of Directors has agreed to withdraw its recommendation to pay the 2019 final dividend to ordinary shareholders in June 2020.

The Board fully recognises the importance of cash dividends to all of our ordinary shareholders, and expects to reconsider any distributions to ordinary shareholders in the fourth quarter of 2020.

The Board has taken this decision in the wake of the unprecedented challenges COVID-19 presents for businesses, households and customers, and the adverse and highly uncertain impact on the global economy. Regulatory authorities, including EIOPA, the PRA and supervisors of other Aviva subsidiaries, have responded by publicly urging restraint on dividend payments by insurers to shareholders. In light of the significant uncertainties presented by COVID-19, the Board agrees with our regulators that it is prudent to suspend dividend payments at this time.

Aviva remains well capitalised with strong liquidity. By retaining the final dividend, the estimated group capital ratio will increase by c. 7% to approximately 182% (as of March 13, previously disclosed date).

It remains too early to quantify the impact of COVID-19 on claims expenses in our life and general insurance businesses, and the potential effect of capital markets and economic trends on our results. Given the change in the economic outlook, we are reviewing all material discretionary and project expenditure. We intend to provide an operational update for investors in the second half of May.

## Supporting customers and employees and the British economy

Aviva has launched a wide range of initiatives to support customers, our communities, and our people during these challenging times including:

- offering customers who are NHS workers additional support such as free car breakdown cover and enhanced home insurance cover for personal belongings;
- for our UK customers experiencing severe financial difficulties as a result of COVID-19 and struggling to afford home or motor insurance, we are helping manage payments;
- automatically extending cover for businesses to give the same level of protection when their employees are having to work from home;
- we have increased the funding to our long-standing partner, the British Red Cross, by £10m to direct help to those that need it most;
- since the crisis began, Aviva's employees have maintained high service standards to customers across all our markets. Our people continue to be paid as normal and we confirm that Aviva does not intend to use the UK Government funded scheme to furlough Aviva employees.

More information on the support Aviva is providing can be found at:  
<https://www.aviva.com/about-us/coronavirus-advice/>

\*This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014, for the purposes of Article 2 of Commission Regulation (EU) 2016/1055. This announcement is made by Kirstine Cooper, Group General Counsel and Company Secretary, for Aviva plc.

-ENDS-

### Enquiries:

#### Media:

Andrew Reid

+44 (0)7800 694 276

Sarah Swailes

+44 (0)7800 694 859

#### Analysts:

**From:** [REDACTED]  
**To:** [MPs Letters](#)  
**Subject:** [REDACTED]  
**Date:** 10 April 2020 10:15:52  
**Attachments:** [image001.png](#)  
[image002.jpg](#)  
[image003.jpg](#)  
[image004.jpg](#)  
[image005.png](#)  
[image006.png](#)  
[image007.png](#)  
[image008.png](#)  
[image001.png](#)  
**Importance:** High

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Dear Chief Executive,

[REDACTED] - urgent

I am now being inundated with owners of pubs, hotels and other leisure businesses in my constituency who all hold legitimate insurance policies to cover them for a loss of trade due to having to forcibly be closed. I am appalled to learn that insurance companies are ducking out of their responsibilities and appear not to consider the Covid-19 virus as a disease. Covid-19 in the UK has now become a national disaster and crisis as indeed it is now throughout the world.

Please could I ask you to work with the Government and the ABI to take steps to ensure that all insurance companies now pay up on the policies that they have issued to their customers who thought they were covered should such an event happen.

With very best wishes,

[REDACTED]

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**From:** [REDACTED]  
**Sent:** 09 April 2020 12:30  
**To:** [REDACTED]  
**Cc:** [REDACTED]  
**Subject:** Complaints to FCA

Dear [REDACTED]

Thank you very much for your email.

It's good to hear that the FCA are looking into this matter and await with interest any response from the AIB.

It is clear that insurance companies have covered themselves 'loosely' on wording/technicalities but that doesn't make it right.

We have had an assessor look into both policies and with both our policies it seems we are covered for forced closure and diseases but not Covid-19 both of the policies wording can be open to interpretation. We are now having to take out a further £100k loan to get us through these unprecedented times which will only put more pressure on us keeping this listed pub open.

We pay over £300 p/m for each of the policies and to have no cover is morally wrong.

If you can make a complaint on our behalf to the FCA here are both the policy details:

AGENT:

AGENT:

For (Our family partnership that own the freehold).

**Details of both our policy wording our below:**

**Policy (For Business Interruption/Food/Drink Loss)**

The fact they have limited the scope of *Notifiable Disease* to an exhaustive list of conditions means effectively that any and all references to *Notifiable Disease* will be confined to the conditions stated in that list.

Therefore, where they say:

*4.0 Notifiable Disease An outbreak of **any** Notifiable Disease occurring at the Premises or which is attributable to food or drink supplied from the Premises, or occurring within twenty five miles of the Premises*

The meaning of "any Notifiable Disease" is limited to the conditions listed in the definitions section. BUT THIS IS MISLEADING.

**(For Loss of Rent / Book Debts)**

**a Denial of Access**

Loss as insured caused by prevention or hindrance of access to the Premises or prevention of use of the Premises in consequence of any property or rights of way in the immediate vicinity of the Premises being:

- iv** closed down or sealed off in accordance with instructions issued by the police or by **any other statutory body except** where the cause of such closure or sealing is due to [1] the condition of the Premises or the business carried on within the Premises; [2] Your or lessees non compliance with a prior order of the police or any statutory body;
- [3] action taken as a result of drought **or diseases** or

other hazards to health.

Under their denial of access clause, they purport to cover situations where the premises are closed down due to instructions issued by any statutory body (e.g. the government). However, they then list three exceptions, and the third of these, which I've marked in bold, is an exception in the case of legal action taken as a result of diseases and again Covid-19 is not on their list...well it wouldn't be.

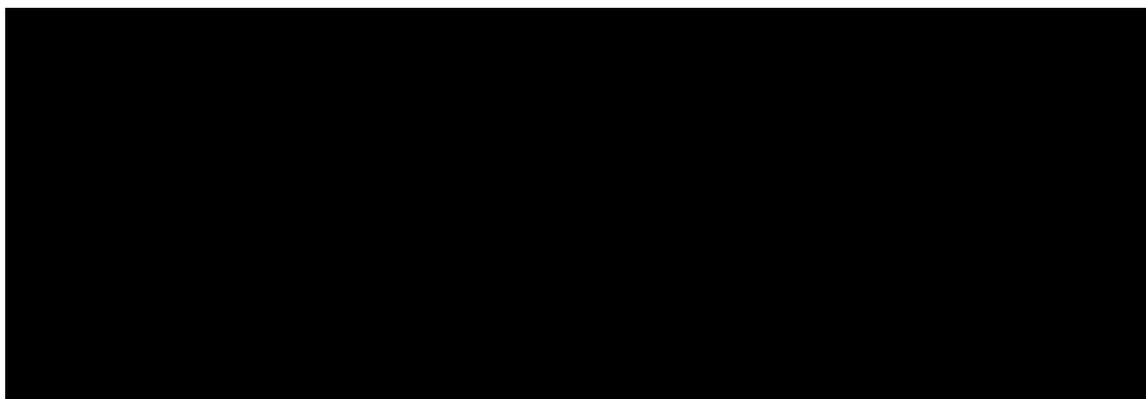
**Conclusion:**

**Under this section, [REDACTED] purport to cover closure by the government as a result of diseases, but they then restrict the diseases covered to an exhaustive list, much like the redefinition section on the [REDACTED] policy. None of these conditions are analogous to Covid-19 or SARS-type respiratory disease.**

Apologies for the length of this email but we are doing everything we can to get help where we need it to secure the future of [REDACTED] and it's employment.

With this in mind, i would like to email you on another matter that I do hope you can help us with. I'm so sorry for perpetually bothering you at this busy time but your help is very much appreciated.

Stay Safe & Warm Regards,



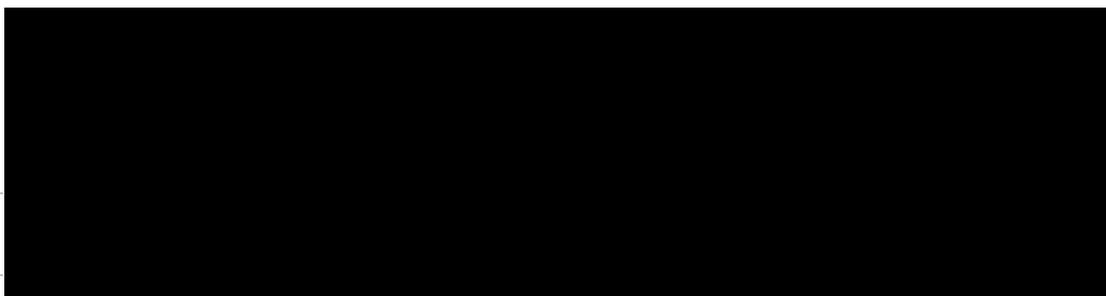
On 2020-04-09 08:56, [REDACTED] wrote:

||

Dear [REDACTED]

Thank you for this update and I am still awaiting a reply from the ABI. I understand that the Financial Conduct Authority [FCA] are also looking into this particular matter regarding insurers trying to dodge payments to their business customers. Once I receive the ABI's response I will send it on to you and if you wish me to I can refer a complaint on your behalf to the FCA.

With very best wishes,



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**From:** [REDACTED]

**Sent:** 07 April 2020 17:35

**To:** [REDACTED]

**Cc:** [REDACTED]

**Subject:** Building Insurance POLICY NUMBER [REDACTED]

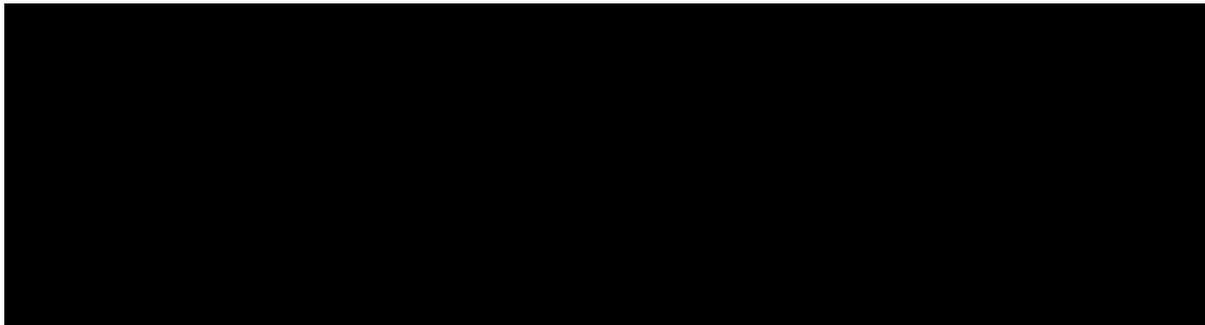
Dear

I thought you may be interested to know that as well as our contents insurance that we have already spoken about with regards to business interruption insurance it now seems our building insurance with [REDACTED] are following the same blanket answer of 'No, you're not covered,' even though we have paid over £2500 p/a. (Scroll down to their email)

So we are unable to claim for loss of rent and book debts which we were covered for as as you'll see below if closed down or sealed off in accordance with instructions issued by the police or by any other statutory body and we were by the Government on the 20th March. But as diseases are mentioned we are not.

It's so frustrating to have paid so much in insurance premiums and all these insurance companies are not stepping up and are getting out of looking after businesses that have paid heavy premiums year after year on a technicality and it's morally wrong.

I look forward to hearing more from yourself as and when you hear from the AIB.  
Kind Regards,



----- Original Message -----

**Subject:**RE: Property Owners POLICY NUMBER [REDACTED]

**Date:**2020-04-07 16:41

**From:** [REDACTED]

**To:** [REDACTED]

**Copy:** [REDACTED]

Hi

I'm afraid there isn't any cover for this relating to Covid-19 itself.

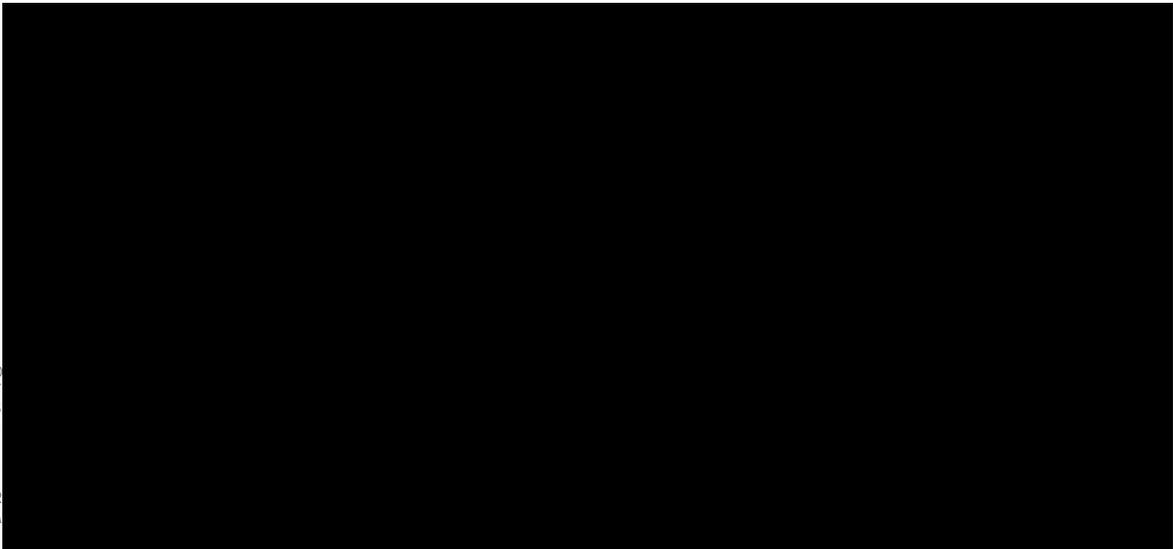
I've attached a policy wording above, but they do specify that the cover is excluded when action is taken as a result of disease, I've pasted the excerpt below:

closed down or sealed off in accordance with instructions issued by the police or by any other statutory body **except** where the cause of such closure or sealing is due to the condition of the Premises or the business carried on within the Premises; Your or lessees non compliance with a prior order of the police or any statutory body; action taken as a result of drought or diseases or other hazards to health.

This can be found halfway down page 38.

Apologies we couldn't be of any more help, but please let me know if you have any questions at all or need any other assistance.

Kind Regards,



**From:** [Redacted]  
**Sent:** 07 April 2020 14:08  
**To:** [Redacted]  
**Cc:** [Redacted]  
**Subject:** Re: Property Owners POLICY NUMBER [Redacted]

Hi,

We are looking to make a claim on our policy under 'Liabilities'

Policy: [Redacted] at the address below.

For the following:

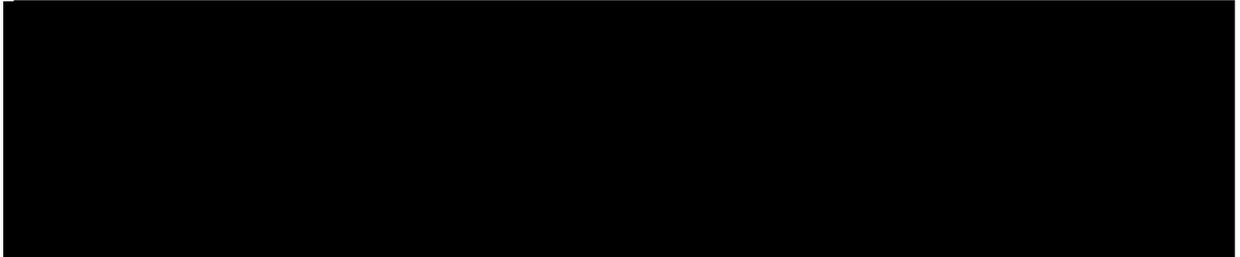
Loss of Rent : As business was forced to close and now cannot pay [Redacted] the rent for some time.

Book Debts: The Business that was forced to close owes [REDACTED] debts that are due.

We have tried to phone the office but naturally due to the Covid-19 crises we were unable to speak to anyone.

Please let me know how best to make a claim.

Thanks & regards,



On 2019-04-12 10:36, [REDACTED] wrote:

||  
||

Good Morning,

I am writing to advise you that the above insurance falls due for renewal on 7th May 2019

Please find attached the following documentation:

- Statement of Demands and Needs

Our understanding of your insurance requirements in relation to this renewal is based upon the information that you have provided to us in the past so it is important that the information is correct and accurately reflects your business activities and insurance requirements, if your business has changed please call us immediately so we can re-calculate your renewal terms.

I trust that you find everything to be in order and look forward to receiving your instructions prior to renewal date in order that we may ensure that your insurance is continuous.

Kind Regards,



[REDACTED]

**From:** [REDACTED]

**Sent:** 14 April 2020 11:15

**To:** Public Affairs Team <PublicAffairsTeam@fca.org.uk>

**Subject:** FW: Please advise

Dear FCA,

[REDACTED] has been contacted by his constituent [REDACTED] who runs a café in [REDACTED] that is currently closed due to Covid-19.

[REDACTED] has experienced difficulties making a business interruption claim on her insurance, despite having a business interruption clause. She is therefore closely interested in the FCA's work on this.

[REDACTED] would be most grateful for an update from the FCA, in a form that he could share with his constituent.

Yours sincerely,

---

**From:** [REDACTED]

**Sent:** 10 April 2020 14:51

**To:** [REDACTED]

**Subject:** Re: Please advise

Hello

Im so sorry to bother you again regarding my current situation, just wandered if you had any updates.

Im also aware the FCA were meant to be in talks with the insurance ombudsman yesterday afternoon regarding 'business interruption' clauses that they are not paying out on. Do you know any outcome from that??

Hope you are keeping well?

Stay safe

MB1/126

Regards



[Sent from Yahoo Mail for iPhone](#)

On Friday, April 3, 2020, 11:56 am,  wrote:

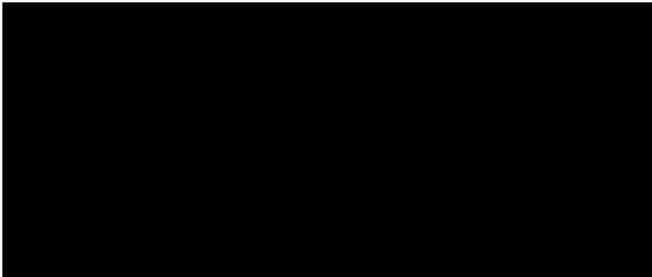
Hi

Thank you very much for your quick response, it is gratefully received.

My business account is with  in it and will stay there, have tried to get an overdraft, but you need to hold the account for 2yrs or more to qualify(only opened this account around the same time as opening cafe) Already tried this, but will need funds for when I reopen, which was hoping would be in the form of a cash grant??

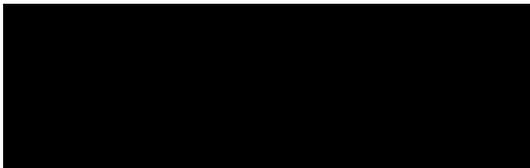
 is my personal account, but this is where all my personal bills come out of(which is now in debt) I would trickle the odd payments from cafe to cover these, but not actually taking a wage as such.

This account details are



Thank you so much for your efforts, as well aware you will be up against it at the moment.

Kind regards



On Friday, April 3, 2020, 10:22 am,

<

wrote:

Dear 

MB1/127

Thank you for your email and I am sorry you are in such a difficult position.

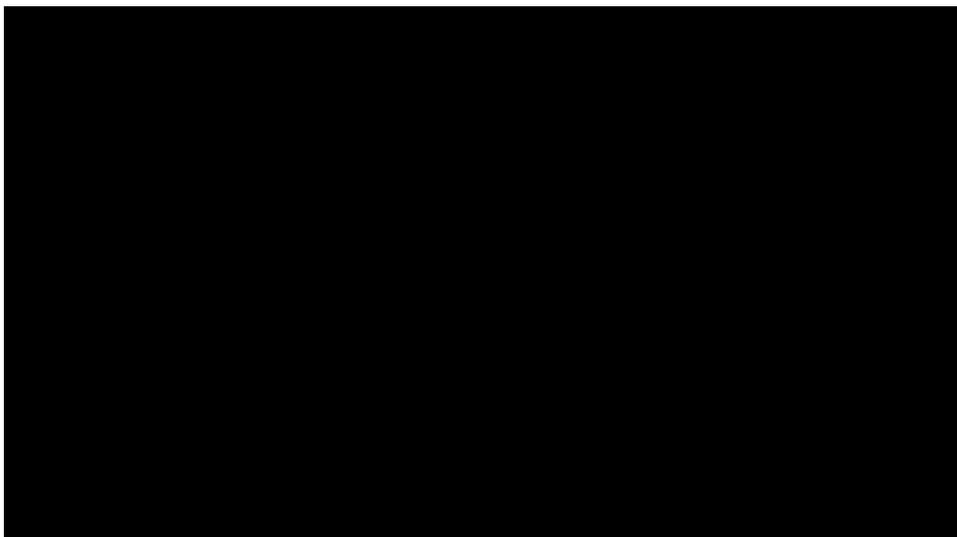
If you could confirm your business account is with [REDACTED], I will seek to raise your circumstances with them directly.

The Chancellor did announce changes to the CBILS yesterday in light of the problems some businesses have had accessing it. I hope this will mean you can now apply successfully.

If you can let me know your national insurance number, I will raise the issue of the old advance payment with the Department for Work and Pensions.

I'd also suggest calling the Government's Business Support helpline on 0300 456 3565 (more information online at [www.businesssupport.gov.uk/](http://www.businesssupport.gov.uk/)) who may be able to talk through your options in more detail.

Kind regards,



---

**From:** [REDACTED]  
**Sent:** 03 April 2020 00:15  
**To:** [REDACTED]

MB1/128

**Subject:** Re: Please advise

Hi [REDACTED]

Thank you for your pervious email it was helpful. However I am still at a loss and struggling beyond belief, please could I just ask you to take a few minutes to read my situation as I know Im not the only one currently in the same position.

As you know from previous emails, I opened my small cafe in [REDACTED] on the [REDACTED]

I had been open 9wks and 5 days before I had to close. Im self employed, but dont have 3yrs worth of books to provide.

I have signed on to UC, currently awaiting a decision around the 23rd of April, I signed on-on the [REDACTED], for approx £93, im grateful for anything right now, the cafe was bringing in appox 1500 per week, my personnal bills a month come to £660. (I invested every last penny I had into the cafe so no savings whatsoever).

I also need cash for when I eventually open again as appox £700 worth of stock needs replacing immediately.

Apparently Ive already had an advance payment back April 2019, which has not been paid back, but Im not aware on this, as never signed on to UC before now, but thats stopping me form getting any money now?!

Having spoken to my insurance, despite having business interruption clause, they have informed me no payout as this is 'Government lead', another brick wall.

Having tried to get through to [REDACTED] loans (cant email this dept, otherwise I would of by now) so far spent 8 hrs holding but never actually getting through to anyone, to then have my loan go out putting me into debt, then text me to say I need to pay funds into my account by 4pm that day, I borrow money off parents who are OAP's. I head to cash point in [REDACTED] [REDACTED] its not taking deposits due to covid. I get this, but this really isn't helping me financially at all!!

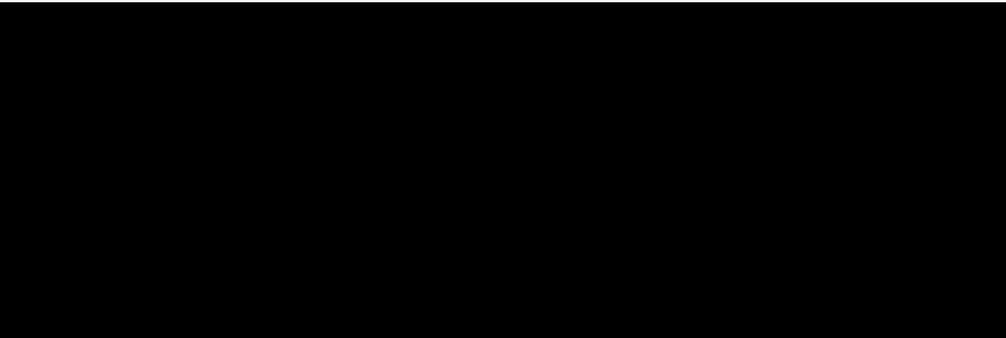
Please [REDACTED] I need some help, I'm a small Business and seem to be exempt from alot of the packages set out. Is there anything you can help with or at least express my situation in the House of Commons next. I know I'm one of the minority but I still exist.

MB1/129

Thank you for taking the time to read this, I'm well aware how busy you must be at this current time.

And a BIG thank you for all you are doing currently for [REDACTED]

Regards



On Wednesday, March 18, 2020, 2:50 pm,

[REDACTED] wrote:

Dear [REDACTED]

Thanks for your message and I'm sorry to hear about the impact on your café.

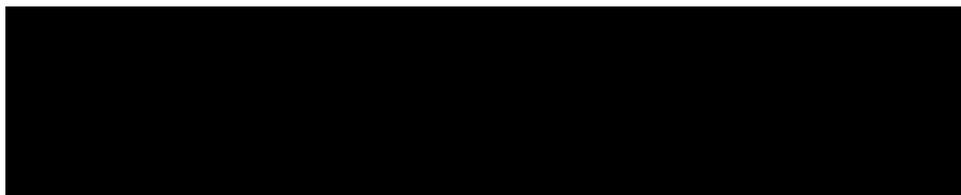
The Chancellor announced yesterday was that the grant for the smallest businesses would be increased from £3,000 to £10,000. The latest information on accessing the grant is that it will be delivered through local authorities, without anyone needing to apply. Funding will be released to local authorities in early April.

New announcements are being made day-by-day. Keep an eye on the page on the Government website for up-to-date information about support for businesses:

[www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses](https://www.gov.uk/government/news/coronavirus-covid-19-guidance-for-employees-employers-and-businesses)

I hope this response is helpful.

Best wishes,



**From:** [REDACTED]  
**Sent:** 17 March 2020 14:50  
**To:** [REDACTED]  
**Subject:** [REDACTED]

This is an email sent via the Contact form on your [REDACTED]. It is not spam.  
Please do not reply, but instead copy the email address and compose a new message.

Submission time: Tuesday, March 17, 2020, 14:50:06  
Timezone: Europe/London

Message: Hi [REDACTED] Im a very new small business opening on the [REDACTED] Due to Covid-19 last week I was down 63% on income. Boris has mentioned that 3k is available to small business, how do I go about applying for this as already my business is being effected. Thank

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15 April 2020

Dear CEO

**Insuring SMEs: Business Interruption**

Over the past few weeks we have seen significant efforts being made by the insurance sector to deal with the impact of the coronavirus pandemic (Covid-19). For example, it has carried out important work to deal with customers' queries at a time when the number has increased exponentially. In such unprecedented circumstances, the FCA's approach is to be pragmatic wherever we can to assist firms to help their customers and to engage extensively and constructively with them and their representative bodies.

On 19 March we set out our expectations for insurance firms following the Covid-19 pandemic (<https://www.fca.org.uk/firms/insurance-and-coronavirus-our-expectations>). We outlined our expectation that firms should consider very carefully the needs of their customers and show flexibility in their treatment of them. While this statement is true for all insurance products sold to SMEs, the purpose of this letter is to focus specifically on conduct in relation to business interruption (BI) insurance.

Insurers and brokers have an essential role to play in supporting their customers who may be unclear whether they have appropriate cover in place. Clear, accurate and timely communication is crucial, which we expect firms to deliver. The FCA is also collecting information from firms in order to assess how they are interpreting policies.

Based on our conversations with the industry to date, our estimate is that most policies have basic cover, do not cover pandemics and therefore would have no obligation to pay out in relation to the Covid-19 pandemic. While this may be disappointing for the policyholder we see no reasonable grounds to intervene in such circumstances.

In contrast, there are policies where it is clear that the firm has an obligation to pay out on a policy. For these policies, it is important that claims are assessed and settled quickly. A key objective of the FCA is to ensure that financial pressures on policyholders are not exacerbated by slow payment, rather, such claims should be paid as soon as is possible. This is consistent with the wider objective of the authorities to support business and consumers during the current crisis. If there are reasonable grounds to pay part of a claim but not to make the payment of such claims in full, we would like you and your Board to adopt an approach of making an interim payment. Many firms are already doing this. If you disagree with doing so, we would like you to send to us the grounds for reaching that decision including how you believe it represents a fair outcome for customers. Your firm's decision is likely to help inform our assessment of its culture.

Payment of some policies may be disputed. Where a policyholder is a small business with an annual turnover below £6.5m, and fewer than 50 employees or an annual balance sheet below £5m, it is likely to fall within the jurisdiction of the Financial Ombudsman Service. This can offer the prospect of faster decisions (on claims of up to £355,000) than a Court Process and, where appropriate, more timely payments that help firms recover from the impact of the Covid-19 pandemic. In due course, the ombudsman will share details of the approach it will be taking to deciding complaints about business interruption insurance, most likely through a series of "lead cases". In the meantime, the ombudsman is working closely with financial businesses and their representative organisations to ensure it has a good understanding of the types of complaints it might receive.

Finally, from today the FCA has established a new small business unit, headed by one of our senior leadership team, Andrew Wigston. It will be overseen jointly by Jonathan Davidson (Executive Director of Supervision – Retail and Authorisation) and Sheldon Mills (Interim Executive Director of Strategy and Competition). This unit will coordinate the activities of the FCA across small business issues, in terms of ensuring regulated firms are supported through the challenges posed by the current crisis, gathering intelligence about the treatment of small businesses by financial services firms during the crisis and ensuring a co-ordinated response by the FCA to any issues identified. We will also continue to co-ordinate closely with the Financial Ombudsman Service.

Yours sincerely

**Christopher Woolard**  
**Interim Chief Executive**

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## Seven in 10 coronavirus insurance claims from pubs and restaurants rejected, MPs told

Just one per cent of firms have seen claims for virus disruption approved, according to trade body UK Hospitality

By Anna Mikhailova, DEPUTY POLITICAL EDITOR

21 April 2020 • 9:00pm



UK total cases | 267,240  
Track the virus



New lockdown rules  
What they mean for you

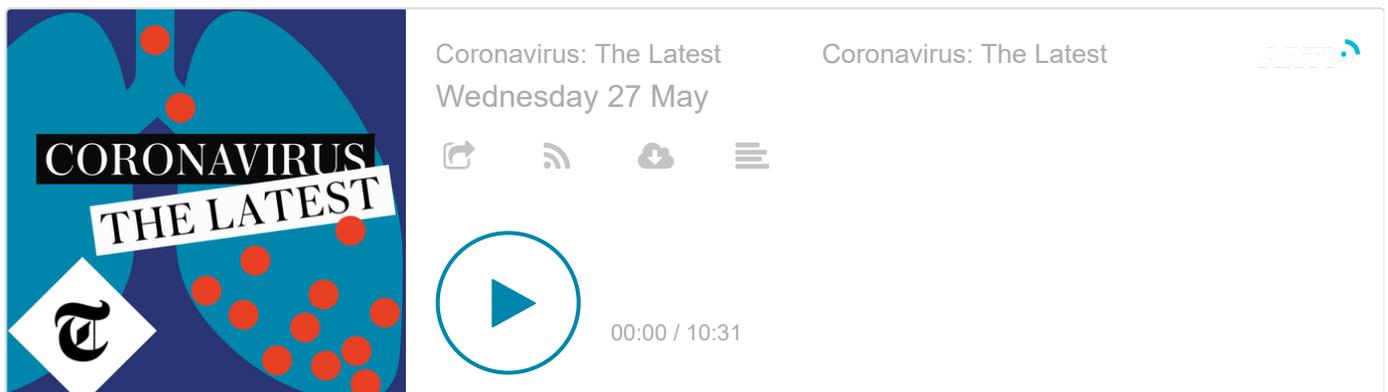
Seven in 10 insurance claims from pubs, restaurants and other hospitality businesses have been rejected despite Government assurances, MPs were told on Tuesday.

Only one per cent of hospitality firms have seen insurance claims for [coronavirus](#) disruption approved, according to UK Hospitality, the trade body representing more than 700 companies across the sector.

Giving evidence to the Commons Treasury Select Committee, Kate Nicholls, the chief executive of UK Hospitality, said there was a "reluctance" from insurers to lend even in cases in which businesses paid for expensive bolt-ons to policies which they thought covered pandemics, notifiable disease and "prevention of access to their premises".

Insurers have been telling some businesses that "Government mandating closure of premises" is not reason to pay out, Ms Nicholls told MPs. Other companies have been told they need to have had a case of Covid-19 on their premises to qualify for a payout.

Alison Thewliss, the SNP MP who sits on the Treasury committee, said the figures presented by UK Hospitality were "really shocking".



On March 17, Rishi Sunak, the Chancellor, assured leisure and entertainment venues that Boris Johnson's announcement of [the discouraging of "unnecessary" social gatherings](#) would be enough for them to qualify for insurance payouts.

Mr Sunak had said: "There are concerns about the impact on pubs, clubs, theatres and other hospitality, leisure and retail venues. Let me confirm that, for those businesses which do have a policy that covers pandemics, the Government's action is sufficient and will allow businesses to make an insurance claim against their policy."

But on Tuesday, Ms Nicholls told MPs: "It's quite clear that there's a reluctance to make those payouts and assess those claims."

She said Government intervention "doesn't deal with the issue on wriggle room on small print", adding: "Where people have taken out these bolt-ons, there was legitimate expectation they may be able to claim. Seventy-one per cent of our members have already had their claims rejected. Only one per cent have had any success."

Bob Seely, the Tory MP for the Isle of Wight, told The Telegraph the insurance industry had "behaved poorly".

He said: "Covid 19-is a notifiable disease. I have many businesses on the island which took out business interruption cover in good faith where that insurance specifically included notifiable diseases.

"Many have since found that the insurance industry collectively has told them the insurance is effectively void as Covid-19 did not exist at the time."

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## Global Health Bulletin

Get the latest coronavirus news and advice as the outbreak continues



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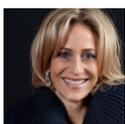
Coronavirus, UK coronavirus lockdown, Pandemics and epidemics, Pubs, Restaurants, Insurance industry



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**Boris Johnson says it's 'time to move on' from Dominic Cummings row and put 'national interest' first**



# NTIA to challenge Hiscox Insurance over business interruption claim denial

By James McAllister

22-Apr-2020 - Last updated on 22-Apr-2020 at 11:11 GMT

RELATED TAGS: Coronavirus, Insurance, Legal challenge

**The Night Time Industries Association (NTIA) has announced it will be coordinating claims against the insurer Hiscox for refusing to pay out under its business interruption policy in relation to the Coronavirus crisis.**



The association's CEO Michael Kill has instructed industry barrister Philip Kolvin QC to advise its members on their rights under their insurance policies, and to challenge Hiscox's insurance claim denial.

"Night Time Economy businesses are being denied legitimate insurance claims," he says.

"Many claims are being disputed by insurers based on contrived arguments to avoid sharing the financial burden during the Covid-19 crisis.

"One of the main leisure sector policies was underwritten by Hiscox Insurance, who have written to their clients denying liability.

"Philip Kolvin QC has advised that claimants who were insured by Hiscox against closure by public authorities and who had to close their premises under the regulations have a good case against Hiscox.

"We want to talk urgently to any businesses within the hospitality and leisure sector who have a policy with Hiscox and would like to join the current group of over 100 claimants to progress a legal case against the company."

One of most high-profile condemnations against Hiscox from within the industry has come from chef Raymond Blanc, whose Brasserie Bar Co has **enlisted lawyers** after being denied a payout by the insurer.

Blanc claims the firm is refusing to pay out after he was forced to close all the group's pubs and restaurants as a result of the Coronavirus lockdown.

In response, Hiscox said its policies were not "designed or priced to cover the extraordinary circumstances" caused by the Coronavirus pandemic.

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**MB1/137**

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**insuranceage**

## Covid-19: RSA faces legal action in BI dispute



Ida Axling

Sian Barton

24 Apr 2020

0 Comments

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**RSA is latest provider in firing line as nursery sector hits out and, separately, a new action group, Insurance Justice, has been set up to defend BI claims for businesses.**

A group of businesses in the childcare provision sector is mulling legal action against RSA after the provider denied to pay business interruption claims arising from Covid-19.

The businesses bought their policies through the Early Years Alliance, an early years membership association in England, and the packages were underwritten by RSA.

Simon Sloane, partner, dispute resolution at Fieldfisher, told *Insurance Age* around 40 businesses are part of the group looking to take action.

Sloane noted that the policy extensions provided by the Alliance had “favourable coverage terms” in relation to the pandemic.



### **Extension**

He explained that BI policies would only respond to coronavirus if there was an appropriate extension, adding: “The specific language of each extension would also depend on whether there’s cover to respond to these specific incidents – presence of a notifiable disease or closure due to public order.”

Looking at the Early Years Alliance, he noted that many of the policies had been sold with a public order closure extension.

“This covers loss as a result of closure or restrictions of the premises as a result of a notifiable human disease,” he continued.

Covid-19 became a notifiable disease in England on 5 March.

A spokesperson for RSA commented: “We understand that many businesses are worried about coronavirus and we’re committed to supporting them.

“Unfortunately, only some businesses under the Early Years Alliance scheme will be covered for the coronavirus outbreak – those who had an outbreak of the illness at their premises and had to close as a result, and also have the requisite cover extension in place.”



He added: “We are encouraging affected members to contact the Early Years Alliance if they have any questions and for support in registering a claim where appropriate.



“We’re working closely with the Early Years Alliance to help members as much as possible during this difficult time.”

RSA is also facing potential legal action from a group of businesses working in the self-catering accommodation market, as reported by sister title [Post](#).

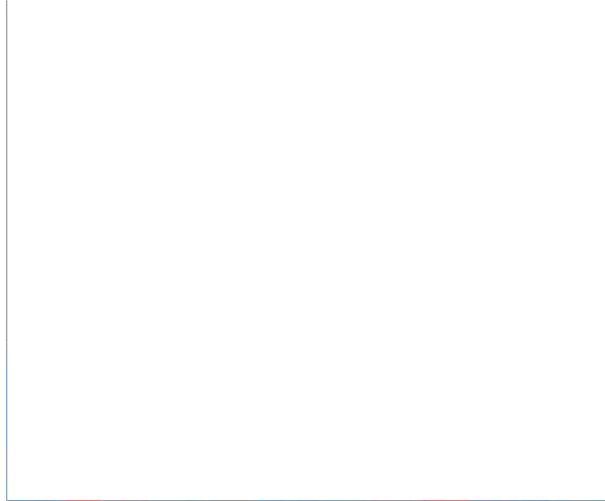
RSA is not the only provider in the firing line. Hiscox is currently [under attack from the Hiscox Action Group](#).

### Claims

In addition, *Insurance Age* spoke to the founder of Insurance Justice yesterday (23 April) about his group which is calling on companies that have found their BI claims denied to get in touch. Sloane is also working with the Insurance Justice group.

Jonathan Hartley, who works as a media consultant, developed the group earlier this week to help businesses make claims against both insurers and

brokers.



Hartley suggested that that his group was looking at four potential class actions across a range of industries.

Hartley commented: “Brokers are stuck between a rock and a hard place and need to be careful of doing the bidding of the insurance companies.”

### **Brokers**

He also said he did not think brokers were getting legal advice on whether policies were valid or not.

Yesterday Hartley published details from a “script” on his website which he alleged was being used by brokers to help them “dismiss business interruption claims”.

He declined to say where the script came from.

The Insurance Justice website stated: “Since the coronavirus outbreak we have had advice from leading insurance lawyers looking through a wide variety of insurance policies and they have unequivocally concluded that many of the Business Interruption clauses do in fact carry a valid and actionable claim.

“We have come across a number of businesses that had originally accepted the advice of their insurer or insurance broker that they had a policy that could not pay out.”

The aim of Insurance Justice is to bring businesses with the same valid policies together to create no win, no fee legal actions against the insurance firms to force them to pay out.

In addition, Hartley detailed that the organisation wants to campaign for reform to make it easier for claims to be paid. As part of this Hartley called for an

independent specialist body to arbitrate claims.

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The Cottagesure insurance scheme covers notifiable diseases within 25 miles of a premises, but does not specify which

# Coronavirus: now RSA faces row after rejecting insurance payouts

Emma Dunkley

Sunday April 26 2020, 12.01am, The Sunday Times

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More than 260 small businesses have formed a group to take action against insurer RSA for refusing to pay out for disruption caused by the coronavirus outbreak.

The RSA Cottagesure Action Group will decide as soon as this week whether to launch legal action against the FTSE 100 insurer.

The Cottagesure scheme, which is designed for holiday letting businesses and has some 2,200 policyholders, covers notifiable diseases within 25 miles of a premises, but does not specify which, leading many to think they would be covered for Covid-19. However, RSA wrote to say that any loss of income after March 23 was the result of the lockdown, and is not covered.

The group was formed by Alistair Handyside, 62, who runs a luxury holiday cottage site in Devon. “This is a bunch of small businesses feeling really aggrieved and trying to take on the big guy,” he said. “We have become the insurers of last resort. We are sorting out our guests, even though we pay for insurance.”

He said RSA’s decision had so far cost his business, which turns over £250,000 a year, in excess of £55,000.

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Tory MP Kevin Hollinrake said Hiscox, RSA and MS Amlin in particular had policies that did not specify which diseases were covered: “They’re dancing on the head of a pin about this. They’re clearly worried about paying out a lot of money – but I’m sorry, people have been paying their premiums and they should absolutely pay.”

RSA said: “Only some businesses under Cottagesure will be covered for the virus.”

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Coronavirus

Economics



## UK small companies

# Half of SMEs in UK will run out of cash in 12 weeks, finds survey

Research by accountancy network reveals 7 in 10 respondents have lost half their revenue



Forty per cent of owner-managed businesses who took part in the survey said they had less than eight weeks' cash in the bank © PA

**Andy Bounds** APRIL 26 2020

More than half the owner-managed businesses in the UK will run out of cash in 12 weeks, a survey has found, adding to fears over the [economic damage](#) the lockdown is causing.

An accountancy network asked almost 900 clients about the impact coronavirus was having on them. About 60 per cent said they had less than 12 weeks' cash in the bank and 40 per cent had less than eight weeks'.

More than seven in 10 had lost at least half their revenue, found the survey by the Association of Practising Accountants (APA), which has more than 14,000 clients.

Some companies reported that they faced a delayed impact from the lockdown.

Basil Fry, a specialist insurance broker for the removals industry, said it was still busy settling pre-lockdown claims.



"I suspect a couple of months down the line that will dry up," said Gregory Wildman, owner and managing director. The company would also have to refund removers that had taken vehicles off the road after the market ground to a halt, cutting its £4m annual income. Its business arranging policies for seaborne freight has dropped 85 per cent.

Mr Wildman has placed 10 of the company's 42 staff on the government's [furlough scheme](#), which pays 80 per cent of their wages.

"It will not be March and April that cause us a problem but July, August, September when the furlough has stopped, staff are back on full pay but business has not picked up," he warned. The business had enough cash for two to three months. "I think we can ride it out," he said, but he might have to make redundancies. He thought the government should extend furlough measures beyond June until the economy had sufficiently recovered.

Mr Wildman had agreed an overdraft with his bank but would only use the government's [Coronavirus Business Interruption Loan Scheme](#) (CBILS) as a last resort.

While more than half the survey respondents had furloughed staff, only 16 per cent had applied to CBILS and two-thirds said the scheme needed to be reformed.

Nationally, more than 16,600 smaller companies had received almost £3bn of loans under the scheme by April 23. More than 36,000 had applied. The government guarantees 80 per cent of the loan and it is interest-free for six months.

Martin Muirhead, APA chairman, said the government would need to increase its assistance. "These figures underpin just how grave the situation is for many owner-managed businesses across the UK right now.

"There remain real challenges with the various government-backed loan schemes on offer, with many of our clients reporting confusion over assessment criteria or unacceptable delays from participating lenders."

The research, which was carried out between April 15 and 23, included responses from businesses of all sizes across the UK.

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## Cinema chain 'hurt' as Axa refuses to pay £7m insurance claim

Reel boss Suri insists his firm is a victim of about turn, but French company says cover does not apply

By Michael O'Dwyer

26 April 2020 • 10:30pm

    |  6

The millionaire boss of one of Britain's largest independent cinema chains has hit out at insurer Axa for its "hurtful" failure to pay out on a claim of up to £7m over losses caused by the coronavirus lockdown.

KC Suri, director of Reel Cinemas, said the French insurer indicated in mid-March that the chain's "denial of access" cover would pay out for losses caused if a statutory authority ordered screens to close.

Boris Johnson, the Prime Minister, [forced venues to shut from March 20](#), leaving Reel with almost no income and forcing it to furlough 196 of its 235 employees.

Mr Suri said the insurer seems to have now adopted a policy of denying all claims relating to the lockdown.

Reel, which is headquartered in Loughborough, Leics, and has 14 cinemas, is one of thousands of businesses whose claims have been denied by insurers.

Insurance companies say their policies were never designed to cover losses caused by a national lockdown or a global pandemic and that paying out could bankrupt the industry. Hiscox, one of the biggest players, is facing legal action from furious company owners.



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Mr Suri said Reel pays a £250,000 annual premium and has insured itself against enforced closure by public authorities since religious groups campaigned for it to be shut 15 years ago when it showed 9 Songs, a sexually explicit film.

The businessman said he fears for smaller businesses which may be less capable than Reel of arguing their case, and pledged to donate part of any payout to help small firms to fight insurers denying claims.

“I’m quite a large client [of Axa’s] and if they’re behaving like this [towards me], what are they doing to small businesses who live hand to mouth?” said Mr Suri.

David Williams, a managing director at Axa Insurance, said: “The denial of access cover applies for actions taken by the police or any other statutory body in response to a danger or disturbance at the premises or within a one-mile radius.

“The national lockdown is not a response to a specific incident at a Reel cinema or its vicinity. It is an attempt to contain the spread of a virus across the country. Unfortunately, no cover applies in this instance.”

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UK coronavirus lockdown, Insurance industry



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**insuranceage**

## Covid-19: QBE latest provider facing legal action after denying BI claims



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Ida Axling

[@BrokingIda](#)

29 Apr 2020

0 Comments

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**Simon Sloane, partner at law firm Fieldfisher, says over 40 policyholders in the dental sector are interested in pursuing action.**

Law firm Fieldfisher is putting together a class action against QBE after the provider denied coronavirus-related business interruption claims from a number of policyholders.

Simon Sloane, partner at Fieldfisher, told *Insurance Age* that the action is likely to proceed and that there are potentially over 40 policyholders with large limits interested.

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“They [QBE] have issued policies with an extension providing cover for notifiable disease or contagion within a 25 mile radius of the building, which covers interruption to the business for that,” he explained.

### **Dentists**

According to Sloane, the group of policyholders that the firm is currently talking to all work as dentists.

“They weren’t part of the government lockdown, but they received instructions to shut down except for emergency procedures by the General Dental Council,” he added.

Sloane continued: “I am confident it’s going to be set up relatively quickly given that the limits and the class grouping are pretty much there.

“We just need to have a couple of discussions to confirm instructions and then I’m confident we’ll be able to proceed.”

Sloane emphasised that Fieldfisher is currently not instructed by any action group where policyholders have banded together to take action against a provider, but is putting together its own group actions.

*Insurance Age* has reached out to QBE for a comment.

### **Litigation**

Fieldfisher is also working with a group of businesses in the childcare provision sector which is **mulling legal action against RSA**. RSA has also come under fire from businesses in the self-catering accommodation market, as reported by sister title *Post*.

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In addition, Hiscox is currently under attack from the Hiscox Action Group, which confirmed yesterday (28 April) that it is being [supported by Harbour Litigation Funding](#) to take its case to court.

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# **‘I’d lose everything’: Pub and restaurant owners join forces to demand payouts from insurers**

Britain’s hospitality businesses are under existential threat and say they are being ignored by insurance companies who refuse to pay out on claims — now they’re taking legal action

**Ben Chapman** @b\_c\_chapman

Thursday 30 April 2020 20:16



Trevor Ayling, owner of Renoufs Cheese and Wine Bars based in Dorset and Hampshire, says he has been ignored by his insurance company China Taiping for more than a month ( *Renoufs* )

Pub and restaurant owners who face losing their livelihoods have joined forces to take legal action against insurers who are refusing to pay out for losses related to the [coronavirus](#) lockdown.

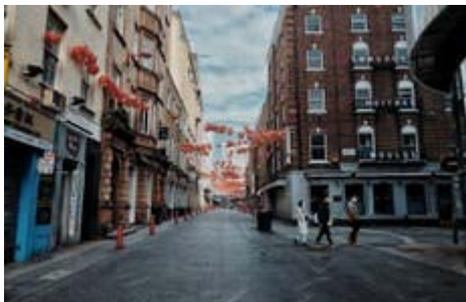
They say insurers are using unfair means to get out of paying claims, and that thousands of hospitality businesses are at risk of disappearing because of it.

“Coronavirus isn’t covered, because there's been no outbreak on my premises” says Chris Morgan, owner of the Admiral Benbow, a historic pub in Penzance. “But If I’d had a case of Ebola in my pub, God forbid, I would have been covered. If I closed down because the whole of Cornwall outside my pub caught Ebola, I’d get nothing. It’s ridiculous.”

That’s just one of the seemingly nonsensical clauses that he and other publicans are angry about. He pays £4,500 a year for a policy to cover

business interruption due to infectious diseases, among other eventualities, but his policy does not cover him when he needs it most.

- [Watch more](#)



Morgan changed his insurer in February specifically because he wanted a policy that covered him for business interruption. He called his insurer after Boris Johnson announced last month that pubs would have to close, with no date set for re-opening.

“Surely I’m covered, I said. I’ve been shut down through no fault of my own.”

But he was told he wasn’t — only certain named diseases were included in the policy.

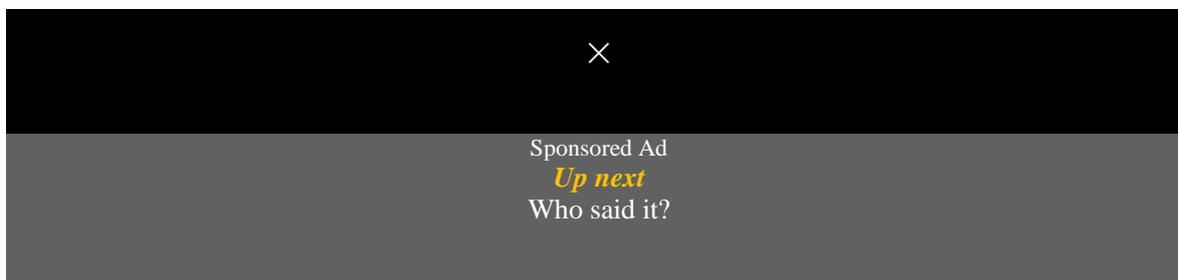
“I pointed out to them that the policy document was printed at the end of February and this virus was only announced to the world at the beginning of January,” he said. “I was told: ‘I’m sorry, that’s just the way it is’.”

The consequences could be catastrophic, for Morgan and thousands of others in a similar position. Located right at the Western-most tip of Cornwall in Penzance, business is highly seasonal. [Covid-19](#) hit right at the start of the five months of the year where the Admiral Benbow — like many hospitality businesses — makes almost all of its profits.

(Admiral Benbow)

Britain’s hospitality industry will likely be among the last parts of the economy to re-open, and many pubs fear they may have to close their

doors to customers for good, such as been the devastating financial blow of Covid-19.



Most bars and pubs have insurance to cover them for an unexpected shutdown, or “business interruption” as its usually referred to in policy documents. Some policies even specifically cover an enforced closure by authorities, or closure due to disease, yet clauses in the small print mean insurers have so far paid out few claims.

“I wanted to be covered so that if I was shut for a few months it wouldn’t completely cripple the business,” says Morgan, who had recently seen a hotel nearby forced to close after a fire. “That’s why I chose this policy.

“I own the building, the business, I live upstairs. All of my eggs are in this pub. If I lose this I lose my savings, my house, everything.”

Now, a top law firm is offering publicans a potential lifeline. Mishcon De Reya has said it will look at hospitality businesses’ insurance policies for free and, where a group of them have a reasonable claim for a payout against a particular insurer, it will take action.

Without this group approach, pubs and restaurants simply could not afford to mount a legal challenge against a large insurer.

Sonia Campbell, partner and head of the insurance disputes practice at Mishcon de Reya, said hospitality businesses desperately need to mitigate their losses caused by the government-enforced closure.

“In times of crisis they expect their insurance to respond. Yet I am hearing time and time again that insurers are either stone-walling, unfairly limiting or simply point-blank refusing to pay out under business interruption policies.”

This could be open to legal challenge, Ms Campbell said. “There may well be some light at the end of this industry’s very dark tunnel.”

The Hospitality Insurance Group Action (HIGA) is open to all hotels, restaurants, hotels and bars who believe they should be able to claim on their insurance policy.

Dan Fox, managing director of Craft Locals, which runs three pubs in North London, says he has so far been met with “radio silence” from his insurer.

Government grants and the furlough scheme, which covers some staff costs, have helped but the financial burden is still heavy.

“We still have overheads to pay, landlords are still issuing us invoices for rent, yet our sales have been reduced to zero,” he said.

“We have a responsibility to our 56 employees and our communities to make it through this crisis. Removing some of the financial stress and liabilities that we thought were covered by our insurance would be a good starting point.”



Paul Fox runs three pubs in North London, including the Arnos Arms (pictured). He says he has so far been met with ‘radio silence’ from his insurer (Arnos Arms)

For some businesses, the problem is not that their claim has been turned down but that their insurer has simply ignored their correspondence.

Trevor Ayling, owner of Renoufs Cheese and Wine Bars based in Dorset and Hampshire, says he has been ignored by his insurance company China Taiping for more than a month.

“They just haven’t even acknowledged our claims. This has been going on for weeks now and we’ve emailed, our brokers have contacted them and to hear nothing is even worse than getting a response that is negative.”

China Taipeng declined to comment when contacted by *The Independent*.

Even with government help through grants and tax reliefs, Renoufs needs up to £20,000 to cover overheads while its five locations are closed.

“I don’t want to close down. I’ve put blood and sweat into this business for the last six years, it’s the last thing I want to do. If the insurance companies play ball it just takes off a bit of that extra pressure.”

As pressure mounts on hoteliers and restaurateurs, it is also starting to build on the insurance industry. The City watchdog wrote to chief executives earlier this month warning them that in many cases it was clear that they had an obligation to pay out and that they should do so promptly to avoid causing further financial distress for struggling businesses.

For their part, insurers have said most business interruption policies are intended to cover things like physical damage and, in any case, the industry cannot possibly shoulder the unprecedented costs of a global pandemic which must be borne by us all. Underwriters say they will never be able to cover the losses of future outbreaks on this scale and that governments must step in.

Such discussions are beyond the time horizons of most pub, restaurant and hotel operators, who for now are focused on immediate survival. They just want their insurers to pay for what they believe their policies should cover them for.

## Personal debt

# How Covid-19 is escalating problem debt

Threat of redundancies and business failures means higher earners need help with their finances

Lindsay Cook and Claer Barrett MAY 1 2020

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Millions of people are desperately worried about their finances during the current crisis. The sudden “income shock” that many professionals and business owners have experienced occurred without warning, and nobody can be certain how much longer it will endure.



The worst affected groups are already afraid that they will have to file for bankruptcy or another form of insolvency as their [debt problems](#) spiral.

Helplines have been inundated with queries from people wanting to know what their options are, including growing numbers of [limited company directors](#) and those who have started their own small businesses who find themselves unable to access government support schemes.

However, they fear demand will increase exponentially this summer as payment holidays and state-backed furlough schemes supporting millions of UK workers come to an end, and [redundancies](#) increase.

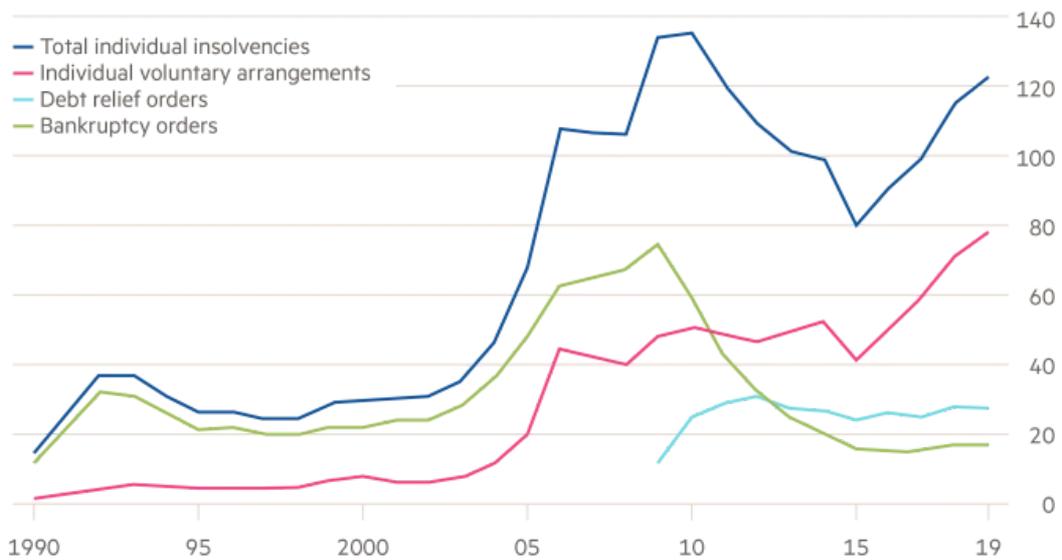
Half a million UK firms are at risk of collapse, according to insolvency experts Begbies Traynor. Many professionals are being asked to [take pay cuts](#), work reduced hours or consider a [sabbatical](#) to help firms limit the numbers they will have to lay off.

At the same time, demands on the “Bank of Mum and Dad” are rising as adult children ask for help in rebuilding their finances, increasing the pressure on families who, a few months ago, would never have dreamt this could happen to them.

Here is FT Money’s survival guide for all those who are anxious about their financial situation and need to know how to find the best route through these challenging times.

## Personal insolvencies were rising before the coronavirus crisis

England and Wales, insolvencies ('000)



Source: The Insolvency Service  
© FT

## Advice, please

The first thing any debt adviser will tell you is that you need to talk to someone about your financial difficulties as soon as you can. Forget any feelings of shame: most bankruptcies in the coming months will be “no fault” failures and not all are inevitable. Early intervention can help many avoid the worst.

“I’m already getting calls from people facing insolvency and many of them are directors of small limited companies who are terrified at the prospect of going under,” says Rebecca Seeley Harris, founder of [Re Legal Consulting](#), a specialist employment consultancy.

[Problems for directors](#) are particularly acute. Most take their income via dividends, which largely [rules out help](#) from government support schemes.

“I’m absolutely staggered at the amount of people who in a very short space of time are saying ‘I am unable to cope’. The sensible ones will have retained some profits within their companies, but many won’t have that safety net,” Ms Seeley Harris adds.

Many directors of the UK’s 2m incorporated businesses are lobbying their MPs as they fear the cash crunch could cost them their livelihoods.

FT Money reader Julian is an osteopath operating as a limited company and paid chiefly via dividends on the advice of his accountant (“I’m a good clinician, not a tax expert,” he says).

As he operates from a service office paying an all-inclusive rent, he is not on the business rates register so is ineligible to receive a £10,000 grant — a problem affecting [10,000 small businesses](#).

With the prospect of no income for months, he still has to meet his business and living expenses. “I am burning through my meagre savings,” he says. Borrowing money is the only option left — but with no idea when his business can restart, he fears this could add to his problems.



PayPlan is one of the UK’s largest providers of free debt advice and has a specialist team that deals with indebted small businesses.

“You quite often get an intermingling of personal debt and business debt as people desperately try to keep things going,” says John Fairhurst, PayPlan’s executive director. “Callers are asking whether they should keep borrowing and take these government loans, as they are unsure how they can be repaid.”

However, calls are also coming in from salaried professionals on much higher incomes. A typical situation might be a couple who are working, and one loses their job. “They will be well above the benefits threshold, but their costs are way out of step with their new, reduced income,” he says.

Three-month mortgage and credit card “holidays” can provide temporary relief, but if they can’t find a new job with a similar level of pay then hard choices lie ahead, Mr Fairhurst says.

For example selling up or downsizing a home in a [depressed market](#) may have to be considered: “Something’s got to give — where do you stop digging?”

“People will be reluctant to make sweeping changes to their lives, but a large disparity between income and costs means that the scale of problems quickly escalates with any delay,” he adds.

StepChange, the debt charity, says more than 350,000 people have visited its coronavirus hub page in the past month.

“People who haven’t previously experienced debt are mostly looking for forbearance,” says the charity. Once payment holidays come to an end, they will need help to unwind the additional debt accumulated.

“We are obviously seeing a lot of people who never thought they would experience debt problems experiencing them quite suddenly. The advice remains the same as ever: take advice early. By the time clients come to us they have often struggled for many months or years.”

## Business debts

[Business Debtline](#), the UK’s only free dedicated debt advice service for the self-employed and small business owners, says the challenges posed by Covid-19 are extreme.

“Nearly every call and webchat to our Business Debtline is now from someone whose business has been impacted by the outbreak,” says Jane Tully, director of external affairs at the Money Advice Trust, the charity which operates the helpline.



“In the space of just a few weeks, the incomes of millions of people across the UK have fallen significantly as a result of coronavirus, with self-employed people and small-business owners hit particularly hard.”

Although some will receive a lifeline in June when the government’s [Self-Employment Income Support Scheme](#) (SEISS) starts to make payments, Ms Tully says this does not address the immediate challenge for those who have seen their incomes drop almost overnight.

The launch of 100 per cent state-backed [“Bounce Back Loans”](#) next week is designed to help small businesses that have been unable to access help from their banks. With no repayments due or interest charged for the first 12 months, applications can be made for loans of up to £50,000 or 25 per cent of annual turnover.

However, those in difficulty must decide whether taking on more debt is a feasible solution. Many small firms are braced for creditors to start threatening legal action.

Edward Judge, restructuring and insolvency partner at Irwin Mitchell, a law firm, says directors should start by listing all major creditors, tax, rates, rents, employees and suppliers.

“You need to negotiate with all those parties to reduce the amount you have to pay,” he says. “This will depend on whether you have a cash flow problem or whether it is terminal for your business.”

“If it is cash flow, you will be looking to delay payment and offer to make it up in the future. But if it is terminal for your business, you need to say ‘this is what I have, and I will share it between you’ — but all of your creditors would need to agree the deal.”

In Scotland, a debt support tool for businesses allows small businesses to fulfil their obligations to creditors through a debt payment programme that allows them to continue to trade.

HM Revenue & Customs has historically been among the first creditors to start proceedings, but this is no longer the case. During the coronavirus crisis, those unable to pay mid-year tax bills can defer payment until January 2021 and VAT bills due now can be deferred until the end of June.



HMRC is also extending “time to pay” arrangements and has set up a dedicated coronavirus helpline for those affected on 0800 024 1222.

The principal advantage of a limited company structure is that directors won’t automatically lose their homes if their business becomes insolvent.

“The financial damage should be limited to the company, which means the person won’t be declared bankrupt — unless there are other issues,” Ms Seeley Harris says.

“There are also other insolvency vehicles that a limited company can access. But if you’re self-employed — trading with no limit on your liabilities whatsoever — then unfortunately, everything could go.”

## What happens if I go bankrupt?

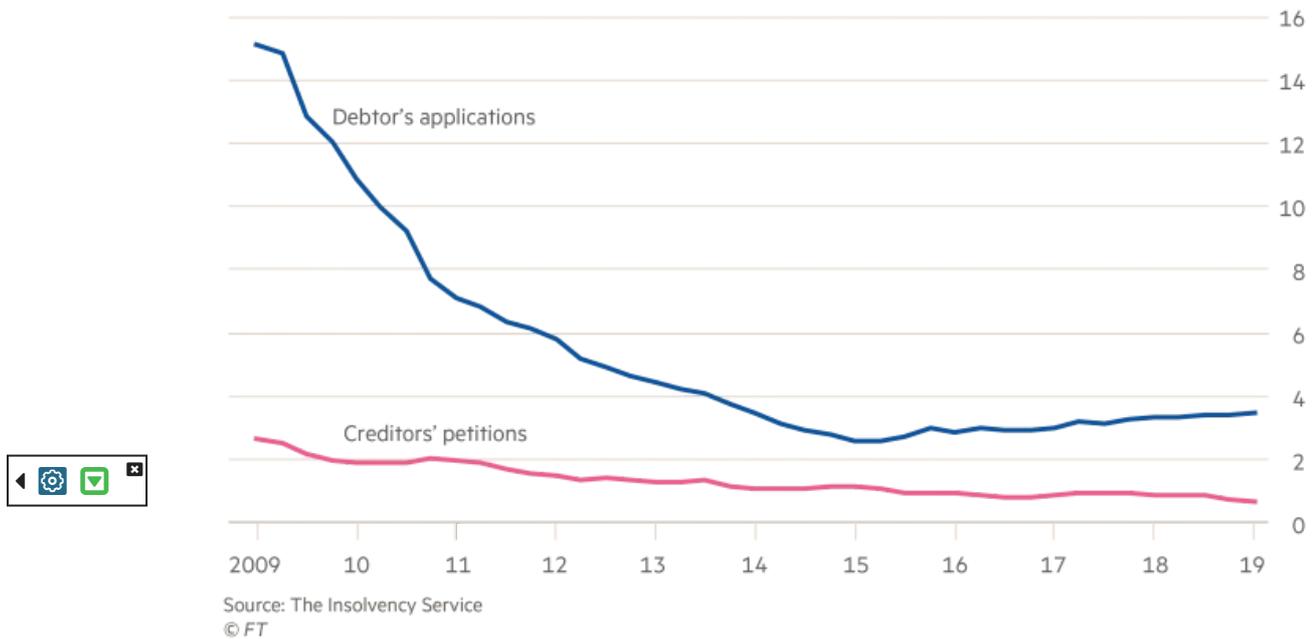
Bankruptcy is one way of dealing with debts that you cannot pay within a reasonable time — but the penalties can be severe and long term.

Any assets you have will be sold and used to pay off major immediate debts. If you own the home you live in, the official receiver or bankruptcy trustee is likely to insist you sell it. This applies whether you own it yourself or jointly with another person.

If you have family or dependants living in your home, it may be possible for a sale to be put off for a year to give you time to make other living arrangements (a charging order may be applied to the property).

## Debtor application bankruptcies tick up from low base

England and Wales, seasonally adjusted ('000)



If you live in your partner's property, you may be considered to have a "beneficial interest" even if you are not named on the deeds or mortgage. Usually, it must be proved that you must have more than £1,000 invested in the property. Help with paying the mortgage may qualify, but not other bills.

To avoid putting your partner's property at risk, you must be able to show that you will not be entitled to any of the proceeds if the house is sold.

All income, including pensions, is taken into account when deciding how much you should pay into your bankruptcy. But pensions should not usually be affected, unless it is deemed you have made excessive payments to stop creditors taking your savings.

After a year, most outstanding debts will be written off, but bankruptcy rules mean you will face drastic restrictions on your finances going forward.

Bank accounts, including joint accounts, are usually frozen when you become bankrupt, and you can only apply for a "basic" bank account after that.

StepChange says: "It's a good idea to open a new bank account in advance of going bankrupt so your income and household bills aren't affected.

"If you open a new basic account before you go bankrupt you can move all your income and your priority payments to the new account. The new account will still be frozen for a short time after your bankruptcy."

Once you have become bankrupt, you will not be allowed to take any part in “promoting, forming or managing” a limited company without the court’s permission and cannot act as a director.

You will probably have to make payments from your income for three years, but you will be allowed to keep a “reasonable amount” to live on.

In England and Wales, applying for bankruptcy online at gov.uk costs £680, but there are further costs if you have assets (these are referred to as your “bankruptcy estate”). A trustee from the government’s Insolvency Service will be appointed to oversee this.

Further costs could include an administration fee of £1,990 and a general fee of £6,000. The trustee fee is usually 15 per cent of the amount they get from selling your assets, plus estate agents’ costs.

Bankruptcy remains on your credit file for at least six years, making it difficult to get any credit or a mortgage.

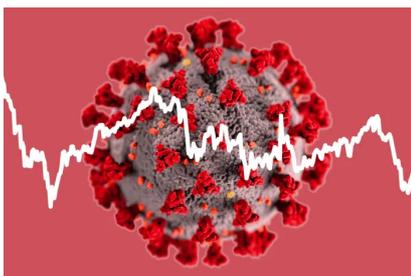
## Debt solutions

Bankruptcy may be the best known solution, but it is usually the last resort for individuals with overwhelming debts, according to the UK’s Insolvency Service.

Having reached a peak of nearly 75,000 in 2009, following the financial crisis, numbers have been steadily falling — although debt advisers now expect to see a [sharp increase](#).

“The difference with this crisis is that people are more open about their debts than they were before Covid-19 — they don’t feel the same sort of shame and secrecy about their financial problems,” says Mr Fairhurst.

### Get in touch



“One of the biggest barriers to bankruptcy is the stigma — we might start to see an attitude shift. Bankruptcy can offer a fairly quick route out of problem debt, especially if you have few assets. However, if you’ve got a decent amount of equity in your home, it’s hard to see how bankruptcy is the best option.”

FT Money wants to hear from readers whose finances have been affected by coronavirus. You can contact us in confidence via email [money@ft.com](mailto:money@ft.com)

If your assets are worth more than your debts, bankruptcy is unlikely to be necessary, especially if you can cover your regular payments.

“If repayment over a reasonable period is possible, this will be the approach we recommend most highly,” says

StepChange, the debt charity.

“Where that isn’t the case, an insolvency-based approach may be recommended as the top option. In all cases, we will present all the suitable options that people could choose, based on their financial circumstances.”



Start by using one of the free online debt advice and budgeting tools to assess your options. Among the best are those offered by [Business Debtline](#), [StepChange](#) and [Citizens Advice](#). This will establish your debts and potential earnings and help you to work out possible solutions.

[Individual voluntary arrangements](#) (IVAs) accounted for nearly two-thirds of all insolvencies and nearly 78,000 were entered into last year. These binding agreements allow you to repay your creditors part, or all, of what you owe and thus avoid bankruptcy — and you should be able to keep your home.

Arranged by licensed insolvency practitioners, IVAs require creditors who are owed 75 per cent of your debts to agree the terms. They then all get the same deal — usually the debtor makes monthly payments for five years, but the time period can be longer.

“The advantage is that if some creditors do not agree with the terms, they could be forced to accept the deal,” says Mr Judge. “Once 75 per cent have agreed, it becomes a contract and they have to accept it. Sometimes large creditors have a policy that they will not accept below a certain percentage voluntarily.”

However, if you are unable to keep up with repayments and an IVA terminates early, lenders can reimpose all of the frozen interest and charges.

## Late payments add to woes for small businesses

[Late payments](#) were the scourge of small businesses and freelancers long before the coronavirus pandemic. In January, the Federation of Small Business predicted that 50,000 firms would go out of business this year as

a result of late payments, but this threatens to become an even greater issue as clients hang on to cash.

FT Money reader Sandy runs a small joinery business, employing 14 full-time staff who have all been furloughed under the government's Job Retention Scheme. This has saved the business, but late and unpaid invoices plus ongoing overheads mean he is looking at a £100,000 hole in the company's cash flow — and that's assuming things are “back to normal” by July.

Business Debtline reports that 45 per cent of callers are experiencing late payments from customers, with three-quarters saying these affected the viability of their businesses.

The charity advised Helen, whose business was owed £40,000 in invoices that had not been paid, to open new “safe” bank accounts for the business and her personal finances, so that new money received would not be immediately taken by the bank to pay debts. This also kept her business and personal spending separate.

Mr Judge said he had seen an increase in instructions to chase debts from small businesses.

“You can do this by being very persistent so that you get to the top of the list, so that a debtor will pay you to make you go away,” he says. “You can issue winding-up petitions or use a professional debt collector. You should be able to negotiate the fees now as they, too, will need the cash flow.

“Another way to increase cash flow is to give discounts to people who pay immediately. You need to get the money in. Cash is king.”

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## QIC Action Group secures Shepherd and Wedderburn to advise on rejected BI claims

1 May 2020



The newly formed QIC Action Group has appointed Shepherd and Wedderburn LLP to advise on its legal action against QIC Europe (QEL) and London-based managing general underwriter Eaton Gate, The Insurer understands.

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MB1/168

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# FCA statement - insuring SMEs: business interruption

Statements | Published: 01/05/2020 | Last updated: 01/05/2020

Today, the FCA is announcing that it intends to obtain a court declaration to resolve contractual uncertainty in business interruption (BI) insurance cover. This is due to continuing and widespread concerns about the lack of clarity and certainty for some customers making business interruption claims, and the basis on which some firms are making decisions in relation to claims.

We are intending to take this action in the public interest to advance our consumer protection and market integrity objectives. We believe the circumstances of the current coronavirus (Covid-19) emergency, and its effect on businesses holding BI policies means that any uncertainty needs to be resolved as quickly as possible.

It should be noted that this intended action by the FCA, which we hope to place before the courts in an agreed and urgent manner, is not intended to encompass all possible disputes, but resolve some key contractual uncertainties. This will assist both insurers and the insured. It will not determine how much is payable under individual policies, but will provide the basis for doing so.

The action will not prevent individuals from pursuing issues through the courts, or taking eligible complaints to the Financial Ombudsman. If we obtain a declaratory judgment, the Ombudsman will be able to take it into account in considering relevant complaints.

## Background

As stated in our [Dear CEO letter](#) of 15 April, our view is that most SME insurance policies are focused on property damage (and only have basic cover for BI as a consequence of property damage) so, at least in the majority of cases, insurers are unlikely to be obliged to pay out in relation to the coronavirus pandemic.

Some customers' policies also cover for BI from other causes (for example in relation to infectious/notifiable diseases, non-damage denial of access and public authority closures/restrictions) and may in some cases provide cover. Whether there is cover for the business interruption related to the pandemic crisis will depend on a number of factors including the policy's wording. The range of wordings and types of coverage are sufficiently broad in the BI market that it is difficult to determine at a general level the degree to which any one individual customer may be able to claim.

There are BI policies where firms have determined an obligation to pay out on a policy. For these policies, it is important that claims are assessed and settled quickly. As the FCA set out on 15 April, firms still need to do more work to agree, process and pay these claims as promptly as possible in all cases, including using interim payments where appropriate. We note firms' obligations to do so in line with Principle 6 and ICOBS and we expect firms to demonstrate to us that they are complying with these obligations in relation to customers with these policies.

However, in relation to other policies, firms may consider there is no doubt about wording and decline to pay a claim, but customers may still consider there is genuine uncertainty about whether their policy provides cover.

## What we'll do to help with this uncertainty

The issues around BI policies are complex and there are significant differences in policy wording between policies and across firms. These complexities have the potential to create ongoing uncertainty for a lengthy period.

It is clear that decisive action is appropriate given the severity of the potential consequences for customers in the current coronavirus emergency.

In this context, we will work actively and promptly to seek to resolve issues causing uncertainty over BI coverage, to provide greater clarity for parties and help ensure there is not undue delay to payments where there are valid claims.

We intend to do this by seeking to bring relevant cases to court as soon as possible for an authoritative declaratory judgment regarding the meaning and effect of some BI insurance policy wordings where there remains unresolved uncertainty. We are working to identify a sample of cases representative of all the most frequently used policy wordings that are giving rise to uncertainty, where it would be appropriate for us to bring such proceedings.

We have outlined to a small number of relevant firms, and the Association of British Insurers, our proposals for seeking a timely, transparent and authoritative judgment. This group comprises some firms that have already made decisions about the application of their policies and others that are considering similar questions around policy coverage that could also give rise to genuine uncertainty. Today, we are writing to all these firms and expect them to clarify their position, by no later than 15 May 2020, as to whether they believe that their policy wordings for BI losses arising other than from property damage provide cover.

Further examples may emerge. If we become aware of further such relevant firms we will ask for them to clarify their position and may ask them to join any action.

## Our general expectations of firms

Where policies do not respond to the current situation, we nevertheless expect all general insurance (GI) firms to meet their obligations under Principle 6, ICOBS and DISP when handling claims and any complaints arising from them, and to communicate clearly and sympathetically to their customers at all times. GI firms may also consider whether there is other help they could give their customers at this point (for example, signposting to other potential sources of support).

In some cases where there is no cover provided under the policy, there is a gap between firms' and customers' understanding of what they thought was covered by the policy. If the BI cover provided is not consistent with what the customer requested or instructed, or with what the customer was informed was being provided, then customers may raise these concerns as a complaint with their insurer or intermediary. Some customers may believe they have been mis-sold their BI policy by their insurer or intermediary. Where this is the case, customers can make a complaint if they are not satisfied with the product they have purchased or the outcome of their claim, and if they remain unsatisfied they can complain to the Financial Ombudsman Service.

Our expectations under Principle 6 and ICOBS also apply to firms' work to establish the amount due to be paid to customers where there are valid claims to be made under the policy. In some cases, it will be possible to make interim or partial payments while discussions around the final value of the claims remain ongoing.

For all of the above, we expect firms to communicate their approach and decisions clearly to their customers and to promptly and appropriately investigate any complaints that they receive. We will consider firms' behaviour and performance compared to these expectations during our business-as-usual supervision and when assessing their culture.

We will continue to cooperate closely with the Financial Ombudsman Service throughout this process. This will assist our regular supervision and monitoring of firms by giving us additional information about any trends which may indicate that firms are failing to meet the expectations set out here, and where further regulatory intervention may be required.

# ABI Comment on FCA Statement on SMEs and business interruption

01/05/2020

**Commenting on the FCA statement on insuring SMEs and business interruption, ABI Director General, Huw Evans, said:**



“This is a welcome step from the FCA and insurers will look to work closely with the regulator to make this process a success.

Although the vast majority of business interruption policies do not cover pandemics and the Government has confirmed it will not seek to retrospectively amend contracts, we support any process that will provide clarity and certainty for the minority of customers who are disputing whether they should be covered.

For valid claims, leading ABI members have agreed a set of claims handling principles to ensure speedy processing, including interim payments.”

**On the draft guidance for insurance and premium finance firms regarding coronavirus and customers in temporary financial difficulty:**

“Any customer in financial difficulty and unable to pay their insurance premium should contact their insurer to discuss the support options available. Insurers have already put in place very significant measures to help customers in financial distress and we are pleased the FCA has recognised the difference between insurance and wider finance by not imposing solutions designed for banks. This will help ensure firms can adopt measures that best meet their customers’ circumstances.”

**On the draft guidance for firms on product value and coronavirus:**

“Insurers agree with the FCA on the need to continue to review policies as the effects of Covid-19 unfold. There are still many unknowable factors in how things will pan out and we welcome a process which allows for solutions to be delivered as the situation evolves. As the FCA highlights, insurers have already taken steps in this regard in recent weeks and they will continue to do so.”

*The full statement from the FCA, along with details of an accompanying package of measures is available [here \(https://www.fca.org.uk/news/press-releases/fca-seeks-legal-clarity-business-interruption-insurance\)](https://www.fca.org.uk/news/press-releases/fca-seeks-legal-clarity-business-interruption-insurance).*

*Details of the ABI claims handling principles are available [here \(/products-and-issues/topics-and-issues/coronavirus-hub/business-insurance/\)](/products-and-issues/topics-and-issues/coronavirus-hub/business-insurance/).*

# BIBA WELCOMES FCA ANNOUNCEMENT THAT IT INTENDS TO OBTAIN A COURT DECLARATION TO RESOLVE CONTRACTUAL UNCERTAINTY IN BI INSURANCE COVER

1ST MAY 2020



BIBA welcomes this morning's statement from the FCA confirming that they intend to seek an authoritative declaratory judgment to resolve some of the contractual uncertainty around business interruption insurance.

Our members have serious concerns for their clients and their ability to recover from this situation and we have been working to help members resolve these issues. This intervention from the regulator to create certainty for many customers making BI claims; and the basis on which firms are making decisions on claims is a step in the right direction

The FCA has indicated that customers may still access the Financial Ombudsman or the courts if they qualify and wish to do so.

It is our view that this action by the FCA will help to resolve issues for businesses and we urge the market to engage with this resolution activity.

**The FCA's statement and further information can be read here (<https://www.fca.org.uk/news/press-releases/fca-seeks-legal-clarity-business-interruption-insurance>)**

BIBA members can read about our actions on business interruption and Covid-19 here (<https://www.biba.org.uk/coronavirus-updates/bibas-calls-to-help-manage-insurance-implications/bibas-call-no-5-clarity-and-help-for-customers-around-complex-business-interruption-insurance-issues/>)



# Live Webinar: Hiscox Arbitration

May 4, 2020(<https://www.ndml.co.uk/2020/05/04/>)

## Hiscox Arbitration: Your Questions Answered

The NTIA & NDML are together preparing a legal challenge against Hiscox fighting their delays and declines of business interruption claims for businesses in the leisure & hospitality industry.

Join our digital session on Thursday 7th May 11am – 1pm if you have a Hiscox Business Interruption Policy with the wording below.

The panel includes:

- Simon Mabb – Managing Director, NDML
- Michael Kill – CEO, NTIA
- Philip Kolvin QC – Cornerstone Barristers

Sign up to our live webinar by 2pm on Wednesday 6th May to join us on Thursday 7th May (<https://mailchi.mp/ndml/hiscoxprosp>).

Please note, the webinar is only open to Hiscox Business Interruption Policyholders, with wording that matches that shown below.



MB1/173

(tel:0344 488 9205)

(mailto:enquiries@ndml.co.uk)



(https://portal.csr24.co.uk/mvc/3281811/sub/2)



business in the leisure & hospitality industry who is insured with Hiscox to take part.

Therefore please feel free to share the webinar information with other businesses in our industry you feel may benefit.



MENU

# Your business interruption policy wording must match the one below to take part in our webinar.

*"...We will insure you for your financial losses and other items specified in the schedule, resulting solely and directly from an interruption to your business caused by...*

*...7. your inability to use the venue due to restrictions imposed by a public authority during the period of insurance following:*

- a. a murder or suicide;*
- b. an occurrence of a **notifiable human disease**;*
- c. injury or illness of any person traceable to food or drink consumed on the premises;*
- d. defects in the drains or other sanitary arrangements;*
- e. vermin or pests at the insured premises."*

If you think your wording matches and you'd like to join our class action, then get in touch now.

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NDML  
Romero House  
8 Airport West  
Lancaster Way  
Leeds  
Yorkshire



MB1/174

5th May 2020



**Hamilton, Bermuda (5 May 2020)** – Hiscox Ltd (LSE:HSX), the international specialist insurer, today issues its trading statement for the first three months of the year to 31 March 2020 and announces an equity placing for up to 19.99% of its issued share capital in order to position the Group to respond to future growth opportunities and rate improvement in the US wholesale and reinsurance markets.

Gross written premiums grew by 2% in constant currency to \$1,181.8 million (2019: \$1,164.7 million), with strong growth in Hiscox Retail driven by the US and Europe, as Hiscox London Market benefited from continued rate momentum and Hiscox Re & ILS reduced as planned.

Bronek Masojada, Chief Executive Officer, commented: “In the first quarter, Hiscox has seen continued growth in our Retail and London Market divisions. Hiscox Re & ILS remained cautious.

“The business responded rapidly to the changing circumstances caused by the global Coronavirus pandemic, and almost all of our employees around the world are working from home. We have redeployed staff to frontline roles where possible.

“We are paying claims for event cancellation and abandonment, media and entertainment and travel which are covered by our policies and in the UK we welcome the positive steps by the FCA to resolve disputes in the industry over the application of property policies relating to business interruption.

“We are announcing an equity placing today in order to respond to growth opportunities and rate improvement in the US wholesale and reinsurance markets. We have managed our investments prudently and our capital position is robust, with an estimated group regulatory solvency ratio at the end of March of 195%.”

#### Gross Written Premiums for the period:

	Gross Written Premiums to 31 March 2020	Gross Written Premiums to 31 March 2019	Growth in USD	Growth in constant currency
	US\$m	US\$m	%	%
Hiscox Retail	\$635.1	\$593.3	7%	8%
Hiscox London Market	\$254.5	\$228.6	11%	12%
Hiscox Re & ILS	\$292.2	\$342.8	(15%)	(15%)

Total	\$1,181.8	\$1,164.7	1%	2%
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## Rates

Hiscox London Market has seen continued rate momentum for the third consecutive year, reporting an aggregate rate increase across the portfolio of 12% year to date. Rates are up in 15 of 16 lines, including US public company directors and officers' (D&O) which is up 85%, US general liability up 26%, cargo up 23%, major property up 16% and household and commercial property up 11%. The market is expected to continue to harden, driven by further capital contraction due to the uncertainty from COVID-19.

Pricing in reinsurance so far is below our expectations, despite an unprecedented succession of natural catastrophes, however we are now beginning to see rate improvement accelerate. Rates are up 8% year to date, including the impact of the Japanese renewals in April, with retrocession up 15%, international catastrophe up 12% and North American catastrophe up 7%. While rates are expected to improve further, growth for Hiscox Re & ILS for the remainder of the year will depend on pricing adequately reflecting recent loss experience.

In Hiscox Retail, rates are up by 4% across our US portfolio, with notable increases in excess and surplus lines including general liability, E&O and terrorism, and terms and conditions are also improving. In the UK and Europe, pricing is stable.

## COVID-19 exposure

Acknowledging there remains material uncertainty, including plans for the lifting of restrictions in many countries which are as yet unclear, we provide further detail around our COVID-19 exposures. Our estimates are based on broad assumptions about coverage, liability and reinsurance, which ultimately may be subjected to legal challenge or legislative action.

As described in our announcement on 15 April, we are actively settling claims for event cancellation and abandonment, media and entertainment and other segments including travel. On the basis that disruption caused by restrictions on travel and mass gatherings continues for a six-month period from March 2020, we expect to pay net claims totalling up to \$150 million. If restrictions on travel and mass gatherings are extended beyond six months, these claims could increase by an additional \$25 million.

We believe our US retail business has negligible exposure to business interruption. Hiscox USA provides business interruption cover for 25,000 small businesses as part of the Business Owner's Package product sold through its direct and partnerships division. Coverage requires physical damage to trigger, and all of these policies use a standard ISO form with an explicit virus exclusion. We believe we have limited business interruption exposure in Europe.

Exposure to losses in our London Market and reinsurance divisions is uncertain at this stage. Hiscox London Market has a small market share in major property, and Hiscox Re & ILS is underweight in its European exposure and retains a relatively modest proportion of its gross premiums.

We have no material exposure to lines such as trade credit insurance which are heavily impacted by COVID-19.

It is too early to estimate the quantum of claims from within our third-party liability book and claims resulting from recessionary impacts, as these will emerge over the next few years. We are taking proactive underwriting action to mitigate these impacts.

### **UK business interruption risk scenario**

As described in our announcement on 15 April, approximately 10% of Hiscox UK's commercial customers purchase property insurance which includes an element of business interruption. This represents approximately 33,000 customers. We believe approximately 10,000 customers have been ordered to close as a result of the general national measures taken by the UK government, and we believe three-quarters of the remaining customers who purchase this cover are not premises dependant.

Like others in the industry, Hiscox UK's property policies do not provide cover for business interruption as a result of the general measures taken by the UK government in response to a pandemic. However, a number of UK policyholders have disputed the application of their policy in relation to business interruption. We recognise these are extremely difficult times for businesses and are determined to help provide greater certainty for customers. Along with the Association of British Insurers, we welcome the FCA's recent initiative to accelerate resolution of disputes in the industry over the application of property policies relating to business interruption.

Notwithstanding this is not a covered loss, we have provided a risk scenario which models the impact of a 12-week lockdown. The scenario takes into account our view of the number of customers either ordered to close or with premises materially impacted, savings likely to be made by customers on their normal business expenses and various forms of government relief available to businesses, adjusting for wider business trends resulting from reduced economic activity. Based on this scenario, our analysis suggests a range of modelled outcomes between £10 million and £250 million<sup>1</sup> net of reinsurance.

In view of the uncertain impact of COVID-19 on the global economy, we are unable to accurately forecast the outlook for 2020. As such, we have withdrawn all financial guidance for 2020 until there is more clarity. We remain confident in our ability to return to our normal 90-95% combined ratio target range for the Retail business in 2022.

### **COVID-19 response**

Hiscox is committed to supporting the international response to this pandemic. We currently have over 95% of our more than 3,000 employees around the world working from home, and we are supporting them through flexible working and the provision of mental health and wellbeing services. The Group has committed to stand by existing employees by retaining all current roles during this time. Hiscox is not furloughing any staff, and has not accessed any government support schemes.

As a Group, Hiscox has pledged over \$4 million to support the global response to COVID-19. Our contribution is focused on supporting our existing charity partners and specific vulnerable groups affected by this crisis, and improving access to SME services at a time when they are most needed. We have established new partnerships in the US with Accion, which provides capital, coaching and

connections to entrepreneurs; the Women's Business Development Center, which offers technical assistance and financial advisory services including micro-lending to women and underserved communities; and the Women's Business Enterprise Council, which serves established businesses by providing networking, programming, and financial consulting services.

In the UK, we have donated to a range of causes including hospices, food banks, the Royal Voluntary Service, St John Ambulance, and vulnerable groups via Age UK, Action for Children and Insurance United Against Dementia. These efforts are echoed in other parts of Hiscox, where for example we have funded ventilators for hospitals in Guernsey and Bermuda, and supported the Red Cross in Spain.

Hiscox is also working with the rest of the insurance industry, including the Association of British Insurers, to identify where it can direct financial support that will have the most impact.

## Investments

The investment return for the first three months of 2020 was a loss of \$79 million (2019: \$84.2 million), or -1.2% (2019: 1.3%) resulting from the impact of mark to market losses on bonds and a reduction in equities. Assets under management at 31 March 2020 were \$6.8 billion (2019: \$6.3 billion).

The longest bull market in history ended abruptly in the first quarter, as market sentiment deteriorated rapidly following the emergence of the COVID-19 pandemic and the unprecedented global response by governments and policymakers, and equity markets fell by 20-30%. Despite US interest rates being cut by 150 basis points to 0.25%, and government bond yields falling to close to zero, the yield to maturity of our bond portfolio rose to 1.8% from 1.6% at the end of 2019, as credit spreads widened sharply.

We entered the year with a high quality and conservative portfolio, well positioned to take advantage of market opportunities that arose. After early market turmoil, we rebalanced our allocation to equities and we remain focused on maintaining liquidity and our approach across the portfolios remains cautious.

While the investment performance has improved substantially since the quarter-end, and most of the first quarter losses have since been recovered, our expectations for the full year investment return are materially lower than the original budget. At the end of April, the investment return stood at -\$7 million.

## Hiscox Retail

Hiscox Retail reported a strong top line performance in the quarter, with each business unit delivering robust growth.

In April, as a result of the reduction in economic activity following government action to stop the spread of COVID-19, Hiscox Retail experienced a reduction in new business, resulting in a moderate slowdown in premium growth.

We expect the economic uncertainty caused by the pandemic to impact growth for the balance of 2020.

Excluding the impact of COVID-19, claims for Hiscox Retail were in line with expectations in the first quarter.

**Gross Written Premiums for the period:**

	Gross Written Premiums to 31 March 2020		Gross Written Premiums to 31 March 2019		Growth in USD	Growth in constant currency
	£m/€m	US\$m	£m/€m	US\$m	%	%
<b>Hiscox Retail</b>						
Hiscox UK*	£140.8	\$181.7	£137.3	\$178.9	2%	3%
Hiscox Europe*	€156.4	\$173.4	€136.3	\$154.9	12%	15%
Hiscox Special Risks		\$41.2		\$38.1	8%	8%
Hiscox USA		\$227.0		\$212.6	7%	7%
Hiscox Asia**		\$11.8		\$8.8	34%	30%
<b>Hiscox Retail total</b>		<b>\$635.1</b>		<b>\$593.3</b>	<b>7%</b>	<b>8%</b>

\*2019 gross written premiums for Hiscox Asia include the recognition of premium controlled by DirectAsia Thailand which is written via an agency relationship into Hiscox Insurance Company (Bermuda). The table above presents Hiscox Asia on a normalised basis for management purposes.

***Hiscox UK***

Hiscox UK grew its gross written premiums by 3% in constant currency to \$181.7 million (2019: \$178.9 million).

In the first quarter, the business reported good growth driven by broker commercial business and underwriting partnerships, which more than offset a contraction in the art and private client book. In February, Storms Dennis and Ciara hit the UK and caused significant damage to properties, with Hiscox paying claims to 500 customers during the period. The net impact of these claims to Hiscox was £10 million.

To assist with the additional claims demand from COVID-19, the business reorganised its operations to deploy more people to the front line, to ensure we continue to serve all of our customers as efficiently as possible.

***Hiscox Europe***

Hiscox Europe had a very strong start to the year, growing gross written premiums by 15% in constant currency to \$173.4 million (2019: \$154.9 million), with the positive trend continuing into March, as strong demand for our professions, specialty commercial and cyber products continues.

Germany and Spain continue to be the standout performers, delivering strong growth in commercial lines and cyber. In Spain, our partnerships business continues to grow well and we are actively exploring new distribution opportunities with banks and other carriers, as well as technology and insurtech companies.

Benelux has performed well so far this year and France continues to improve, with solid performance from the direct and partnerships division. Ireland's commercial lines book has delivered strong growth in the first quarter, with good growth in renewals in the speciality commercial liability book.

The implementation of a new core platform for our European businesses, beginning in Germany, is going to plan despite the challenging working conditions. Like the UK and US IT upgrades, this is a necessity to support the business as it scales.

### ***Hiscox USA***

Hiscox USA grew gross written premiums by 7% to \$227.0 million (2019: \$212.6 million) in the first quarter, with direct and partnerships up 23% and the broker channel broadly flat.

We have seen the rating environment continue to improve in excess and surplus lines, with the most significant improvements in general liability, E&O, terrorism and cyber.

The direct and partnerships division continues to deliver strong growth, with partnerships performing well. The first stage of the implementation of our new policy administration system was successfully executed in April, with the remaining stages expected to complete by early 2021. The new technology will be critical to enabling the direct-to-consumer business to scale over the long-term.

In November we announced that we were taking action in underwriting and claims management in response to increased claims activity in some US casualty business, as reported by many others in the market. We have taken an increasingly cautious approach to prior year reserve development and current year loss picks, and claims in US casualty lines are progressing in line with our more conservative expectations. Work to in-source a large part of our legal claims capability in the US remains on track. We are already seeing improvements in claims settlement periods – a key barometer for overall claims costs in our US business.

### ***Hiscox Special Risks***

Gross written premiums for Hiscox Special Risks are up by 8% in constant currency to \$41.2 million (2019: \$38.1 million), with kidnap and ransom and fine art delivering good growth.

The team is taking advantage of opportunities presented by competitor restructuring to grow its share in key markets, and is differentiated by its specialist focus and global distribution capability.

### ***Hiscox Asia***

Hiscox Asia grew gross written premiums by 30% in constant currency to \$11.8 million (2019: \$8.8 million).

In Singapore, all channels delivered good growth, with partnerships performing particularly well. In

Thailand, an on-going focus on targeted marketing and a move into partnerships combated increased competition and delivered 80% growth as we drive to reach scale.

March revenues were impacted by the Singaporean and Thailand governments' responses to COVID-19, with premium growth expected to slow for the remainder of the year.

### **Hiscox London Market**

Gross written premiums in our London Market business grew by 12% in constant currency to \$254.5 million (2019: \$228.6 million) as strong rate momentum continued in the majority of classes.

Double-digit rate improvement has been reported in nine of the 16 lines of business, such as US public company D&O, general liability, cargo, major property and household and commercial property, which combine to account for 70% of our total London Market premium.

Portfolio action to improve profitability in the property book remains a work in progress, as we seek to reduce exposure in our household and commercial binders which have contributed higher attritional losses. The 12-month terms on binder business means that we will not see the full benefits until 2021 and 2022.

On 19 March, Lloyd's of London closed its trading floor for the first time in its more than 300-year history in response to COVID-19. For the Hiscox London Market team, which already binds over 70% of all business written at Lloyd's electronically, the transition to full-time digital trading has been minimally disruptive, and the underwriting, operations and claims teams are focused on providing high quality service to brokers and customers.

Having already increased the stamp capacity for Hiscox Syndicate 33 by 19% to £1.7 billion for 2020, the business is well capitalised and well positioned to grow as rates across the market improve further. The momentum seen in the first quarter continued into April.

Hiscox London Market reported a large individual marine liability loss, as well as claims from old years of account for D&O and political risks. In aggregate these exceed the first quarter large loss budget.

### **Hiscox Re & ILS**

In Hiscox Re & ILS, gross written premiums decreased by 15% in constant currency to \$292.2 million (2019: \$342.8 million), as we delivered on our promise to pull back in the face of rate inadequacy, while keeping our powder dry for opportunities later in the year.

In US property catastrophe and excess of loss business, our teams in London and Bermuda remained disciplined and reduced exposure materially, reflecting a disappointing pricing environment.

At the April renewals in Japan, the team secured strong rate increases of 38% for windstorm and 20% on a combined perils basis, in line with our new view of typhoon risk after two active years for Japanese windstorm losses.

Looking ahead, our expectation is for further capital contraction in the market to push up rates and drive improved terms and conditions at the June and July renewals, and we remain committed to

writing business only at the right price.

Hiscox ILS assets under management are \$1.5 billion, with some of the capital being withheld as reserves for prior year loss events. Deployable capital is expected to further reduce as reported at the year-end, following an expected redemption from one of our investors. Less deployable ILS capital and quota share support has meant a reduction in third-party capital available to support underwriting this year.

Our new ILS fund launched ahead of 1 January renewals is writing business, offering investors a higher risk/reward profile which complements our existing medium and lower risk/return funds. The ILS team remain ready to take advantage of an improving rate environment as the year progresses.

### Capital and equity placing

In a volatile and challenging environment it pays to have a strong balance sheet and liquidity. We started the year with a Group regulatory solvency coverage ratio of 205% with approximately \$1.4 billion surplus capital above the regulatory requirement, and sufficient capital to maintain an A rating for financial strength from S&P.

Despite the challenges of the first quarter, the Group's regulatory solvency ratio at the end of March remains strong at an estimated 195%, or a capital surplus of approximately \$1.25 billion. On 28 April, S&P affirmed Hiscox's A rating and maintained the stable outlook for the Group.

Our conservative investment strategy has included a material allocation to cash in each of the Group's insurance carriers and that position has increased further in the quarter, while also holding significant liquidity at the holding company level.

On 8 April we announced the decision to withdraw the 2019 final dividend and that the Company will not propose an interim dividend payment, or conduct any share buybacks in 2020. This decision was taken in order to help Hiscox serve the needs of businesses and households through the extraordinary challenges presented by COVID-19.

Hiscox has sufficient capital to meet liabilities arising as a result of expected exposures to the COVID-19 pandemic. Since the end of the first quarter, we have executed management actions to further strengthen the Group's capital buffers. This means we are able to withstand a loss equivalent to the modelled UK business interruption risk scenario, while maintaining a regulatory coverage ratio of between 165% and 170%, which is consistent with an S&P A rating.

We expect the uncertainty arising from the pandemic and consequent capital contraction to result in rates hardening across US wholesale and reinsurance markets.

In order to provide Hiscox with the flexibility to respond to growth opportunities and rate improvement in the US wholesale and reinsurance markets, we have separately announced today our intention to conduct a non-pre-emptive placing of new ordinary shares of the Company of up to 19.99% of the issued share capital.

**ENDS**

This announcement is released by the Company and contains inside information for the purposes of Article 7 of the Market Abuse Regulation (EU) 596/2014 ("MAR") and is disclosed in accordance with

the Company's obligations under Article 17 of MAR.

For the purposes of MAR and Article 2 of Commission Implementing Regulation (EU) 2016/1055, this announcement is being made on behalf of the Company by Marc Wetherhill, Group Company Secretary.

A conference call for investors and analysts was held at 07:15 BST on Wednesday 6 May 2020.

### Replay the conference call

#### Access details

United Kingdom: 020 3936 3001

All other locations: + 44 20 3936 3001

Replay code: 721011

#### For further information:

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#### Notes to editors

##### About the Hiscox Group

Hiscox is a global specialist insurer, headquartered in Bermuda and listed on the London Stock Exchange (LSE:HSX). Our ambition is to be a respected specialist insurer with a diverse portfolio by product and geography. We believe that building balance between catastrophe-exposed business and less volatile local specialty business gives us opportunities for profitable growth throughout the insurance cycle.

The Hiscox Group employs over 3,100 people in 14 countries, and has customers worldwide. Through the retail businesses in the UK, Europe, Asia and the USA, we offer a range of specialist insurance for professionals and business customers as well as homeowners. Internationally traded,

bigger ticket business and reinsurance is underwritten through Hiscox London Market and Hiscox Re & ILS.

Our values define our business, with a focus on people, courage, ownership and integrity. We pride ourselves on being true to our word and our award-winning claims service is testament to that. For more information, visit [www.hiscoxgroup.com](http://www.hiscoxgroup.com).

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<sup>1</sup>Estimates are based on the Company's current view of the likely risk scenarios presented by COVID-19 as at the date of this document, and on the basis of broad assumptions about coverage, liability and reinsurance, which ultimately may be subjected to legal challenge or legislative action. Other estimates, based on alternative risk scenarios and/or assumptions, could give rise to different potential outcomes.

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## Press Release - 05/05/2020

# "In the vicinity but not beyond" Group action against Allianz Insurance plc issued by specialist insurance litigation team

Specialist insurance lawyers Edwin Coe LLP are teaming up with Harris Balcombe LLP in spearheading claims for business interruption losses against Allianz Insurance plc under their Resilience MD&BI policy wording.

Edwin Coe partner Michael Whitton said:

*"This Allianz policy insures business interruption loss caused by interruption or interference to the insured's business as a result of a Notifiable Disease occurring within the vicinity of an insured location. It would strike me as fanciful to suggest, as Allianz do, that cover would only be provided in the event that the loss occurred in the vicinity but not beyond thereby ruling out a pandemic. That's not what the policy says. If this policy wording doesn't give rise to an entitlement to an indemnity in relation to business interruption losses resulting from the Covid 19 shut down, I don't know what policy wording does."*

Policyholders with the benefit of the Resilience policy wordings (many of which were arranged by JELF and Marsh) interested in joining the group should contact **Michael Whitton**.

### About Edwin Coe

Edwin Coe LLP is a full service law firm based in the heart of London's historic legal district in Lincoln's Inn. Founded in 1913, we have grown from our litigation origins to become a thriving and dynamic practice, providing a comprehensive range of legal services to meet the needs of a wide variety of businesses, individuals and organisations based throughout the UK and internationally.

With 33 partners, we are ranked 111 in the latest edition of The Lawyer 'UK 200' law firms and are recommended in all the major legal directories. We provide clients with innovative, tailored and integrated legal services and combine a highly personal and responsive service with industry leading expertise.



**Michael Whitton**  
Partner

Insurance Litigation



### Insurance Litigation

Edwin Coe assists and advises clients on a wide range of dis...

## More than half of UK publicans have had their BI claims rejected says trade association

By Katie Scott | 5 May 2020

### Nearly two-thirds of pub owners have also had their pandemic insurance applications refused

The British Beer and Pub Association (BBPA), the trade association representing brewers and pubs, has revealed that none of its member organisations have so far received a pay out from **business interruption** (BI) or pandemic insurance policies, despite making claims relating to the ongoing **Covid-19 outbreak**.

Of those surveyed, 56% of the association's member organisations have had their business interruption claim rejected, while 44% are still awaiting an outcome.

From the surveyed member companies that have pandemic insurance, 67% of claim applications have been refused so far, with 33% waiting for an outcome.

Separate research from the British Institute of Innkeepers also found that just 3% of pubs had been successful in receiving a BI insurance claim.

Pubs were among the businesses affected when the government launched its current lockdown regime in March, which dictated that all non-essential businesses were to close in order to adhere to social distancing measures, mitigating the spread of **Covid-19**. This has meant that many pubs have been without their usual **income stream** for a number of weeks.

Faced with these figures, the BBPA is pleased that the **FCA is seeking to obtain a court declaration** in order to remove uncertainty and ambiguity from BI policy wordings.

Emma McClarkin, chief executive of the British Beer and Pub Association, said: "There has been a severe lack of clarity for pubs on business interruption **insurance claims**. This had added to the terrible uncertainty our sector faces in what is already a very precarious situation.

“It is simply not right that 56% of pub business interruption claims have been rejected, whilst 44% still await an outcome.

“We hope the **FCA announcement** will help resolve some of the uncertainty our sector faces on its insurance cover.”

**Read more...Coronavirus: Rejected BI claims divide the industry while threatening to eliminate UK SMEs**



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*Posted on 6 May 2020*

By [Garbhan Shanks](#)



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# Michelmores considers COVID-19 group actions against insurers

Michelmores' specialist policyholder Insurance Team is considering launching a series of group actions on behalf of businesses affected by the Coronavirus pandemic who have had their Business Interruption claims declined by insurers.

Our team has currently identified the following insurers, whose policies it believes may respond to the current circumstances:

1. Aviva (in particular Resilience policies)
2. Eaton Gate
3. Hiscox / Geo Specialty
4. NFU Mutual (in particular Commercial Select)
5. RSA / New India Assurance
6. QBE
7. Ecclesiastical (in particular Historic Britain Insurance)
8. HIUA Argenta

If your business has business interruption insurance with one of these insurers and you would like to register your interest in a potential group action, please email us at

[insurance@michelmores.com](mailto:insurance@michelmores.com) and provide the following details:

1. Name of policyholder
2. Name of Insurer
3. Copy of Insurance Policy if available

All information provided will be kept confidential and not shared with anyone outside of Michemores LLP.

Garbhan Shanks has consulted with the Financial Conduct Authority (FCA) in respect of their proposed declaratory proceedings and has asked the FCA to include wordings from the above listed insurers as part of their test case.

For more information on our specialist policyholder Insurance Team, visit our [website](#).

**Covid Claims Group  
41 Artillery Lane  
London  
E1 7LP**

9 May 2020

Huw Evans  
Director General  
Association of British Insurers  
One America Square  
17 Crosswall  
London  
EC3N 2LB

Dear Mr. Evans,

The UK insurance industry is failing small and medium businesses (SMEs) at their moment of greatest need. Denying claims for business interruption due to COVID-19 will directly result in the collapse of thousands of companies that might otherwise have survived this crisis. Thousands more jobs will be needlessly lost and the burden on the British taxpayer will increase.

The Association of British Insurers (ABI) and its member firms have shown that flexibility can be your response to this pandemic. You have announced extra support for motor, household and travel insurance policyholders. This commendable approach has helped to mobilise community volunteers, reassured millions working from home, and handed an emergency healthcare lifeline to those stuck abroad. Unfortunately, you have determined to take a harsh and intransigent approach with the SMEs that form the backbone of our economy.

The ABI's abrogation of responsibility has come as a considerable shock to SMEs that paid extra for extended business interruption (BI) cover. In the early stages of the COVID-19 crisis, well before the current lockdown, thousands of business owners like us examined our insurance documents. We were relieved to see that we should be covered. Our seemingly prudent decision to pay higher premiums gave us hope that we could avoid redundancies, pay our bills, and plan for our eventual recovery.

We understood that claims would depend on certain criteria being met. Most policies did not specifically rule in or out a pandemic, but terms typically included a formal instruction to close business premises by an authorised public body, COVID-19 being listed as an officially Notifiable Disease, or the declaration of a Public Authority Incident. The Government listed COVID-19 as a Notifiable Disease on 5 March. On 23 March it ordered most businesses premises to close. A speech by the Chancellor on 17 March made clear that firms with insurance for pandemics would be able to make a claim. On 19 March, the Financial Conduct Authority (FCA) told insurers to treat customers fairly and consider payments on claims they might usually reject. The actions taken by the Government reassured us that policy criteria were being fulfilled. The announcement by the FCA gave us confidence that the response of insurers would be accommodating.

As these events unfolded, your industry closed ranks. On 18 March, the ABI released a statement that narrowed its stance on BI cover. On 27 March, in a formal response to the Rt Hon Mel Stride MP, Chair of the Treasury Select Committee, you noted that only a minority of businesses held appropriate cover and highlighted comments by Sir Charles Bean, an economist, that "the state is always the insurer of last resort". On 30 March, you published an article that implied the volume of claims would be unaffordable for your members, contradicting

**MB1/191**

earlier ABI announcements that few businesses held relevant cover. Meanwhile, your members released pre-emptive statements discouraging customers from making BI claims related to COVID-19.

The position of the ABI and its members is callous and wrong. Failure to recognise COVID-19 as a Notifiable Disease is negligent. Denying that it is a Public Authority Incident is preposterous. Your members have demonstrated through their actions with other customers that reason and flexibility can prevail. Why not with SMEs?

There is no suggestion that insurers should make payouts to businesses with only basic BI cover. However, those of us that paid for extended BI policies are justified in expecting providers to honour them. It is hard to understand why this would not be affordable for your industry: BI payments are capped, and by your own admission they will be few in number.

You have stated that insurers are willing to work with the government and do more to protect the world from future pandemic risks. Partnerships between the industry and government have enabled policies to be written for events with widespread impact, including flooding, terrorism and earthquakes. Taking a similar approach with future pandemics is sensible and to be welcomed; it does nothing to remedy the present situation. British insurers need to show good faith by changing their approach to extended BI cover now.

Since the ABI and its members seem determined to resist, SMEs are now hoping that the FCA will obtain a court declaration to bring much needed clarity and certainty. We trust its action will encompass all extended BI policyholders, eliminate injustices such as insurers determining whether to recognise Notifiable Diseases or Public Incidents at their convenience, and lay the path for swift processing of claims and payouts.

We also hope that the ABI may yet pre-empt the judgement of the court, make a resolution to honour extended BI claims, and so restore the integrity and reputation of your industry. This would be a more positive outcome for SMEs and your members. It would ensure the survival of many threatened businesses, reduce avoidable damage to our economy, and prove to buyers of business insurance products that the ABI and its members can be trusted to stand by policyholders.

Yours sincerely,

James Ollerenshaw  
Founder, Covid Claims Group

cc:

Christopher Woolard, Interim Chief Executive, Financial Conduct Authority  
Caroline Wayman, Chief Ombudsman and Chief Executive, Financial Ombudsman Service  
Rt Hon Rishi Sunak MP  
Rt Hon Mel Stride MP  
Rt Hon Steve Barclay MP  
John Glen MP

Announced in The Times:

<https://www.thetimes.co.uk/article/insurers-warned-to-stop-callous-denial-of-claims-g7ks5fhxc>

Supported by:

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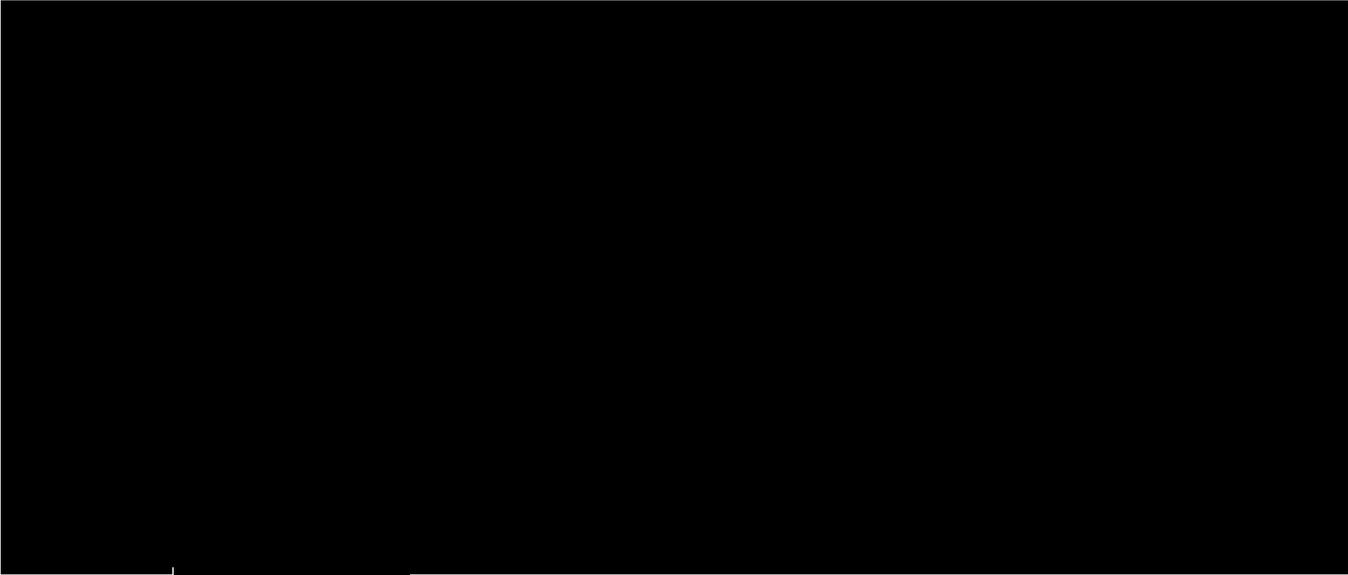
[REDACTED]

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[REDACTED]

[REDACTED]



**From:** [REDACTED]

**Sent:** 11 May 2020 12:06

**To:** Public Affairs Team <PublicAffairsTeam@fca.org.uk>

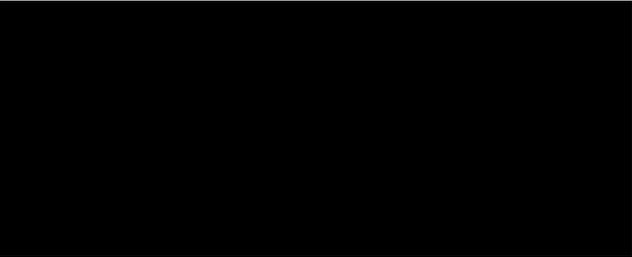
**Subject:** FW: Wedding industry and COVID-19

Hi there,

[REDACTED] has been contacted by a local business regarding support for the wedding industry during the Covid-19 outbreak, please see below.

We would be very grateful if these points could be flagged with the relevant team.

Many thanks in advance,



**From:** [REDACTED]

**Sent:** 11 May 2020 10:24

**To:** [REDACTED]

**Subject:** Wedding industry and COVID-19

Dear

I am writing as a matter of urgency concerning the current state of the wedding industry, due to the COVID 19 outbreak and the lockdown's consequent effect on my business.

The wedding industry is worth £10bn to the UK economy and, like many sectors, is buckling under current conditions. With around 252,000 weddings taking place per year, the impact is extraordinary. Hard working family businesses and a myriad of indirect suppliers to the industry, many in this constituency, are in grave danger of going under.

Redundancies, many in rural areas, and the emotional effect of the cancellation and postponement of a huge number of events, will have an intolerable effect on the wellbeing of hundreds of thousands but also an enormous impact on the long term finances of the UK.

Along with the [REDACTED]), I would like to ask for the

MB1/197

following issues to be urgently considered:

### 1. **Wedding / Event Insurance**

Currently insurance companies are resisting payouts for both couples, the costs of rescheduling dates, and for business through business interruption insurance. This has grown significantly worse following the CMA announcement last week, protecting the rights of consumers for full refunds.

Under the current circumstance of COVID 19, the CMA making the venues fully responsible for the consequences of the virus, with no help from the insurers, is not acceptable or right. We ask firstly that you help to persuade the insurers to help our industry, and second that the CMA water down their very narrow interpretation of the consumer rights.

### 2. **Emerging from Lockdown**

We believe that the wedding industry has some unique characteristics which require special dispensation with regard to emerging from the lockdown. These are:

1. Weddings are the most important day of a couple's life, and celebrating them has a direct effect on the wellbeing of all attendees and therefore the nation.
2. Weddings are invite only which means that guest lists are already in place and track and trace is significantly easier and GDPR compliant than for gatherings where there is no information about who is attending.
3. Venues are used to ensuring that each day goes without a hitch and that also applies to our attitude towards health and safety. As an industry, we have developed a sophisticated plan to ensure that weddings can still take place with the necessary precautions taken to limit the spread of COVID 19.

We therefore very much hope that Weddings might be prioritised as a sector by the Government. As an industry we are ready to fulfill weddings of a viable size as soon as possible, and we would hope with numbers increasing from August onwards.

Not only are weddings the most important day of many people's lives, they also make an enormous contribution to the wellbeing of society and to the rural economy. And, it is worth pointing out once more, that as 'exclusive' guest-list driven events, such gatherings are unique in being able to record and manage the attendee list.

### 3. **Treasury support**

If we are unable to re-open our venues until after July, as an industry, we will need further financial support to avoid businesses from going under, and the mass redundancies that will likely ensue. Without continued financial support the cost to the Treasury will be substantially increased, due to unemployment costs, and the reduced tax take.

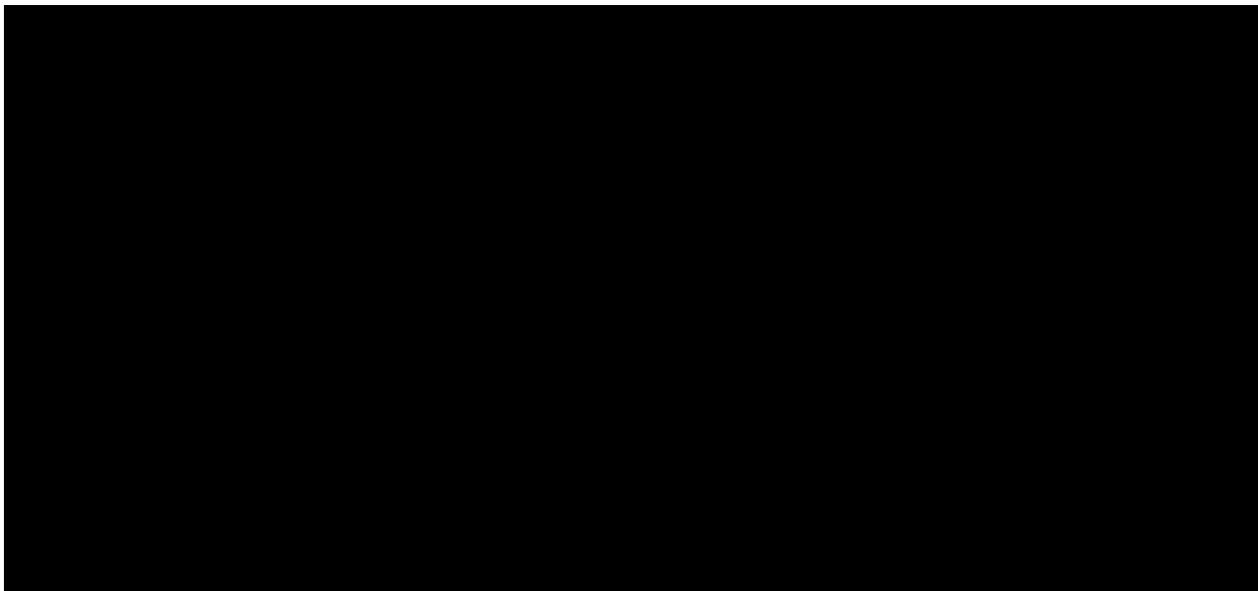
We are proactively seeking solutions and strategies to avoid this situation but would ask for help in representing our case to the Government in the event that we are unable to host weddings from July.

If you have time, please do take a look at the webinar on this issue with [REDACTED] [REDACTED] to familiarize yourself further with the situation.

As you will see [REDACTED] is sympathetic and it would be wonderful if you can raise this further with both the CMA, the FCA, and those in the government who are planning the phased exit from lockdown.

We have worked tirelessly to establish our business and our continued collective enforced closure would be devastating not only to us but also to the many suppliers in our constituency. All of our livelihoods depend on these critical decisions being made over the next few weeks and we will be very grateful for your support.

Very best wishes



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[REDACTED]

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**From:** [REDACTED]

**Sent:** 13 May 2020 11:55

**To:** [REDACTED]

**Cc:** FCA Press Office <Press.Office@fca.org.uk>

**Subject:** MP ENQUIRY - FCA Review, and Insurers

Dear [REDACTED]

I am writing to you on behalf of [REDACTED] constituent, [REDACTED]

[REDACTED] regarding concerns she has about being refused cover under the business interruption extension of her insurance policy.

Please see the below email from [REDACTED] outlining her concerns.

Please could the FCA comment on the concerns raised?

Thank you for your help on this matter.

Kind regards,

[REDACTED]

---

**From:** [REDACTED]

**Sent:** 13 May 2020 10:12

**To:** [REDACTED]

**Subject:** Business Interruption Insurance Issue

We are writing to ask for your help. We have an insurance policy with the RSA, called the Gallagher Cottagesure Policy. We have been refused cover under the Business Interruption Extension of the policy, which clearly states that we have cover if a Notifiable Disease occurs within 25 miles. Cover is being refused on the basis that we were closed down by the Government, not the disease. There is no additional clause in our policy that says that they can do this. THE FCA are bringing an action against these insurers to try and get an early resolution for as many cases and are looking at a range of policies. Please can you write to the FCA and press them to make sure that the SA/Gallagher's/Cottagesure policy is included in their review? You would not only be helping us, but also 2200 other rural businesses that have this policy. You can write to the FCA by sending an email to [REDACTED] is in charge of looking after small businesses affected by COVID claims. With many thanks for all the hard work you are putting in during this terrible crisis.

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# More than 635,000 jobs at risk from disputed business interruption claims

[MICHAEL BOW](#)

Wednesday 13 May 2020 17:21



Shuttered: Business across the country have been closed due to the virus ( PA )

**More than 635,00 jobs could be lost within the next month if insurers snub small firms trying to claim on disputed business interruption policies, new research shows.**

Analysis by Aston Business School's Enterprise Research Centre said 127,000 firms across the UK are at risk of closing if they are unable to obtain a payout, leading to a wave of redundancies.

Many entrepreneurs with business interruption insurance have been refused payouts from insurers who say the Covid-19 pandemic cover was never part of the contract.

The Financial Conduct Authority is going to court to obtain a legal ruling on policy wording to settle the row.

Mark Hart, Aston's professor of small business, said the insurance industry's response was "unacceptable".

"At a time of national emergency, not being able to claim against a policy which includes cover for business interruption threatens the livelihood of thousands of micro-businesses.

"This is unacceptable and necessitates urgent action.

"Although the inquiry by the FCA is welcome, there is a worry that too many businesses will have closed before they report on their findings and action taken."

The Aston research was based on a poll of 130 businesses conducted by the Covid Claims Group, a campaign group of small firms.

It found 11% believe they will close within a month if they cannot claim on their insurance policy.

Aston used that figure and multiplied it by the number of small firms across the country to arrive at the 635,000 figure.

Covid Claims Group founder James Ollerenshaw said: "Our survey exposes the damage inflicted on thousands of small businesses, the human cost in loss of jobs, and the lasting scar to our economy in terms of unemployment and reduced tax revenues."

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Ollerenshaw's group is one of a number of firms orchestrating action against insurers, including the Hiscox Action Group and Hospitality Insurance Group Action.

The FCA had originally suggested firms could take their claims to the Financial Ombudsman but the data suggests this unpopular.

The survey found 36% of firms had sought support of an action group, 15% of respondents had contacted a lawyer and 29% had written to their MP. Only 9% had raised a complaint with the FOS.

Willis Towers Watson analysis suggests a worst case scenario would lead the insurance industry paying out £11 billion on business interruption claims.

# COVID-19 will see historic losses across the global insurance industry

Thu 14 May 2020

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## Lloyd's market set to pay out up to US\$4.3bn to customers.

Lloyd's, the world's leading (re)insurance market, today revealed that it will pay out in the range of \$3bn to \$4.3bn\* to its global customers as a result of the far-reaching impacts of COVID-19. This is on a par with 9/11 in 2001 and the combined impact of hurricanes Harvey, Irma and Maria in 2017, all of which led to similar pay outs by the Lloyd's market\*\*. These losses could rise further if the current lockdown continues into another quarter.

Lloyd's believes that once the scale and complexity of the social and economic impact of COVID-19 is fully understood, the overall cost to the global insurance non-life industry is likely to be far in excess of those historical events.

To understand the impact of the pandemic on the global non-life insurance industry, Lloyd's undertook an economic study of the potential losses. This looked at both underwriting losses through the Profit and Loss Account, as well as the reduction in the value of investments which insurance companies hold to fund future claims payments. The economic study took account of the current pay out estimates assuming continued social distancing and lockdown measures through 2020-, as well as the forecast drop in GDP globally.

The estimated 2020 underwriting losses covered by the industry as a result of COVID-19 are approximately \$107bn, on par with some of the biggest major claims years for the industry, such as when three catastrophic windstorms have struck (2005: hurricanes Katrina, Rita and Wilma; 2017: hurricanes Harvey, Irma and Maria). Importantly, these natural catastrophes were geographically contained events, occurring over the course of hours and days – vastly different in nature to the global, systemic and longer-term impact of COVID-19.

In addition, unlike other events, the industry will also experience falls in investment portfolios of an estimated \$96bn, bringing the total projected loss to the insurance industry to \$203bn.

John Neal, CEO of Lloyd's, said:

“The global insurance industry is paying out on a very wide range of policies to support businesses and people affected by COVID-19. The Lloyd's market alone is currently expected to pay claims amounting to

some \$4.3bn, making it one of the market's largest pay-outs ever. What makes COVID-19 unique is the not just the devastating continuing human and social impact, but also the economic shock. Taking all those factors together will challenge the industry as never before, but we will keep focused on supporting our customers and continuing to pay claims over the weeks and months ahead.

“Alongside making record pay outs, we have been turning our attention to what more we can do to support business and society through this incredibly difficult time. In addition to our £15m package of charitable donations, we have set aside £15m in seed capital to explore how the industry can create or house structures which support economic recovery and mitigate against future events of this magnitude. We are also working with our Advisory Committees to develop a number of initiatives to support our customers and economic recovery in the short, medium and long-term.”

In addition to managing wide-ranging pay outs across sectors and geographies, the experts, entrepreneurs and innovators drawn together by the Lloyd's market have already started creating new policies to support the immediate health response as well as the longer-term exit strategy. This includes the search for diagnostics, treatments and vaccinations, where one Lloyd's syndicate<sup>^</sup> is insuring more than 100 individual clinical trials taking place around the world investigating all stages of COVID-19.

Sitting alongside the £15m package of support for charitable organisations responding to the pandemic, Lloyd's is also repurposing existing innovation initiatives in its Innovation Lab and Product Innovation Facility to help fast track development of insurance products to support the response to COVID-19.

Lloyd's plans to announce a series of further initiatives in the coming weeks as it continues to work with government, industry and business to support the short, medium and long-term response to COVID-19. One initiative under consideration includes establishing a 'Recover Re' insurance vehicle offering “after the event” cover for pandemic related business recovery, including the current COVID-19 pandemic.

## Notes to Editors

Lloyd's customer pay-outs are split as follows:

- **Geography:** US & Worldwide (58%), UK 15%, RoW (10%), Europe (7%), Other (10%).
- **Class of business:** Event Cancellation (31%), Property Covers (29%), Credit Lines (11%) and 15 Other Classes (29%).

\*The preliminary estimate range of \$3bn - \$4.3bn is derived from two scenarios:

- i. Submitted totals together with estimated downside uncertainty range up to and including 16 March 2020.

ii. Submitted totals together with estimated downside uncertainty range as well as assuming material social distancing rules and restrictions persist regionally and/or globally until 30 June 2020.

\*\*Aggregated Lloyd's market claims pay outs for hurricanes Harvey, Irma and Maria in 2017 = \$4.8bn; Lloyd's market claims pay outs for 9/11 = \$4.7bn

- Impacts based on base case epidemiological scenario of extreme social distancing for most of Q2 with gradual relaxation of social distancing in H2 2020.

-Some \$28bn is expected to be paid in 2020 across a wide range of policies, including Event Cancellation, Property and Travel. Further pay-outs are expected as the effects of COVID-19 continue to unfold, across classes such as Directors' and Officers' policies, Professional Indemnity and Credit insurance.

^Newline Syndicate 1218

1. Lloyd's is rated AA- (very strong) with Fitch, A+ (strong) with Standard & Poor's and A (excellent) with A.M. Best.

2. Members' resources operate on a several bases and are only available to meet each member's share of claims. Central assets are available at the Council's discretion to meet the liabilities of any member on a mutual basis.

3. This press release includes forward-looking statements. These statements are based on currently available information. They reflect Lloyd's current expectations, projections and forecasts about future events and financial performance. All forward-looking statements address matters that involve risks, uncertainties and assumptions. Based on a number of factors, actual results could vary materially from those anticipated by the forward-looking statements. These factors include, but are not limited to, the following:

- a. Rates and terms and conditions of policies may vary from those anticipated.
- b. Actual claims paid and the timing of such payments may vary from estimated claims and estimated timings of payments, taking into account the preliminary nature of such estimates.
- c. Claims and loss activity may be greater or more severe than anticipated, including as a result of natural or man-made catastrophic events.
- d. Competition affecting the basis of pricing, capacity, coverage terms or other factors may be greater than anticipated.
- e. Reinsurance placed with third parties may not be fully recoverable, or may not be paid on a timely basis, or such reinsurance from creditworthy reinsurers may not be available or may not be available on commercially attractive terms.
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#### **Enquiries to:**

**Nathan Hambrook-Skinner**

**Senior Media Relations Manager**

Tel: +44 (0)20 7327 6125 Email: [nathan.hambrook-skinner@lloyds.com](mailto:nathan.hambrook-skinner@lloyds.com)

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## Business interruption insurance

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Find out how we are seeking legal clarity on business interruption (BI) insurance during the coronavirus (Covid-19) crisis. We'll update this page with information on what we've done and are doing, including our invitation for policyholders with unresolved disputes to submit their arguments.

---

The coronavirus (Covid-19) pandemic has led to widespread disruption and business closures resulting in substantial financial loss. Many customers have made claims for these losses under their BI insurance policies. There has been widespread concern about the lack of clarity and certainty for some customers making these claims, and the basis on which some firms are making decisions in relation to claims.

The issues surrounding BI policies are complex and have the potential to create ongoing uncertainty for both customers and firms. The variation in the types of cover provided and wordings used mean it can be difficult to determine whether customers have cover and can make a valid claim. There are genuine doubts over the appropriate interpretation of the wording in some cases. This has led to uncertainty and disputes, with many customers who believe they have valid claims having these rejected by their insurer.

We believe the circumstances of the current coronavirus emergency, and its effect on businesses holding BI policies means this uncertainty needs to be resolved as quickly as possible. So we are setting out our actions so far and how we intend to engage with policyholders and insurance intermediaries throughout the test case process.

### What we've done

On **19 March 2020**, we [set out our expectations](#) [1] for insurance firms. This outlined our expectation that firms should consider very carefully the needs of their customers and show flexibility in their treatment of them.

On **15 April 2020**, we wrote to all chief executives of insurance firms. [This Dear CEO letter](#) [2] outlined our expectations of firms with regard to the settlement of BI claims and the need to assess and settle claims quickly.

On **1 May 2020**, [our statement](#) [3] set out our intention to obtain court declarations aimed at resolving the contractual uncertainty around the validity of many BI claims. We explained we are intending to take this action in the public interest to advance our consumer protection and market integrity objectives, with the aim of obtaining legal guidance more quickly and at lower cost to policyholders than would be the case if they took their own actions.

Alongside our statement on 1 May we asked insurance companies for information on their BI policies and wordings, and their intentions and decisions in relation to claims on these policies (by 15 May). We are using this information to consider, with external counsel, which policies we will seek to achieve a declaratory judgement on through the courts. We want a representative sample of wordings to give as much clarity as possible, whilst recognising that the need for an expedited court process means we can't achieve clarity on every different wording. We are not yet in a position to definitively identify which policy wordings, or indeed firms, may be included in proceedings.

### We want your views

The coronavirus pandemic will have affected policyholders in many different ways. The issues relevant to the intended proceedings will be wide-ranging and complex. We recognise we will better achieve our consumer protection and market integrity objectives if the proceedings cover as broad a cross section of policies and issues as is compatible with an expedited court process. We are reviewing extensive material provided by insurers with the aim of delivering on that objective.

So, we are inviting policyholders of BI insurance who are in dispute with their insurers over the terms of their policies to engage with us, should you wish us to take these arguments into account as part of the test case. In particular, we ask that you send us:

- your (or your representative's) arguments as to why you consider cover should be available in cases where you consider your insurers have not responded appropriately to a claim;
- the wording of the policy that has not responded; and
- brief relevant facts of the case.

We need policyholders' arguments now as we intend to seek the court's view on relevant policies as soon as possible, and we will consider all arguments and information you raise to us by Wednesday 20 May 2020. Where you are a member of an action group pursuing action against an insurer or of a relevant trade body, please could you also identify this clearly in your correspondence.

Please email: [biinsurancetestcase@fca.org.uk](mailto:biinsurancetestcase@fca.org.uk) [4]

We will contact you if we have any queries in relation to the information submitted and will consider all arguments raised, but we will not be able to respond individually to all emails sent to this email address.

We will provide email updates to policyholders who sign up for these via the link below.

## High Court test case and policyholder engagement

The High Court test case is not intended to encompass all possible disputes, but to resolve some key contractual uncertainties to provide clarity for policyholders and insurers. It will not determine how much is payable under individual policies, but will provide the basis for doing so.

We have now developed a [Policyholder Engagement Statement](#) [5] for policyholders and insurance intermediaries which sets out our approach to the High Court test case for BI insurance policies, with the key points as follows:

- The FCA will put forward policyholders' arguments to their best advantage where claims have been rejected and the usual channels of claims settlements have reached an impasse.
- The intended action will not prevent individuals from pursuing issues through negotiated settlement, arbitration, court proceedings as a private party, or taking eligible complaints to the Financial Ombudsman Service.
- We wish to ensure that policyholders and insurance intermediaries are properly engaged throughout the test case process.
- We are inviting policyholders and insurance intermediaries who are aware of unresolved disputes with insurers over the terms of BI policies to email arguments they wish us to consider as part of the test case (with the associated policy and brief factual circumstances) to [biinsurancetestcase@fca.org.uk](mailto:biinsurancetestcase@fca.org.uk) [4] by Wednesday 20 May.
- We will treat this information as confidential and covered by the FCA's litigation privilege.
- We will use the arguments, policies and fact patterns put forward by policyholders to inform the sample of policy wordings and fact patterns to be used in the court proceedings.
- We expect to make public all the 'pleadings' in the test case, and will update this webpage regularly and be available for discussion with action groups and policyholders and their legal representatives.
- The result of the test case will be legally binding on the insurers that are parties to the test case in respect of the representative sample considered. It will also provide persuasive guidance for the interpretation of similar policy wordings and claims, that will be able to be taken into account in other court cases, by the Financial Ombudsman Service and by the FCA in looking at whether insurers are handling claims fairly.

## Sign up for BI insurance updates

Policyholders can [sign up to receive email updates](#) [6] on BI insurance and the High Court test case.

**Source URL:** <https://www.fca.org.uk/firms/business-interruption-insurance>

First published: 15/05/2020 | Last updated: 15/05/2020

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## Hiscox faces legal action from companies pursuing coronavirus payouts

[UK News \(/news/uk-news/\)](/news/uk-news/) | Published: May 18, 2020

Mishcon de Reya, the city law firm leading the case, says that over 400 policyholders have signed up with almost £40 million in claims.



Hiscox offices in central London

A group of angry Hiscox policyholders have been given the go-ahead to launch legal action against the insurance giant.

The Hiscox Action Group – which was set up by policyholders frustrated by Hiscox’s decision to exclude coronavirus disruption from its business interruption policies – said it intends to launch a claim in the coming days.

Mishcon de Reya, the city law firm leading the case, says that over 400 policyholders have signed up with almost £40 million in claims against the insurer.

“

For many of our members, this insurance is the difference between survival and bankruptcy

”

*Simon Ager, Hiscox Action Group*

The law firm is expected to file an “expedited arbitration claim” and has advised members of the group that the action has “good chance” of success.

ADVERTISING

Simon Ager, of the Hiscox Action Group, said: “Everyone has been working really hard to move this claim forward.

“For many of our members, this insurance is the difference between survival and bankruptcy, and we are determined that they should get the money they are entitled to as soon as possible.”

It said Mishcon de Reya’s lawyers have also suggested that the group may be able to pursue their claim through the Enterprise Act.

*Advertising*

“

As the FCA has said, most UK small business policies across the industry do not cover pandemics

”

*Hiscox*

Daniel Duckett, who is on the group’s steering committee, said: “Many of our members have lost out because Hiscox has refused to pay out and forced us to go to these extraordinary lengths to get settlement.

“The insurance provisions of the Enterprise Act will mean we can now not only recoup the money we are entitled to but also get significant extra payments to compensate us for our additional losses”.

A Hiscox spokeswoman said: "We understand these are difficult times for businesses and we are paying claims that are covered by the policies we issue fairly and quickly.

"As the FCA (Financial Conduct Authority) has said, most UK small business policies across the industry do not cover pandemics.

"As we have said previously, we welcome all steps to expedite resolution of any dispute and we look forward to working with policyholders to achieve this."

[REDACTED]

**From:** [REDACTED]

**Sent:** 19 May 2020 12:45

**To:** Public Affairs Team <PublicAffairsTeam@fca.org.uk>

**Subject:** Business Interruption Insurance & COVID-19 (Case Ref: [REDACTED])

To whom it may concern,

In light of the ongoing Coronavirus situation, I have been contacted by many businesses in my constituency who are understandably perturbed at what appears in many circumstances to be insurances refusing to pay out on potentially valid claims against business interruption policies. I have attached one example of such correspondence I have received below.

In this case the insurance policy does clearly state that the policy holder should be covered in the result of closure as a result of notifiable diseases. Attached is a copy of the policy stating this. Clearly COVID-19 has now been listed as a notifiable disease, however the insurance company is refusing honour this claim.

In light of the understandable concerns which have been raised to me by many business in my constituency, what actions are the FCA taking to ensure that insurers do pay out when policy holders have the appropriate insurance, and what advice can you provide for businesses like the [REDACTED] who appear to have valid claims rejected? Any comments you could provide would be greatly appreciated.

Best,

[REDACTED]

---

**From:** [REDACTED]

**Sent:** 27 April 2020 11:08

**To:** [REDACTED]

**Subject:** Insurance refusing to recognise COVID-19 as a Notifiable Disease

[REDACTED]

Good Morning

Thank you for your time earlier and following on from our conversation, I am writing to inform the UK government about the insurance industry refusing to recognise COVID-19 as a notifiable disease for insurance purposes.

I have attached a copy of my contract of insurance notes which show that the additional cover of business interruption includes notifiable disease as a reason for making a claim. The wording of this clause could not be more relevant to what we are currently experiencing, however after a phone call with [REDACTED] (my insurance broker) this morning, they informed me that my insurer - [REDACTED], is refusing to add COVID-19 to the Notifiable Disease list for which I would be covered for Business Interruption.

To hear this, after recovering from flooding in February, only to be shut a week later is laughable as this would be a life line to us to ensure that we can resume normal trading once the government allows. I do not understand how an insurer expects you to pay a premium for a policy that includes Notifiable Disease as additional cover

MB1/214

can just decide that they don't want to include COVID-19 to save money where so many small and medium businesses are on the verge of collapse, let alone companies such as ours that were still reeling from flooding only to be hit by closure again.

This seems very, very wrong to me and has to put into question the power that insurers have where they can pick and choose who and what they decide to cover, despite the government decision to recognise COVID-19.

My insurance policy is for the [REDACTED]  
and the policy number is [REDACTED] if this is useful at all.

Any assistance or advice I can get on how to stand up to these corrupt insurance "big boys" would be much appreciated as I am not prepared to stand by and let them walk over small businesses without at least trying to put up a fight!

Thanks again,

[REDACTED]

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**From:** [REDACTED]  
**To:** [MPs Letters](#)  
**Subject:** [REDACTED]  
**Date:** 19 May 2020 16:08:03  
**Attachments:** [letter566.pdf](#)  
[RE Urgent request for assistance](#) [REDACTED]

---

Dear Sir/Madam,

Please see attached for a letter from [REDACTED] regarding their insurance dispute.

I have attached [REDACTED] original letter, which explains the matter further.

Thank you in advance for your assistance.

Yours sincerely,

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HOUSE OF COMMONS

LONDON SW1A 0AA

Christopher Woolard  
Chief Executive  
Financial Conduct Authority  
12 Endeavour Square  
London  
E20 1JN

19 May 2020

Dear Mr Woolard,

RE: [REDACTED]

I am writing after I was contacted by [REDACTED], who provide a vital service to a number of my constituents, and operate a number of charity shops similarly based in [REDACTED]

[REDACTED] has written to me, explaining that [REDACTED] are currently in the process of making a claim against their business insurance to recover some of the income lost due to the recent closure of their charity shops.

Having received the requisite instruction to close from a local authority, [REDACTED] has now been told that her insurer disputes [REDACTED] forecasted revenue for the period of closure, citing the ongoing pandemic's effects in reducing footfall to their store.

I have included the constituent's letter herein for your convenience, which explains the issue in full.

Due to the specific nature of [REDACTED] concerns, I would be very appreciative if you could look into the matter further and come back to me with an answer to the issues raised and how they are being resolved.

Many thanks in advance for your assistance in this matter.

Yours sincerely,

[REDACTED]

MB1/217

**From:** [REDACTED]  
**To:** [REDACTED]  
**Subject:** RE: Urgent request for assistance [REDACTED]  
**Date:** 13 May 2020 14:49:22

---

Dear

Thank you for your email and for the support that you have given us with regard to our Business Interruption insurance claim in relation to revenue we have lost arising from the current Covid 19 pandemic. We really appreciate all the support that you can give at this difficult time. I know that a lot of charities will be in a similar position to us right now, which makes your support all the more important and impactful.

I'd like to reassure you that [REDACTED] County Council are providing us with all the support that they possibly can and that their legal team are trying to help us to find a way through this matter, but resolution of this may be out of their hands.

It appears that our insurance cover for loss of income from our [REDACTED] centres is dependent on 'closure or restriction of premises by the competent local authority' and is not valid if they simply tell us to close in order to impose national Government legislation. Their argument is that this clause does not intend to cover a wider, large scale national and international event as we find ourselves in now.

Therefore we would require an appropriate order or advice from the competent local authority for our premises, for our claim to be accepted under the terms and conditions of the Business Interruption insurance. The letter that we have currently received from [REDACTED] is telling us to close due to national legislation, so does not meet the criteria to trigger our insurance policy.

We have also been informed that our insurer is unlikely to cover our loss of income from closing our charity shops, as the insurer will challenge the revenue that we have budgeted to receive during this period. The insurers argument is that we would never have achieved our retail income forecast as national Government had told the public to stay at home.

About a third of our income comes from our charity shops and our [REDACTED], which we can ill afford to lose. As [REDACTED] is for the most vulnerable members of our [REDACTED] it is highly unlikely that we will be able to re-open these centres for the foreseeable future.

If, as a Member of Parliament, you are able to influence the insurance position with the national government, that would be so helpful, not only to ourselves, but to many other charities.

Many thanks,

---

**From:** [REDACTED]

**Sent:** 11 May 2020 13:15

**To:** [REDACTED]

**Subject:** RE: Urgent request for assistance ([REDACTED])

**CAUTION:** This email originated from outside your organization. Exercise caution when opening attachments or clicking links, especially from unknown senders.

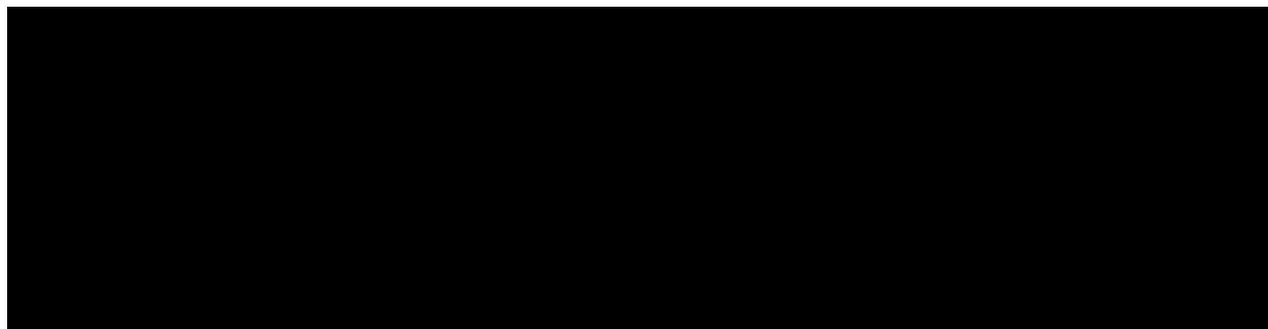
Dear [REDACTED]

I am delighted to see that the Council Chief Executive has now contacted you regarding the explicit closure of business premises. Although unsure of the exact circumstances, I am hopeful that this will be an avenue to access the financial support that [REDACTED] needs to continue its vital work.

Please let me know if I can be of further assistance with this, or any future issues.

MB1/218

Yours sincerely,



---

From: [REDACTED]  
Sent: 7 May 2020 21:10  
To: [REDACTED]  
Cc: [REDACTED]  
Subject: RE: Urgent request for assistance

Dear [REDACTED]

I have been passed this enquiry by the MP [REDACTED]. If you can provide me details of the address and nature of the premises you are referring to, I will speak with the relevant officers in enforcement to establish whether we can draft confirmation that your outlet(s) cannot operate under the COVID 19 regulations. I know that charity shops fall within the same retail category of non-essential products and would be closed by the enforcement officer if they were to open however, I am not sure what [REDACTED] offer.

Would I be correct in assuming that you have made a similar approach to other local authorities with [REDACTED] premises?

Thank you for the enquiry and I look forward to hearing from you.

Best regards,

[REDACTED]  
From: [REDACTED]  
Sent: 29 April 2020 14:08  
To: [REDACTED]  
Subject: Urgent request for assistance

Hi,

Please could you assist us with an urgent matter, which will have a substantial negative financial impact on [REDACTED], if we are unable to find a resolution?

[REDACTED] is the [REDACTED] and delivers a number of services on behalf of the County Council.

[REDACTED] has a Business Interruption Insurance Policy, which we are hoping will cover us for a significant loss of income during the Covid-19 pandemic. This insurance will cover us for the

MB1/219

necessary closure of our charity shops and [REDACTED], during the Covid19 lockdown, but only if the Local Authority ordered or advised these closures. We have acted in response to closure actions stipulated by national government which we are now being told is not covered by our policy.

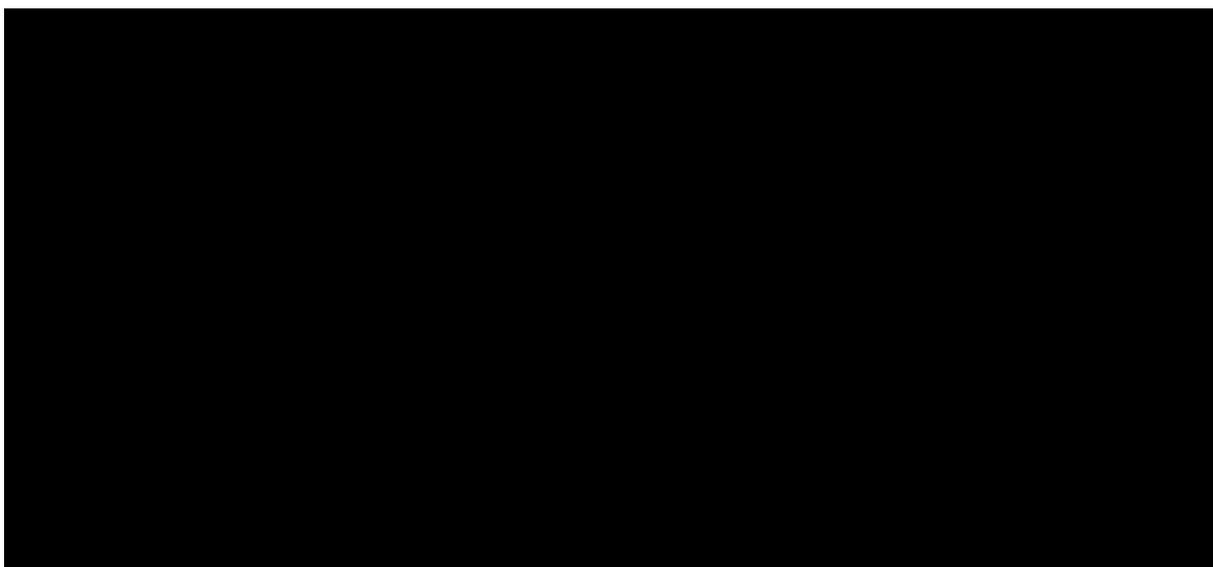
Our insurers have stipulated that we need to be able to provide them with an appropriate order or advice from the competent local authority for our premises/services, then they will consider that there should be cover available for some revenue loss under the terms and conditions of the Business Interruption insurance.

I am writing to seek your support and to ask if you are able to help us to secure a statement in writing which states that the Local Authority required us and/or advised/informed us to close our [REDACTED] and Charity shops?

Without your support, we find ourselves at a loss of what to do in order to get this significant loss of income covered, which will undoubtedly have a considerable impact on our Charity and in turn be of detriment to [REDACTED] across [REDACTED] if unresolved. We were unable to continue to provide these services from 23rd March due to stipulations by the National Government and would have found ourselves in legal difficulty had we continued with service provision or kept our shops open. That the guidance came from the National Government did in our opinion at that time override any requirement for the Local Authority to ask us to cease service provision, but we now find ourselves in this unclear position.

I look forward to hearing from you at your earliest convenience.

Many thanks,





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## Insurance action group prepares to challenge Aviva and QBE over business interruption policies

By James McAllister

21-May-2020 - Last updated on 21-May-2020 at 12:19 GMT

RELATED TAGS: Insurance, Coronavirus, ukhospitality

**The Hospitality Insurance Group Action (HIGA) has announced it is preparing to launch a group claim against insurers Aviva and QBE over unpaid business interruption policies.**



It comes after the group's legal advisor, Mishcon de Reya, working in conjunction with Philip Edey QC of Twenty Essex Chambers, completed a review of over 500 business interruption insurance policies, submitted by applicants between 29 April and 6 May 2020.

HIGA, which was **set up last month** to support hospitality businesses who are wrestling with insurers to secure payouts under their business interruption policies, says it is now writing to all its applicants, inviting only those policyholders who are with Aviva and QBE and have specified types of policy wordings to confirm if they remain interested in participating in a funded group claim.

It is also inviting any business in the hospitality industry not already registered with HIGA, but which has sought to claim under its business interruption policy with QBE and Aviva and has thus far been 'ignored or thwarted', to join HIGA by registering **here**.

"We were overwhelmed by the expressions of interest in bringing actions against insurers from within the hospitality industry – demonstrating how hard-hit this sector has been as a result of the government-enforced lock-down and how intransigent many in the insurance industry have been towards their policyholders," says Sonia Campbell, partner and head of the insurance disputes team at Mishcon.

"We are contacting those HIGA applicants insured by Aviva and QBE and inviting them to confirm their continued interest in participating in a group claim.

"We also encourage any other business in this sector - with a specifically-worded business interruption policy underwritten by Aviva or QBE - to contact us by no later than Friday 5 June, should they wish to consider participating in HIGA's group action. We believe this is the best way to ensure some financial recompense for these policyholders following their sudden and enforced closure."

Mishcon says it is in discussions with third party funders to secure funding for the costs of this litigation and expects to be able to move forward by Wednesday 10 June, with the aim of issuing a claim as soon as possible thereafter.

The action is one of several notable challenges being made across the sector against insurers for refusing to honour business interruption policies.

Last week, a **joint letter** was sent to the Association of British Insurers from industry trade bodies UKHospitality, the British Beer and Pub Association (BBPA), the British Institute of Innkeeping (BII), and the Society of Independent Brewers, demanding insurers to meet their obligations to the sector.

Meanwhile, a crowdfund campaign launched to challenge insurance companies that are refusing to honour business interruption policies specifically for the hospitality sector, has **moved on to its next phase** having surpassed its initial £20,000 target.

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# Edwin Coe Forms 2 Biz Interruption Groups For COVID Claims

By [Martin Croucher](#)

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Law360, London (May 22, 2020, 8:08 PM BST) -- Insurance law firm [Edwin Coe LLP](#) said it has established two groups to pursue business interruption claims against insurers RSA and [Hiscox](#), amid growing hunger for litigation in the wake of the U.K.-wide lockdown.

Edwin Coe said the insurers were "reneging" on their contractual requirements to small businesses, which had threatened their survival during the pandemic. There are 250 to 300 claimants in the RSA group and 62 in the Hiscox group, the firm said on May 19.

In recent weeks, there has been a surge in the number of law firms setting up groups to pursue claims on a collective basis against insurers over refusals to pay out on policies.

MB1/223

Edwin Coe already has a group for Allianz policyholders, while [Mishcon de Reya LLP](#) has a [group pursuing action](#) against Hiscox [and another](#) seeking damages against QBE and [Aviva](#).

"Unfortunately, in many cases claims have been denied because of arguments based on ambiguous policy wordings and weak legal precedent," Roger Franklin, head of insurance litigation at Edwin Coe, said. "We aim to challenge those arguments as quickly and cost effectively as possible so that businesses can survive in these trying times."

Hiscox said its policies, like many others in the industry, did not cover [losses from pandemics](#). A spokesperson for RSA did not immediately respond to a request for comment.

Business interruption insurance normally only covers losses where a company is forced to shut due to property damage. There are a number of extensions that can be added to cover to guard against losses from closures resulting from an infectious disease outbreak.

"While it is correct that a lot of commercial insurance policies do not provide cover for losses caused by COVID-19, a lot of them do," Franklin said. "Hiscox is one such example."

The [Financial Conduct Authority](#) is preparing to take a handful of [representative policy wordings](#) to the High Court in July to get a judgment over whether insurers are required to pay out claims.

The FCA said its case would not prevent groups or individuals from pursuing their own legal cases.

--Editing by Alyssa Miller.

*For a reprint of this article, please contact [reprints@law360.com](mailto:reprints@law360.com).*

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MB1/224

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**insuranceage**

## RSA and Hiscox face new group action in Covid-19 BI legal row



Ida Axling

[@BrokingIda](#)

22 May 2020

0 Comments

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**Law firm Edwin Coe is advising two groups of businesses who have had their BI claims rejected by Hiscox and RSA.**

Fresh group action against RSA and Hiscox is being prepared by insurance lawyers at Edwin Coe.

The claims relate to business interruption losses as a result of the coronavirus crisis.

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According to Edwin Coe, the group action against Hiscox is in conjunction with claims specialist Roger Topping of Claims Equilibrium Club.

It advances under the name Hiscox Business Interruption Group, which the law firm stated involves a number of businesses that have been denied claims for BI losses during the pandemic.

### **Ambiguous**

Head of insurance litigation at Edwin Coe, Roger Franklin, commented: “While it is correct that a lot of commercial insurance policies do not provide cover for losses caused by Covid-19, a lot of them do. Hiscox is one such example.

“Unfortunately, in many cases claims have been denied because of arguments based on ambiguous policy wordings and weak legal precedent.

“We aim to challenge those arguments as quickly and cost effectively as possible so that businesses can survive in these trying times.”

Meanwhile, the RSA group action is based on a “large number” of businesses owners in the holiday let cottage sector.

Franklin continued: “Businesses purchase insurance to give them some protection in times of crisis, especially SMEs, which usually only have one source of revenue.

“Too many insurers are renegeing on the bargain they struck when they agreed to accept the premium.”

Franklin urged other businesses who have been denied claims from these insurers and are interested in joining the group to get in touch.

A spokesperson for Hiscox commented: "As we have said previously, we welcome all steps to expedite resolution of any disputes and we will work with the industry, its regulators and our customers to achieve this through the range of independent mechanisms available."

*Insurance Age* has contacted RSA for a comment.

### **Litigation**

Earlier this month, Edwin Coe teamed up with Harris Balcombe in [spearheading claims for BI losses against Allianz Insurance](#) under its Resilience MD&BI policy wording.

Hiscox is also under fire from another consumer action group, the Hiscox Action Group (HAG), which is being represented by Mishcon de Reya and is supported by Harbour Litigation Funding to take its case to court.

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The pressure group [represents more than 400 SMEs with up to £40m in claims between them](#) and is set to launch an arbitration claim against the provider.

RSA is also facing legal action from separate groups, including a number of businesses in [the childcare provision sector](#) as well as a group of firms working in the self-catering accommodation market.

A number of providers are currently facing litigation for refusing to pay out coronavirus-related claims, including [Aviva and QBE](#), [Axa and Zurich](#).

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1. Home (<https://www.gov.uk/>)
2. Coronavirus (COVID-19) (<https://www.gov.uk/coronavirus-taxon>)

Press release

# Prime Minister sets out timeline for retail to reopen in June

Prime Minister Boris Johnson sets out a timeline for retail to reopen in June.

Published 25 May 2020

From:

Prime Minister's Office, 10 Downing Street (<https://www.gov.uk/government/organisations/prime-ministers-office-10-downing-street>), The Rt Hon Boris Johnson MP (<https://www.gov.uk/government/people/boris-johnson>), and The Rt Hon Alok Sharma MP (<https://www.gov.uk/government/people/alok-sharma>)



Thousands of high street shops, department stores and shopping centres across England are set to reopen next month once they are COVID-19 secure and can show customers will be kept safe, the Prime Minister Boris Johnson has confirmed today.

The Prime Minister has set out:

- outdoor markets and car showrooms will be able to reopen from 1 June, as soon as they are able to meet the COVID-19 secure guidelines to protect shoppers and workers. As with garden centres, the risk of transmission of the virus is lower in these outdoor and more open spaces. Car showrooms often have significant outdoor space and it is generally easier to apply social distancing
- all other non-essential retail including shops selling clothes, shoes, toys, all furniture stores, books, and electronics, tailors, auction houses, photography studios, and indoor markets, will be expected to be able to reopen from 15 June if the government's 5 tests are met and they follow the COVID-19 secure guidelines, giving them 3 weeks to prepare

Shops like supermarkets and pharmacies have been trading responsibly throughout the pandemic. Building on this and in line with the government's roadmap, reopening non-essential retail is the next step towards restoring people's livelihoods, restarting the UK's economy, and ensuring vital public services like the NHS continue to be funded.

Businesses will only be able to open from these dates once they have completed a risk assessment, in consultation with trade union representatives or workers, and are confident they are managing the risks. They must have taken the necessary steps to become COVID-19 secure in line with the current Health and Safety legislation.

The government is taking action to help businesses re-open and protect their staff and customers, including:

- publishing updated COVID-secure guidelines for people who work in or run shops, branches, and stores, after consultation with businesses, union leaders, Public Health England and the Health and Safety Executive
- working with local authorities to continue to carry out spot checks and follow up on concerns by members of the public

The updated guidance takes into account the best practice demonstrated by the many retailers which have been allowed to remain open and have applied social distancing measures in store. Measures that shops should consider include:

- placing a poster in their windows to demonstrate awareness of the guidance and commitment to safety measures
- storing returned items for 72 hours before putting them back out on the shop floor
- placing protective coverings on large items touched by the public such as beds or sofas
- frequent cleaning of objects and surfaces that are touched regularly, including self-checkouts, trolleys, coffee machines and betting terminals, for example

The vast majority of businesses will want to do everything possible to protect their staff and customers, but tough powers are in place to enforce action if they don't, including fines and jail sentences of up to 2 years.

As per the roadmap, hairdressers, nail bars and beauty salons, and the hospitality sector, remain closed, because the risk of transmission in these environments is higher where long periods of person to person contact is required.

Business Secretary Alok Sharma said:

The high street sits at the heart of every community in the country. Enabling these businesses to open will be a critical step on the road to rebuilding our economy, and will support millions of jobs across the UK.

The guidance we have set out today provides a vital framework to get shops open in a way that is safe for everyone. It explains how retail workers who are not currently working can go back to work as safely as possible and feel confident in their workplace. And it reassures customers that shops are properly assessing the risks and putting in place measures to protect them.

Josh Hardie, CBI Deputy Director General, said:

As our high streets slowly reawaken, this new guidance is important for businesses on the ground. Our shops are doing all they can to keep the public and their staff safe, and we've seen many retailers leading from the front with innovative solutions to do just that. As more and more businesses turn their attention to reopening, this guidance will help them plan to do so safely and securely.

Andrew Goodacre, CEO, British Independent Retailers Association, said:

Bira is pleased with the guidance being given to retail outlets.

It provides a broad framework for the basic measures and still allows the retailer to be flexible according to the size, layout and location of the shop.

This guidance will ensure that independent retailers provide safe environments for employees and customers.

### Notes to editors

- read the government guidance on the regulations governing which businesses can, and cannot, remain open (<https://www.gov.uk/government/publications/further-businesses-and-premises-to-close>)
- businesses that identify as homeware have been permitted to remain open by the regulations. The government is proposing to allow all other retail to open from 15 June provided, as with other retailers, they are COVID-secure. The changes from 15 June would include furniture shops where they have not fallen within another class of business already permitted to open under the regulations

Published 25 May 2020

### Explore the topic

- Coronavirus (COVID-19) (<https://www.gov.uk/coronavirus-taxon>)



*Lets get justice for all the Businesses who paid Hiscox for a policy in good faith!*

Home

Join Us

Legal Representation

FAQs



Media and Press Coverage

Contact

# HISCOX MUST BE HELD TO ACCOUNT

Hiscox sold  
Business  
Interruption cover  
which clearly covers  
Public Authority  
closures. Now they  
are declining valid  
claims by adding  
wording to the policy  
that simply DOES  
NOT EXIST.



**JOIN US  
NOW**

The Hiscox Action Group is a united front to address and challenge the blanket denials of valid Business Interruption insurance claims by Hiscox Insurance.

**Please note: we cannot comment or advise you on Business Interruption policies held with any other insurers. You should follow**

**MB1/232**

## **their claims and complaints procedures. As policy wordings vary amongst insurers our efforts may not assist in your claims.**

Due to the current Coronavirus pandemic many businesses, both SMEs and larger companies, have had to temporarily cease trading and have believed that their BI Insurance policy with Hiscox would cover these losses. The specific wording in the BI extension should respond in this situation and the consensus is that Hiscox is wrong in denying claims.

Our goal is to hold Hiscox Insurance to account and to take any action necessary to ensure that Hiscox Insurance is forced to pay out on thousands of valid BI insurance claims.

Hiscox Action Group is entirely volunteer led and has been set up by Media Zoo, The Pinnacle Climbing Centre and Lazy Claire Patisserie who have all gone public about the issue in print and television media. These businesses represent England and Northern Ireland, however we would like to include businesses in the rest of the U.K.

**If you have not already, you should file a claim with Hiscox Insurance by phoning their Covid-19 Helpline at 0800 280 0351 or by emailing at [covid19enquiries@hiscox.com](mailto:covid19enquiries@hiscox.com). Once you have submitted a claim you should receive a claim reference number. If your claim is denied, you should raise a formal complaint either by phone at (0)800 116 4627 or by emailing [customer.relations@hiscox.com](mailto:customer.relations@hiscox.com). Your complaint should include wording as to why you believe that the declination of your claim was wrong and that you expect a response as per the Financial Ombudsman Service's guidelines within 8 weeks. They should give you a complaint reference number and likely will email you every 2 weeks with updates, if any.**

**NOTE: Regardless of action taken by the Hiscox Action Group, you are strongly urged to follow this procedure, otherwise you may not be entitled to compensation or cover.**

If you have a Business Interruption policy with Hiscox and they have denied your valid claim, please submit your details on our [Join Us](#) page and we will ensure you are kept up to date on any developments.

Please note: no information on this webpage should be taken as legal advice regarding any Hiscox Insurance policy. All views expressed are those of the site administrators and should not be taken as recommending any specific course of action in response to a claim denial by Hiscox Insurance. Joining this group should not in any way change any other action you may or should take. No-one involved in the Hiscox Action Group can accept any responsibility for any losses incurred as a result of joining this group. You are encouraged to review any course of action that we recommend and judge whether it is appropriate to your claim denial.

## Coronavirus Insurance Claims

### **Do you have Business Interruption insurance? Has your insurer declined to pay out?**

Many businesses are unable to trade as usual during the Covid-19 lockdown, causing them financial loss. Hotels, guesthouses, healthcare professionals and day-care nurseries have been particularly affected by the government's order to close non-essential businesses.

[SIGN UP](#)



## Why choose our litigation lawyers?

Many insurers are refusing to pay out and relying on technical legal arguments to avoid covering losses. We are specialist insurance lawyers who can evaluate your policy and advise you on whether you have a claim.

We have seen many examples where insurers are wrong about their obligations and there is good reason to take legal action against them.

We are already advising clients on their Business Interruption (BI) insurance policies and whether particular extensions are sufficiently wide to provide them with BI cover. We have identified a number of extensions issued by insurers that are likely to cover loss caused by the Covid-19 lockdown, including policies sold by Hiscox, QBE, RSA and several Lloyd's of London syndicates.

We are looking to gather as many businesses as possible in separate claimant groups with the same respective BI extension wording. This has a number of benefits:

**1. Cost:** Legal actions can be prohibitively expensive for one business, but for a group of businesses, we can run the case on a "no win, no fee" arrangement.

**2. Precedent:** There are a number of legal issues common to all BI insurance claims that policyholders will need to prove a valid claim. These can be determined in a test action to obtain a precedent to be used against all insurers, with the legal costs being shared across all groups.

**3. Negotiation:** The larger a group, the greater your bargaining power is likely to be.

If you have a BI claim that has been denied by insurers, please submit your details using the relevant button below. We will let you know as soon as possible if your claim is appropriate to be included in one of Fieldfisher's action groups.

## No win no fee

We will take your case on a "no win, no fee" basis, either through our in-house funding structure, [FeeSolve](#) or by using third-party funding. Unlike many law firms, our FeeSolve

model means we have a stake in the outcome of the case and can approve funding options more quickly and with greater cost-savings compared to other litigation funding options.

This means you pay nothing upfront and we will cover all costs as the case progresses. If you win your case, you pay some of your compensation to us, which will reimburse us for any costs and pay our fees. If you lose, you pay nothing.

The actual cost per policyholder will depend on the total amount being claimed by the group and the settlement achieved. We will provide you with full information on how this arrangement works during the sign up process.

We also have an [FAQ page](#), which explains this approach in more detail

## Business Insurance

The spread of Coronavirus is unprecedented in modern times, and insurers understand this is an incredibly difficult time for families and businesses.

No country in the world is able to provide widespread pandemic insurance, and the UK is no exception. For this type of cover to be available and affordable, would require a very significant subsidy from the government - given the scale of business disruption we have seen with the COVID-19 pandemic. Instead, standard commercial insurance policies – the type the vast majority of businesses purchase – provide cover against a wide range of day to day risks including damage caused by fire, flood, theft and accidents involving employees.

Every day, insurers action claims of £22m to firms through business insurance policies, supporting millions of firms across the UK each year. As recognised by the industry regulator, [in a letter to insurance CEOs](#) (<https://www.fca.org.uk/publication/correspondence/dear-ceo-insuring-sme-business-interruption-coronavirus.pdf>), the FCA said: “most policies have basic cover” and “do not cover pandemics, and insurers have no obligation to pay out in relation to the COVID-19 pandemic”.

In the instance where there are valid claims, ABI members are working tirelessly to support their customers, through the swift payment of valid claims, interim payments to their customers, and providing clear and quick answers to their questions. Insurers have been managing an unprecedented level of activity, with some insurers reporting a 200% rise in call volumes.

An initial, working estimate in the ABI's response to the Treasury Select Committee indicates that its members can expect to pay out over £1.2 billion in claims, £900 million of this relates to business interruption claims. While most businesses will not have purchased insurance to cover against COVID-19, for those that have valid claims, some are expected to be substantial.

On valid claims, only a very small number of businesses choose to buy any form of cover that includes business interruption due to a notifiable or infectious disease. Usually, these extensions list the very specific diseases which are covered, not any notifiable disease that may emerge, such as COVID-19. An even smaller number of these businesses will have cover where the notifiable or infectious disease is unspecified, potentially enabling them to claim for the impact of the COVID-19 pandemic.

However, such policies often only apply when the disease is present at the premises. These policies will cover the interruption to trade caused where business premises have been infected by an illness such as Legionnaires' disease or Norovirus and where the building needs to be closed and cleaned to deal with the specific incident.

## ABI Principles for Handling Business Interruption Claims related to COVID-19

While the majority of customers will not have purchased cover for the effects of COVID-19 on their business, where cover does apply, ABI members have a clear set of principles for the handling of these claims to reassure customers at this uncertain time, clarifying and reinforcing existing best practice in claims handling. Business interruption claims can, in general, be complex to assess and determine quantification.

They often require a clear understanding of the business and how it was operating before the interruption, however, insurers are experienced in dealing with these issues and in supporting their customers through this process.

1. Business interruption claims can require specialist expertise, so insurers will ensure clear, accurate and timely communication with customers when dealing with these claims.
2. Insurers will support their customers throughout the claims process, with dedicated teams of experts and appropriate resources to manage the volume and complexity of COVID-19 business interruption claims.
3. Insurers will clearly explain to their customers what information is needed to enable the swift assessment and quantification of their business interruption claim.
4. Insurers recognise that cash flow is critical for the survival of businesses at this time. Where a customer's policy covers certain losses for business interruption as a result of COVID-19, insurers will pay the claim as soon as they receive evidence to support this.
5. Insurers will seek, where possible, to make interim or part payments where claims are ongoing.
6. These interim or part payments will flow from the claim and evidence presented, helping to relieve some of the more immediate pressures that customers are facing
7. Where an insurer receives evidence in support of a valid claim for business interruption that clearly shows that the policy limit for the claim will be exceeded, they will make payment to the customer up to the maximum policy limit for that claim without undue delay.
8. Insurers will promote a culture of providing timely support to their customers, with the involvement and oversight of senior or executive level representatives where appropriate, enabling business customers with cover to put plans in place to deal as best they can with the most pressing issues.
9. Where an insurer reaches a decision not to pay a claim, they will notify their customer promptly and set out their reasons in full in plain English. This should include details of the insurer's complaints procedure.
10. Where customers are not satisfied, their complaints will be dealt with by insurers promptly and be considered by a person or persons with expertise in the subject matter who was not involved in the original decision. Where a firm is unable to resolve a complaint, customers will be given clear information about their option to take their complaint to the Financial Ombudsman Service and/or seek independent legal advice.

## Business Insurance Q&A

How does business insurance work?

[OPEN](#)

Business Interruption Insurance

What is business interruption insurance?

[OPEN](#)

How do businesses purchase business interruption cover?

What do business interruption policies generally cover?

Does standard business interruption insurance provide cover for businesses who are not able to operate due to the effects of COVID-19?

Does a 'notifiable disease' extension to business interruption cover my business for COVID-19?

Are there any other extensions to business interruption that may provide cover?

Unoccupied Business Premises?

How are insurers supporting unoccupied premises where businesses are temporarily closed?

How should I go about checking on my unoccupied premises over the lockdown period?

Do I need to continue to make regular visits to my unoccupied business premises if it is against government guidance?

Other Business Issues:

If my business isn't able to operate because of COVID-19, should I just cancel my insurance policy?

Do cyber insurance policies cover working from home/remote working and any particular cyber incidents which may arise from this situation either through the actions of individuals, e.g. phishing emails, inadvertent data leak?

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## BUSINESS INTERRUPTION INSURANCE TEST CASE FRAMEWORK AGREEMENT

This Agreement is made on 28 May 2020

### BETWEEN

(1) The Financial Conduct Authority (the *FCA*);

### AND

(2) the firms listed in the Schedule to this Agreement (each an *Insurer* and together, the *Insurers*);

(each a *Party* and, together, the *Parties*).

### BACKGROUND

- A. Covid-19 and the Government controls imposed as a result of it are causing a substantial level of loss and distress to businesses, in particular (although not solely) SMEs. A large number of claims are being made to insurers under the terms of insurance policies providing cover for (among other matters) property damage and business interruption insurance losses. Several businesses and groups of businesses have indicated their intention to challenge the rejection of their claims.
- B. The *FCA*, as the conduct regulator of insurers in the United Kingdom, has been considering many of the policies in the market and is concerned that there are a significant number of policies where there is uncertainty created by differences of opinion expressed by interested parties as to whether the terms of policies require that claims in respect of some or all business interruption losses are paid.
- C. The *FCA* has an interest in the resolution of this uncertainty through the *test case*, acting in a way that is compatible with its strategic objective to ensure the relevant markets function well and to advance its operational objectives to ensure appropriate protection for consumers and to ensure market integrity. This is in order to facilitate the *FCA*'s: (1) assessment of whether insurers are complying with their regulatory obligations in relation to the handling of claims and associated complaints;<sup>1</sup> (2) determination of its policy and principles for

<sup>1</sup> For the avoidance of doubt, the *FCA* has no intention to 'retrospectively' apply a judgment in the *test case*. The question of whether an insurer has acted reasonably and fairly and generally in accordance with its regulatory obligations in rejecting claims will be a matter to be judged against the circumstances which existed at the time.

supervising those matters, and; (3) consideration of what if any further rules and guidance it should issue in relation to those matters.

- D. The *Insurers* have confirmed to the *FCA* their views that certain policies which they underwrite (the ***policies***) and which provide cover in principle for business interruption losses without the need for physical/property damage may not cover losses resulting from the Covid-19 pandemic (the ***coverage issue***). The *Insurers* (or some of them) further dispute whether as a matter of law and fact and in the light of the *policies* the necessary causal link to any loss suffered by customers which is the subject of claims under the *policies* can be established, including the impact, if any, of any trends clauses or similar/equivalent provisions (the ***causation issue***).
- E. The *Insurers* acknowledge that there is a dispute between them and certain policyholders in respect of the *coverage issue* and the *causation issue* (the ***disputed issues***) and the correct interpretation and effect of the terms within the *policies* relevant to those issues (the ***relevant terms***). For the purposes of this Agreement, the term policyholders is being used as a general term to refer to customers and/or policyholders and/or beneficiaries under the *policies*. The *FCA* considers that there is uncertainty (as identified at Recital B), that the fulfilment of its regulatory objectives requires that uncertainty to be resolved (as identified at Recital C), and that the dispute raises issues of general market importance. The *Insurers* and the *FCA* agree that these issues are suitable to be determined by the courts through proceedings for declaratory relief brought by the *FCA* in which the opposing arguments on the *disputed issues* are fully and properly advanced.
- F. The *Insurers* acknowledge that the proper advancement of the arguments on the *disputed issues* would be managed constructively and expeditiously by the *FCA* presenting to the Court, in the best way it considers appropriate, all arguments that the *FCA* considers should properly be raised by policyholders.
- G. The *Insurers* and the *FCA* believe that, consistently with CPR Part 1 (the overriding objective), taking into account the potential impacts of the Covid-19 pandemic on customers of the *policies* and customers with similar policies, the *disputed issues* need to be determined expeditiously and, in light of the complexity and importance of the issues, in a fair and orderly way. The potential scale of customer proceedings against insurers is likely to cause increased expense for all parties, as well (where litigation, not arbitration or other avenues, is contemplated) as the courts, and may present significant administrative problems for the courts in handling such cases. There is also a significant risk that different courts and tribunals will reach inconsistent decisions on materially similar issues, leading to further cost and uncertainty for insurers and policyholders. The resolution of the *disputed issues* in proceedings between the *Insurers* and the *FCA* is likely to save

considerable costs for policyholders and *Insurers* and resolve their disputes regarding the *disputed issues* in a shorter time. It will also achieve a swifter resolution of the uncertainty which will enable the *FCA* more quickly to fulfil its regulatory objectives.

- H. Accordingly, to ensure that the *disputed issues* are brought before the Courts in accordance with CPR Part 1, in an efficient, expeditious, and orderly way, the *FCA* and the *Insurers* have agreed that the *FCA* should commence proceedings for a declaratory judgment against the *Insurers* in the High Court of England and Wales in accordance with the terms of this Agreement as soon as possible. Both the *Insurers* and the *FCA* believe that the *disputed issues* are capable of determination in this way, and seek an outcome as soon as reasonably practicable.
- I. The ***mutual objective*** is to achieve the maximum clarity possible for the maximum number of policyholders (especially, although not solely SMEs) and their insurers consistent with the need for expedition and proportionality. It is recognised that not all issues that may arise between individual policyholders and insurers can be resolved if the objective of resolving the *disputed issues* (at least at first instance court level) is to be achieved as soon as possible and having regard to the target timetable set out in this Agreement. In particular, the *Parties* acknowledge that:
- a. Some policyholders may raise issues of law and/or fact which are not raised by the *FCA* and will therefore not be resolved in the proceedings, and in response to which Insurers may wish and should be entitled to raise defences of law and/or fact in addition to those dealt with in the proceedings.
  - b. Other issues flowing from the determination of the *disputed issues* (such as aggregation, additional causation issues specific to loss of rent and similar claims under a property owners policy and the specific quantum of any particular claims) will not form part of the *disputed issues* but will be determined according to the claims process of each *Insurer*, taking into account in particular any policy terms setting limits to claims amounts or indemnity periods. Such issues in (a) and (b) will not form part of the *disputed issues*.
- J. It is recognised that the *FCA* and its advisors will engage as it deems appropriate, consistent with the need for expedition, with policyholders on the various matters, issues and documents referred to in this Agreement and this Agreement (including in draft form) so as to meet the *mutual objective*.
- K. The *FCA* considers that the *relevant terms* and the *Insurers* are a representative sample of a wider set of policy wordings and insurers, where such wider insurers are advancing the same or similar contentions to those as set out in Recital D. The *Parties* believe that the proceedings will set a legal precedent which will be helpful to resolve

to a substantial degree the legal uncertainties relating to this wider set so as to meet the *mutual objective*.

In consideration of the mutual promises contained herein, the *Insurers* and the *FCA* hereby agree as follows:

## 1. ISSUES TO BE DETERMINED

- 1.1 The *Parties* agree that, in light of the *disputed issues*, the matters to be determined in these proceedings are the correct interpretation and application (by reference to each *policy* as a whole) of *relevant terms* in a sample of the *policies* appropriately representative of the *disputed issues* (the **representative sample of terms**) and their application in relation to a set of **agreed facts** and **assumed facts** including:
- (a) whether on the *agreed facts* and *assumed facts* the *policies* provide cover in principle; and
  - (b) whether on the *agreed facts* and *assumed facts* the policyholders of the *policies* can establish the necessary causal link (as a matter of the application of the law and the wording of the *policies*) between the assumed losses sustained by policyholders and any relevant peril, event or circumstance that is covered by *relevant terms* in the *policies*, including to take into account the relevance (if any) of a trends clause or similar/equivalent provision (if any).
- 1.2 The *agreed facts* will be facts necessary to resolve the *disputed issues*, such as (by way of example only) the date and nature of steps taken by the UK Government or any other relevant public authority in relation to Covid-19.
- 1.3 The *assumed facts* will be an appropriate set of illustrative factual assumptions such as (by way of example only) the nature of the affected business(es), how the business(es) were affected, whether the affected business(es) closed entirely or partially (and why), whether that was before or after the steps referred to in paragraph 1.2 of this Agreement, and the possible impact of other measures by the UK Government or any other relevant public authority in relation to Covid-19. It is recognised that the *assumed facts* are a menu of potential fact patterns which will be drawn upon by the Court and the *Parties* to assist resolution of the issues in the *test case*. For the avoidance of doubt it is not intended that all *assumed facts* will be applied to all of the *representative sample of terms* in resolving the *disputed issues*.
- 1.4 The *Parties* agree that the *disputed issues* can be most expeditiously determined by asking the Court to consider the *representative sample of terms*, the *agreed facts*, the *assumed facts* and specified **questions for determination**. A **matrix** setting out *disputed issues* which arise in relation to *the representative sample of terms* will also be prepared.

The declaratory relief pleaded will reflect the clarity sought from the Court in respect of the *questions for determination*.

## 2. PROCESS FOR AGREEING THE AGREED FACTS ETC.

- 2.1 The *agreed facts* will be agreed between the *Parties* as soon as practicable. Should full agreement not be possible with all *Insurers* on all *agreed facts*, the *FCA* will present all the *agreed facts* that have been agreed with all *Insurers* and, for the remaining *agreed facts*, the *agreed facts* in relation to the majority of *Insurers* so as to further the *mutual objective*. The *FCA* will identify which *agreed facts* are agreed by all *Insurers* and which by the majority of *Insurers*. Whilst it is not anticipated that there will be any significant disagreement, if and insofar as any relevant facts do not constitute *agreed facts*, this paragraph does not prevent the *FCA* and/or *Insurers* from advancing facts that are not agreed as part of their respective cases and the Court may determine and/or take such facts into account as it thinks fit in relation to deciding the *questions for determination*.
- 2.2 The *FCA* has provided the *representative sample of terms*, and has proposed the *matrix*, the *assumed facts* and the *questions for determination* by the Court that will enable the *disputed issues* to be determined expeditiously. The *Insurers* will by no later than 5pm on **3 June 2020** comment on the contents of the *FCA's* proposal for the *assumed facts*, *questions for determination* and *matrix* without prejudice to their right to propose additions, deletions or amendments under paragraph 2.3. The *FCA* will take the *Insurers'* comments into account in finalising its proposed *assumed facts*, *questions for determination* and *matrix* which will be included in the Particulars of Claim. The Particulars of Claim will be based on the generic reasons given by the *Insurers* for refusing indemnity under their policies including the requirements for establishing causation of loss.
- 2.3 After the Particulars of Claim have been served then each *Insurer* agrees that, prior to applying to the Court to propose any additions, deletions or amendments to the *assumed facts*, *questions for determination*, and *matrix* it shall: (i) discuss such additions, deletions or amendments with the *FCA* and the other *Insurers*; (ii) take into account any reasonable comments or objections expressed by the *FCA* or another *Insurer*; and (iii) have regard to the *overriding objective (under CPR Part 1)* and the terms of this Agreement, including paragraph 6.1. Any such application will be made at the first Case Management Conference or (if later) by **15 June 2020**.
- 2.4 The *Insurers* recognise that they will not have the population of information which was available to the *FCA* in relation to the selection of the *Insurers* or the *representative sample of terms* and the *FCA* should decide as Claimant the *representative sample of terms* given the *mutual objective*. However each *Insurer* will as soon as possible and by 5pm on **2 June 2020** comment if it considers that the *representative sample of terms* is inaccurate or incomplete so far as

its own wording and *relevant terms* are concerned. The *FCA* will take the *Insurers'* comments into account in determining if any changes need to be made to the *representative sample of terms* for accuracy and completeness. In addition, the *FCA* will accept a request from an *Insurer* to add a limited number of additional wordings written by that *Insurer* subject to the *mutual objective*. If any dispute arises in relation to either of these matters between *Insurers* and the *FCA* and cannot be resolved then this will be determined in like manner to paragraph 2.3.

- 2.5 It is acknowledged and agreed that, prior to providing the documents referred to in paragraph 2.2 to the *Insurers*, the *FCA* may also engage or have engaged as it deems appropriate with policyholders, other insurers and the Association of British Insurers in relation to these matters, including the content of the *assumed facts*, *questions for determination* and *matrix*. It is recognised that the *FCA* and policyholders may wish to share their own privileged information on a confidential (and/or common-interest basis) and the *Insurers* agree not to challenge the application of such privilege. It is recognised that the *Insurers* may wish to share privileged information with each other (and with other insurers and reinsurers) on a confidential (and/or common-interest) basis and the *FCA* agrees not to challenge the application of such privilege.
- 2.6 The *Insurers* agree that the *FCA* may disclose to policyholders, other insurers and the Association of British Insurers and publish on its website after this Agreement comes into force this Agreement, the identity of the *Insurers*, the *assumed facts*, *representative sample of terms*, *relevant terms*, *questions for determination* and *matrix* and other documents prepared for the purpose of the *test case*. The *FCA* may similarly disclose or publish the *policies* after this Agreement comes into force, with any appropriate redactions agreed in consultation with the *Insurers*.
- 2.7 Each *Insurer* will confirm by the date of serving their defence whether the *questions for determination* are the only issues of general legal principle (subject to Recital I) that each *Insurer* believes need to be determined in order to resolve the *disputed issues* in so far as they relate to whether and how each *Insurer's* terms within the *representative sample of terms* will in principle respond to a business interruption claim resulting from claims received to date made in respect of the Covid-19 pandemic by policyholders on the basis of the *agreed facts* and *assumed facts*. In so far as such positive confirmation cannot be provided each *Insurer* will, no later than the date of serving their Defence, confirm all further *questions for determination* that it considers need to be determined in order to do so together with a supporting explanation. The *Insurers* shall immediately inform the *FCA* if, at any time after service of their defence, any amendment to or deletion from the *questions for determination* mean that the confirmations in this paragraph are no longer correct. Any dispute concerning the *questions for determination*

that should be included in the *test case* shall be resolved by the Court and nothing in this clause shall prevent an *Insurer* from applying to the Court to seek permission to amend its Defence in any way it sees fit.

- 2.8 The *Parties* agree that, on application by the *FCA*, the Court may be asked to consider a further *relevant term* to be added to the *representative sample of terms*, and further *assumed facts* and *questions for determination* added in respect of that term. Prior to the *FCA* making an application to add any such further *relevant term*, the *FCA* may consult with such insurer(s) as it considers appropriate, having regard to the proportion of the total business written on the relevant policy wording that is underwritten by such insurer(s). If not already a *Party*, one or more of such insurer(s) will be requested to apply to join the *test case* and agree to become a *Party* to this Agreement, and the other *Insurers* will have regard to the *overriding objective (under CPR Part 1)* and the terms of this Agreement in deciding how to respond to such application and accession.

### 3. COMMENCEMENT OF PROCEEDINGS

- 3.1 Nothing in this Agreement shall prevent any *Party* from seeking further or other case management directions or substantive relief insofar as such request is consistent with and and/or promotes the *mutual objective*. Subject to the approval of the Court, the *Parties* are free to agree changes to the timetable and the terms of this Agreement that further the *mutual objective*.
- 3.2 The *FCA* will, by **9 June 2020**, file and serve a Claim Form in the Commercial Court (the ***test case***) for a declaration in respect of the issues agreed to be determined in accordance with this Agreement. The current intention is to file a Part 7 Claim in the Commercial Court, Financial List with the intention of it being admitted to and conducted under the Financial Markets Test Case Scheme.
- 3.3 The *Insurers* will be cited in the *FCA's* Claim Form as Defendants to the *test case* and will support the *FCA's* standing to bring the *test case* and support the suitability of the Financial Markets Test Case Scheme for the *test case*.
- 3.4 The *FCA* and the *Insurers* will use all reasonable endeavours to present, by **9 June 2020**, a joint application to the Court for expedition of the *test case* and its admission to the Test Case Scheme. The application will propose the timetable materially set out in paragraph 5 of this Agreement.
- 3.5 If the *FCA* and the *Insurers* are unable to agree a joint application for admission to the Test Case Scheme and for expedition, the *FCA* will make an application that it considers to be reasonable, taking into account any comments or objections raised by the *Insurers*, and the

*Insurers* shall have regard to their obligations under paragraph 6.1 in deciding how to respond to such application.

#### 4. AGREED EVIDENCE

- 4.1 The *FCA* and the *Insurers* shall discuss with a view to agreeing between themselves (and subject to any directions of the Court) prior to the first Case Management Conference what type of evidence, if any, will be submitted to the Court. It is expected that if any evidence is required it will be limited in nature, with as much information as possible being part of the *agreed facts*. The *FCA* expects that any evidence over and above information contained in the documents referred to in this Agreement will be limited to scientific evidence on discrete issues to assist policy interpretation.

#### 5. PROPOSED TIMETABLE

- 5.1 The *Parties* agree on the following target timetable (subject always to paragraph 3.1 and the supervision of the Court), which the *FCA* and the *Insurers* will invite the Court to endorse in the application for expedition:
1. The *FCA* will, by **9 June 2020**, file and serve a Claim Form in the Commercial Court;
  2. Each *Insurer* to file and serve an Acknowledgement of Service as soon as practicable after service of the *FCA*'s Claim Form and in any event within 7 days;
  3. The *FCA* to serve one composite set of Particulars of Claim relating to the *disputed issues* and the *policies* of each *Insurer*, and an application for expedition by **9 June 2020**;
  4. A Case Management Conference to be held no later than the first available date after service of the Particulars of Claim to address (at least), use of the Financial Test Case Scheme, expedition, immediate directions, designation of judge(s) on the Financial List and/or a Lord or Lady Justice of Appeal, and listing of trial.
  5. The *Insurers* to serve their Defences by **23 June 2020**. Each *Insurer* will plead separately to the part of the composite Particulars of Claim which concern it and will, so far as practicable, avoid unnecessary duplication in responding to aspects of the Particulars of Claim which are common to all *Insurers*;
  6. A further Case Management Conference to be as soon as possible after **25 June 2020**.
  7. The *FCA* to serve a Reply by **3 July 2020**;

8. Directions to be sought at the earliest opportunity to include (in addition to those above):
  - a. Filing and service of evidence, if any;
  - b. Settling the list of issues for trial (having regard to the *questions for determination*);
  - c. Timing and sequencing of the exchange of skeleton arguments;
  - d. Listing of trial, including time estimate, with the *Parties* seeking a trial as soon as reasonably practicable, the current intention being that such trial concludes (with the exception of any judgment) during July 2020;
  - e. If applicable, intervention or otherwise by any representatives of policyholders or any other person desiring to join the *test case*, and the form any such interventions should take (including whether any interventions should be limited to written submissions or include oral submissions).
  - f. Timetable for trial, to include time limits for oral submissions.
- 5.2 As soon as reasonably practicable, and prior to issuing the *test case* the *FCA* shall, in conjunction with the *Insurers*, liaise with the Commercial Court (such communications having commenced) to make enquiries concerning the feasibility of the target timetable and specifically in respect of the timing of:
  - (a) the hearings referred to in paragraphs 5.1.4 and 5.1.6 above; and
  - (b) the trial in paragraph 5.1(h)(d).
- 5.3 Upon signing this Agreement and prior to the *test case* being issued the *Parties* will comply with CPR 39.8 as though the *test case* had been issued and the *Parties* were parties to the *test case*.

## **6. MUTUAL OBJECTIVE, EXPEDITION, RELATED PROCEEDINGS**

- 6.1 The *Parties* agree to act at all times constructively and in good faith to promote the *mutual objective*.
- 6.2 Subject always to the *overriding* objective, each *Party* agrees to cooperate with other *Parties* and to use reasonable endeavours to ensure that final resolution of the *test case* is achieved expeditiously and so far as reasonably practicable in accordance with the above target timetable. This will include in relation to matters such as electronic service of documents.

- 6.3 Subject always to any applicable legal duties and obligations and any applicable legal privilege, *the Insurers* must regularly keep the *FCA* updated about the progress of other court or arbitration proceedings to which it is a party and which is relevant to the questions to be determined in the *test case* and provide such information as the *FCA* requests in relation to them, but for the avoidance of doubt the *FCA* will not seek to prevent such proceedings from progressing.

## 7. SETTLEMENT AND EFFECT ON THE TEST CASE

- 7.1 Where an *Insurer* (the **Settling Insurer**) settles any claim in respect of a *relevant term* in the *representative sample of terms* and the settlement has the effect that there is no longer any dispute or potential dispute between the *Settling Insurer* and its policyholders in respect of the *coverage issue* and the *causation issue* without prejudice to any other issues that may arise in resolving such claims, the *Settling Insurer* agrees to notify all other *Parties* in writing as soon as possible.
- 7.2 This shall not automatically lead to that part of the *test case* ceasing but, if the *FCA* considers that a replacement *relevant term* is required to resolve the same or similar questions that were to be determined in respect of the original *relevant terms* concerned, the *Parties* will endeavour to agree a replacement *relevant term* in a *policy* issued by an *Insurer* so that the *questions to be determined* can be properly considered by the Court.
- 7.3 Where it is not possible to identify a replacement *relevant term* in a *policy* issued by an existing *Insurer*, the *Parties* will endeavour to agree a replacement *relevant term* issued by a non-*Party* insurer that is willing to join the *test case*. Following agreement, that insurer will be invited to apply to be joined as a defendant in the *test case* and to agree to become a *Party* to this Agreement (and thereby become an *Insurer* as defined in this Agreement) and the *FCA* and the existing *Insurers* will support that application and agreement.
- 7.4 The *FCA* and the *Insurers* agree not to object to any application to amend statements of case that may be required as a result of such replacement.
- 7.5 The *FCA* and the *Insurers* agree that in the event of any amendments to the *test case* being required as a result of such replacement, they will take all reasonable steps to minimise any delay to the resolution of the *test case*.
- 7.6 If the *Parties* are unable to identify a suitable replacement *relevant term*, the *Settling Insurer* agrees to continue the *test case* to resolve the questions to be determined in respect of the original *relevant term*.
- 7.7 For the avoidance of doubt, but subject to the *Insurers'* legal obligations including under the *FCA's* rules, the *FCA* confirms (in respect of its own functions) that full and final settlements entered into

between *Insurers* and policyholders before any judgment is handed down in the *test case* will not be affected by such judgment (in itself), and that such judgment (in itself) will not give rise to any regulatory obligation to revisit such settlements.

## **8. APPEALS**

- 8.1 The *FCA* or any *Insurer* may appeal the decision of the Court determining the issues in the *test case* subject to the normal procedural rules for seeking permission for, and making appeals.
- 8.2 Where the *FCA* or any *Insurer* seeks to appeal the decision of the Court, whether to the Court of Appeal or beyond, that *Party* will seek to have their appeal heard on an expedited basis, and undertakes to take all reasonable steps to ensure that the appeal is conducted and determined on an expedited basis as soon as is reasonably practicable.
- 8.3 In particular, and without prejudice to their obligations to seek expedition above, the *Parties* agree to explore the possibility and appropriateness of seeking a leapfrog appeal to the Supreme Court under PD 1.2.17 and 3.6 of the Practice Directions of the Supreme Court.

## **9. CO-ORDINATION OF LEGAL REPRESENTATION**

- 9.1 The *Parties* agree that, taking into account the need for the *test case* to be resolved expeditiously (including therefore the need to resolve the issues within a practical trial length) and at proportionate cost, the *Parties* should use their best endeavours to co-operate.
- 9.2 The *Insurers* agree, so far as reasonably practicable and efficient in the time available, to coordinate their correspondence with the *FCA's* solicitors relating to the *test case* and their written and oral submissions to the Court so as to minimise duplication, albeit that:
  - (a) each *Insurer* and the *FCA* recognises that each *Party* has separate independent legal representation and each of the *Insurers* has written different *policies* and *relevant terms*; and
  - (b) accordingly, each *Insurer* remains entitled to communicate and make submissions separately.
- 9.3 For the avoidance of doubt, nothing in this paragraph 9 shall preclude each *Insurer* appointing its own counsel and firm of solicitors to advise and represent it in the *test case*.

## **10. COSTS**

- 10.1 Each *Party* is to pay its own costs of and associated with the *test case* and its own costs of any appeals initiated by any *Party*, and accordingly no *Party* will seek an order for costs against any other.

## **11. PUBLICITY**

- 11.1 The *Parties* agree that this Agreement is not confidential and that this Agreement and the following documents may be published or disclosed to any person: the *representative sample of terms, agreed facts* and *assumed facts*, the *matrix*, and the *questions for determination*.
- 11.2 All pleadings, orders, skeleton arguments and evidence or other documents provided to or deployed in court shall be published by the *FCA* to the extent and in the manner and at the time directed by the Court at the first Case Management Conference save that the *Insurers* agree that the *FCA* may publish its own pleadings, orders, skeleton arguments evidence and documents.
- 11.3 The *Parties* agree that, in principle, publication of the *representative sample of terms, agreed facts, assumed facts, the matrix, the questions for determination, all pleadings, orders, skeleton arguments and evidence or other documents* provided to or deployed in court is necessary for transparency and to achieve the *mutual objective*. The *Parties* recognise that certain disclosures will take place after this Agreement comes into force, as set out in paragraph 2.5 and 11.1 above, and agree to this without reservation.
- 11.4 If a *Party* considers there is any reason why any documents should not be disclosed as envisaged in paragraph 11.2 and 11.3 of this Agreement then it must identify that material as soon as possible (and, unless impracticable, before it is deployed in or to Court) and provide reasons to the *FCA* as to why it should not be disclosed. If there is any dispute in relation to publication of this material then the Court hearing the *test case* will be asked to decide the issue. For the avoidance of doubt, paragraph 11 of this Agreement does not require any *Party* or the *FCA* to share any information which is subject to legal professional privilege.
- 11.5 This Agreement does not prevent or restrict the *FCA* from disclosing any confidential information (as defined in section 348 of the Financial Services and Markets Act 2000) as permitted under the provisions of section 349 of that Act.

## **12. THIRD PARTY RIGHTS**

- 12.1 This Agreement does not give rise to any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Agreement.

## **13. COMPETITION**

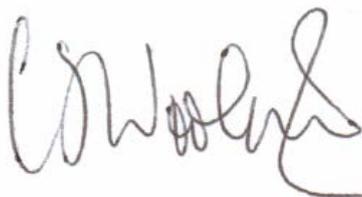
- 13.1 This Agreement does not affect the *Insurers'* obligations under competition law, and it remains their responsibility to assess and

ensure their compliance. In the event that any *Insurer* considers that anything required to carry out the terms of this Agreement engages their obligations under competition law, the *Insurers* agree to put in place appropriate mechanisms with a view to ensuring that the *test case* continues and the *disputed issues* are determined according to the timetable specified by the Court. If any *Insurer* considers, after having taken competition law advice, that those arrangements will not be effective, the *Insurer* may consult with the *FCA*.

#### **14. GENERAL**

- 14.1 Words and phrases in italics have the meanings given to them where they appear in bold italic text.
- 14.2 No *Insurer* may contend that any documents or information sought by the *FCA* in the exercise of its regulatory functions are not to be produced because of the existence of the *test case* (subject to the usual constraints attaching to the exercise of the *FCA's* powers). For the avoidance of doubt, paragraph 2.4 addresses the sharing of privileged information between *Insurers* and reinsurers.
- 14.3 This Agreement may be executed in any number of counterparts, but is effective as between each *Insurer* and the *FCA* when executed by both of them.
- 14.4 A copy of the signature page to this Agreement that is sent electronically shall constitute adequate proof of the execution of this Agreement by the relevant *Party*.
- 14.5 This Agreement and any dispute or claim (including non-contractual disputes or claims) arising out of or in connection with it or its subject matter or formation shall be governed by and construed in accordance with the law of England and Wales. The English courts shall have exclusive jurisdiction to settle any dispute arising out of or in connection with this Agreement and the *Parties* submit to the exclusive jurisdiction of the English courts.
- 14.6 This Agreement will come into force at 7am on 1 June 2020.

Signed for and on behalf of **The Financial Conduct Authority**



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14.6 This Agreement will come into force at 7am on 1 June 2020.

Signed for and on behalf of **The Financial Conduct Authority**

By: \_\_\_\_\_

Signed for and on behalf of **MS Amlin Underwriting Limited**

By: Tom Clumati

Signed for and on behalf of **Arch Insurance (UK) Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Argenta Syndicate Management Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Ecclesiastical Insurance Office Plc**

By: \_\_\_\_\_

By: \_\_\_\_\_

Signed for and on behalf of **Arch Insurance (UK) Limited**

By: *Clyde & Co LLP* (solicitors for Arch Insurance (UK) Limited)

Signed for and on behalf of **Argenta Syndicate Management Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Ecclesiastical Insurance Office Plc**

By: \_\_\_\_\_

Signed for and on behalf of **Hiscox Insurance Company Limited**

By: \_\_\_\_\_

Signed for and on behalf of **QBE UK Limited**

By: \_\_\_\_\_

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By: \_\_\_\_\_

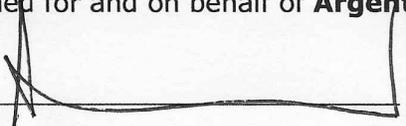
Signed for and on behalf of **MS Amlin Underwriting Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Arch Insurance (UK) Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Argenta Syndicate Management Limited**

By:  \_\_\_\_\_

Signed for and on behalf of **Ecclesiastical Insurance Office Plc**

By: \_\_\_\_\_

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By: \_\_\_\_\_

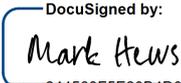
Signed for and on behalf of **Arch Insurance (UK) Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Argenta Syndicate Management Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Ecclesiastical Insurance Office Plc**

By:  \_\_\_\_\_  
DocuSigned by:  
244568F5E20B4D0...  
Mark Hews

Group Chief  
Executive  
Officer

Signed for and on behalf of **Hiscox Insurance Company Limited**

By: 

Bob Thaker, Chief Executive Officer

Signed for and on behalf of **QBE UK Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Royal & Sun Alliance Insurance plc**

By: \_\_\_\_\_

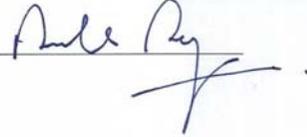
Signed for and on behalf of **Zurich Insurance Plc**

By: \_\_\_\_\_

Signed for and on behalf of **Hiscox Insurance Company Limited**

By: \_\_\_\_\_

Signed for and on behalf of **QBE UK Limited**

By:  \_\_\_\_\_

Signed for and on behalf of **Royal & Sun Alliance Insurance plc**

By: \_\_\_\_\_

Signed for and on behalf of **Zurich Insurance Plc**

By: \_\_\_\_\_

Signed for and on behalf of **Hiscox Insurance Company Limited**

By: \_\_\_\_\_

Signed for and on behalf of **QBE UK Limited**

By: \_\_\_\_\_

Signed for and on behalf of **Royal & Sun Alliance Insurance plc**

A handwritten signature in black ink, appearing to read "J. Polyan.", is centered within a light gray rectangular box. The signature is written in a cursive style with a period at the end.

By: \_ \_\_\_\_\_

Signed for and on behalf of **Zurich Insurance Plc**

By: \_\_\_\_\_

Signed for and on behalf of **Royal & Sun Alliance Insurance plc**

By: \_\_\_\_\_

Signed for and on behalf of **Zurich Insurance Plc**

*Tulsi Naidu*

By: Tulsi Naidu, UK Chief Executive

Schedule  
Insurer parties

1. MS Amlin Underwriting Limited
2. Arch Insurance (UK) Limited
3. Argenta Syndicate Management Limited
4. Ecclesiastical Insurance Office Plc
5. Hiscox Insurance Company Limited
6. QBE UK Limited
7. Royal & Sun Alliance Insurance plc
8. Zurich Insurance Plc

[Withdraw consent](#)

## Update on FCA test case of the validity of business interruption claims

Press Releases | Published: 01/06/2020 | Last updated: 01/06/2020

The Financial Conduct Authority (FCA) is today providing an update on progress on its court action on business interruption (BI) insurance policies.

Since the FCA made its last announcement on 1 May, we have approached 56 insurers and reviewed over 500 relevant policies from 40 insurers. We have identified a sample of 17 policy wordings that capture the majority of the key issues that could be in dispute.

This update gives further detail on the proposed court action, including identifying the representative sample of policy wordings to be examined in the test case, insurers that use those wordings, and which of those insurers we have invited, and have agreed, to participate in the proceedings.

This [initial list of insurers](#) and the policy wordings they use is not exhaustive, and we are also now publishing a [short consultation on draft guidance](#) asking all insurers to check their policy wordings against those we intend to test to see if theirs will be impacted by the outcome of the case. The FCA expects to publish a list of all the relevant insurers and policies that may have impacted wordings in early July.

The consultation on draft guidance also sets out the FCA's expectations of all firms handling BI claims and any related complaints between now and the court decision.

Christopher Woolard, Interim Chief Executive at the FCA said:

'The court action we are taking is aimed at providing clarity and certainty for everyone involved in these BI disputes, policyholder and insurer alike. We feel it is also the quickest route to this clarity and by covering multiple policies and insurers, it will also be of most use across the market. The identification of a representative sample of policies and the agreement of insurers who underwrite them to participate in these proceedings is a major step forward in progressing the matter to court.'

### The outcome we are seeking

We want to achieve clarity for all concerned in an unprecedented situation. To do this, we are taking a representative sample of cases to court. The FCA will put forward policyholders' arguments to their best advantage in the public interest. The FCA has retained the services of Colin Edelman QC, Leigh-Ann Mulcahy QC, Richard Coleman QC and Herbert Smith Freehills to assist it in the case.

As stated in our [Dear CEO letter of 15 April](#), our view remains that most SME insurance policies are focused on property damage (and only have basic cover for BI as a consequence of property damage) so, at least in the majority of cases, insurers are not obliged to pay out in relation to the coronavirus pandemic. This case is focused on the remainder of policies that could be argued to include cover.

Policyholders should not assume that simple inclusion of their policy wording in this case will mean their policies are responsive. We are seeking a judgment that will help policyholders and insurers have a much clearer view of which business interruption policies respond to the pandemic, and those that don't. Therefore, the court may well decide a number of these policies respond to the pandemic and others do not.

### How we have chosen the representative sample of policy wordings

On 1 May 2020, our [statement](#) set out our intention to seek a court declaration to resolve the contractual uncertainty around the validity of many BI claims.

Also on 1 May 2020, we asked 56 relevant insurance companies to provide us with information on their BI policies with more than 500 policyholders, and how they intended to handle claims on these policies by 15 May 2020. A number of the relevant insurers decided to accept claims from policyholders with certain policies which included particular wordings which had previously been in dispute.

On 15 May 2020, we also invited holders of BI insurance policies who remained in dispute with their insurers over the terms of their policies to send us their arguments, related policies and relevant facts by 20 May 2020. We received over 1,200 submissions from policyholders and brokers.

Over the last 3 weeks we, supported by external counsel, have thoroughly considered the information we received to enable us to decide which selection of policy wordings would be representative of the key issues in dispute between policyholders and insurers. This process led to us deciding which insurers we should invite to participate in the High Court test case.

### The representative sample of policy wordings

From all the policies we reviewed, we have selected a [representative sample of 17 policy wordings](#) to give as much clarity as possible to both insurers and policyholders alike. Rather than select firms by market share, we have identified policies which are representative of the key arguable issues and invited insurers to participate on the basis of securing the maximum relevant coverage for relevant policies whilst minimising the number of parties engaged before the court in order to make the process as swift as possible for the court.

### The insurers who use the representative sample of policy wordings

The following 16 insurers use at least one of the policy wordings in our representative sample which will be examined in the test case:

- Allianz Insurance plc (part of Allianz SE)
- American International Group UK Limited (part of American International Group, Inc.)
- Arch Insurance (UK) Limited (part of Arch Capital Group Limited)
- Argenta Syndicate Management Limited (part of Hannover Re)
- Aspen Insurance UK Limited (part of Aspen Insurance Holdings Limited)
- Aviva Insurance Limited (part of Aviva plc)
- Axa Insurance UK plc (part of AXA SA)

- Chubb European Group SE (part of Chubb Limited)
- Ecclesiastical Insurance Office plc
- Hiscox Insurance Company Limited (part of Hiscox Limited)
- Liberty Mutual Insurance Europe SE (part of Liberty Mutual Group)
- MS Amlin Underwriting Limited (part of MS&AD Insurance Group Holdings, Inc.)
- Protector Insurance UK (part of Protector Forsikring ASA)
- QBE UK Ltd (part of QBE Insurance Group Limited)
- Royal & Sun Alliance Insurance plc (part of RSA Insurance Group plc)
- Zurich Insurance plc (part of Zurich Insurance Group Limited)

The wordings that they use are set out in [this list](#).

Following the process described above, we have asked the following insurers, who underwrite policies in the representative sample, to assist us by participating in the High Court test case:

- Arch Insurance (UK) Limited
- Argenta Syndicate Management Limited
- Ecclesiastical Insurance Office plc
- Hiscox Insurance Company Limited
- MS Amlin Underwriting Limited
- QBE UK Ltd
- Royal & Sun Alliance Insurance plc
- Zurich Insurance plc

These insurers have entered into a [framework agreement](#) with us governing the process and timetable for the test case.

## How this will affect insurers who are not participating directly in the test case

Given the representative nature of the policies and wordings we have selected, we expect the test case to provide guidance for the interpretation of many other BI policies that are not in the representative sample.

This means that other insurers will also be affected by the test case and its conclusions. In early July, we expect to publish a comprehensive list of other insurers and many other BI policies in the market that we expect the test case to affect, based on firm submissions.

## Other documents we have published today

In addition to the FCA's proposed representative sample of terms, we have also published [proposed assumed facts](#) (for example, the types of business and how they responded to the pandemic), a [proposed issues matrix](#) and [proposed questions for determination by the court](#). We invite comments from other insurers, policyholders and other stakeholders on these documents by 3pm on Friday 5 June.

We have also issued today a [consultation on draft guidance](#) to set out our expectations of all firms handling BI claims and any related complaints during this period, including an expectation that they identify those policies where their decision to deny claims may be affected by the test case.

For all interested parties our legal team at Herbert Smith Freehills will be available on 3 and 4 June to speak directly with as many policyholders and intermediaries as possible. Further information is on our [business interruption webpage](#).

## Next steps

We give the principal next steps and timelines for how we envisage the test case to proceed below. There remain a number of uncertainties to the timeline including the consent of the court:

9 June	FCA files claim form and particulars
c.11 June	Case management conference, at which the court will be invited to fix the timetable for the case
23 June	Insurers file Defences
c.26 June	Further case management conference
3 July	FCA files Reply
first half July	Skeleton arguments and replies served
second half July	5-10 day court hearing

## Notes to editors

1. [Business interruption insurance test case: draft guidance for firms](#)
2. [Business interruption insurance during the coronavirus pandemic - High Court test case](#)
3. [Business interruption insurance](#)

[Withdraw consent](#)

## Business interruption insurance test case: draft guidance for firms

Guidance consultations | First published: 01/06/2020 | Last updated: 01/06/2020

This guidance sets out our expectations for insurers and insurance intermediaries when handling claims and complaints for business interruption policies during the test case brought by the FCA.

This guidance highlights particular steps that we consider firms should be taking to:

- identify the potential implications of the test case on their decisions to reject claims
- keep policyholders informed about the test case and its implications for policies, claims and any settlement offers
- treat policyholders fairly when the test case is resolved

This is guidance on firms' obligations under:

- the FCA Principles for Businesses (PRIN), in particular Principles 6, 7 and 11
- the Insurance Conduct of Business sourcebook (ICOBS), in particular ICOBS 2.5.-1R and ICOBS 8.1
- the Dispute Resolution: Complaints sourcebook (DISP), in particular DISP 1.4 and DISP 1.6

### Who this guidance applies to

- an insurer which is a party in the test case
- any other insurer which, before the date that the test case began, underwrote a relevant non-damage business interruption policy
- an insurance intermediary or insurer which handles claims on another insurer's relevant non-damage business interruption policy
- a managing agent that manages a Lloyd's syndicate which has underwritten a relevant non-damage business interruption policy (and references to 'insurers' in this guidance should be read as including managing agents)

For clarity, this guidance does not apply, where an insurer has, without adjustment or deduction for general causation:

- decided to accept claims, or
- determined that its non-damage business interruption policies do respond to coronavirus

The FCA expects insurers who are accepting claims or have determined their policies respond to continue handling claims in accordance with their current approach and to pay agreed claims on a timely basis.

This guidance covers actual or potential claims or complaints relating to non-damage business interruption losses resulting from the coronavirus pandemic.

Insurers and insurance intermediaries should also take appropriate account of this guidance as far as the insurers' other policies, including their other business interruption policies, contain terms whose interpretation or response may be affected by the outcome of the test case.

Insurers should also ensure that their third party administrators are aware of this guidance and apply it as appropriate for any work they undertake on relevant non-damage business interruption policies.

### Definitions

In this guidance, the terms used have the meanings set out below:

Final resolution	(For a test case claim or test case complaint) when the Court has determined the questions in an appeal is made about only some of these questions and not others, the final resolution will be the Court's decision.
Relevant non-damage business interruption policy	A policy containing policy wording ('relevant policy wording') which provides cover for business interruption losses resulting from physical damage to the insured property and either condition (i) or (ii) applies. Examples of 'public authority closure', 'notifiable disease outbreak' or similar matters.  Condition (i) is that, the insurer has received a claim or complaint for losses from the coronavirus pandemic and has not yet made an adjustment or deduction for general causation, or has not yet made a decision.  Condition (ii) is that the insurer has told policyholders or said publicly that their business interruption losses are not covered by the policy.
Relevant policy wording	Has the meaning given within the definition of relevant non-damage business interruption policy.
Test case	The proceedings brought by the FCA to resolve uncertainty in business interruption insurance.
Test case claim	A claim made under a relevant non-damage business interruption policy where the outcome of the claim will be affected by or (if not yet taken) depend on the final resolution in the test case, whether or not the claim is made in writing.

Test case complaint

A complaint (as defined in the Glossary to the FCA's Handbook of rules and guidance) made in a case where the resolution of the complaint may be affected by or depend on the final resolution in response under DISP 1.6.2R and whether or not the policyholder has referred the complaint to the ombudsman.

## How insurers should check if the test case applies to their policies

Insurers should review the test case, including the representative sample of policy wordings, assumed facts and questions for determination by the court. They should then determine whether or not their decisions on claims (including questions of causation of loss) for each relevant policy wording may:

- if already taken, be affected by, or
- if not yet taken, will depend on,

the final resolution of the test case.

When carrying out their review, insurers should also identify any policies where either:

- the test case may provide guidance on the interpretation or effect of a relevant policy wording but where the insurer believes that their decision on claims under the policy will not be affected by the test case, or
- the test case is not relevant to the interpretation or effect of a relevant policy wording

Insurers should record their reasons for their conclusions under their review and should update them as the test case develops or in the light of other changing circumstances, for example changes in their decisions on claims or the settlement of claims.

For clarity, it is accepted that the actual effect of the test case cannot be determined until its final resolution.

## Co-insurance and Lloyd's – who should check if the test case applies?

A relevant non-damage business interruption policy may have been underwritten by more than one insurer. In such cases, the assessment of how the test case affects the policy should be undertaken by:

- the insurer with responsibility for claims where this responsibility has been assigned, or
- where this does not apply, the lead insurer if one has been nominated, or
- the insurer which has underwritten the largest proportion of the policy

In the case of a policy written by a Lloyd's syndicate, the lead managing agent for the policy should undertake the assessment.

## Oversight and time frame for review, and communication with the FCA

A senior manager should be appointed to oversee the review of relevant policy wordings in insurers' relevant non-damage business interruption policies. Insurers should complete their review of policy wordings within 2 weeks of this guidance coming into effect. The insurer should have clear documentation available around their review and may be asked to confirm the work completed.

On completion of their review, insurers should provide the FCA with the results of their review using the template provided by the FCA divided into the following categories:

- policies where their decisions on claims may (if already taken) be affected by or (if not yet taken) depend on the final resolution of the test case
- policies where the final resolution of the test case may provide guidance on the interpretation or effect of a relevant policy wording does not or will not affect their decisions on claims, and
- policies where the test case is not relevant to the interpretation or effect of a relevant policy wording

Insurers should promptly notify the FCA of any changes to that information as a result of updates to their review by providing an updated template clearly indicating the changes.

The FCA may publish the names of insurers, the policies notified and the insurers' conclusions in respect of those policies, as permitted by Regulation 3 and/or 5 of the Financial Services and Markets Act 2000 (Disclosure of Confidential Information) Regulations 2001 (SI 2001/2188).

## Communicating with policyholders generally during the test case

Insurers should publish sufficient details with appropriate prominence and signposting to keep all policyholders with relevant non-damage business interruption policies updated about the test case and its implications for potential claims under their policies. Insurers may publish this information on the firm's website or by other general means.

Where insurers have made statements or other communications to policyholders or insurance intermediaries on whether their relevant non-damage business interruption policies to claims for losses resulting from the coronavirus pandemic they should review those statements and communications and:

- promptly amend or supplement any statements or communications as necessary in light of the test case
- take appropriate and timely steps to ensure that policyholders are made aware of any amendments or supplements to previous statements or communications and
- inform any insurance intermediaries used by the insurer of the amendments or supplements to previous statements and communication

Insurers and insurance intermediaries should ensure that their communications about the test case are balanced.

Insurers should include, in their published details and in any individual communications to policyholders, a link to the FCA's webpage for the test case and to any material issued by the Financial Ombudsman Service concerning business interruption insurance cases.

Insurers and insurance intermediaries should consider how they can meet the policyholders' information needs about the test case. Where a policyholder bought their policy through an insurance intermediary, insurers should consider providing appropriate information to their insurance intermediaries to pass on to policyholders to keep them updated.

## Identifying claims and complaints affected by the test case

Insurers and insurance intermediaries should filter claims and complaints (including those received before this guidance came into effect) to identify whether all or part of a claim or complaint is:

- a test case claim or a test case complaint
- a claim or complaint relating to relevant policy wording, where the test case will provide guidance on the interpretation or effect of the wording but the insurer believes that final resolution of the test case does not or will not affect their decision on the claim or complaint, or
- a claim or complaint relating to relevant policy wording where the test case is not relevant to the interpretation or effect of the wording

## Updating policyholders who have made claims or complaints

Within 3 weeks of this guidance coming into effect, insurers should notify policyholders with existing claims or complaints concerning relevant non-damage business interruption policies:

- whether their claim or complaint is a test case claim or a test case complaint and the implications of that, or
- the reasons why their claim or complaint is not a test case claim or test case complaint, and the implications of this

Insurers should also provide the information above to policyholders who make new claims or complaints concerning relevant non-damage business interruption policies.

Insurers and insurance intermediaries should give all policyholders who have made a test case claim or a test case complaint appropriate updates about the test case and its implications for their claim or complaint. In particular, they should keep policyholders updated on whether their decision may be affected by the final resolution of the test case.

But it is not necessary to provide updates if the policyholder has accepted an offer in full and final settlement of their test case claim or test case complaint.

These updates should include individual communications to policyholders who have made a test case claim or a test case complaint, through the insurer's usual channel of communication at the following times:

- when the test case starts
- when all judgments at first instance or appeals on substantive issues in the test case are given
- when the test case reaches final resolution
- at any other significant development in the test case that may be relevant to the policyholder's claim or complaint

These updates should be made as soon as possible after the event is identified by the insurer, and in any event within 1 week of the event occurring.

## Handling claims or complaints partially affected by the test case

Where a claim or complaint contains a part that is a test case claim or a test case complaint and another part that is not, an insurer should apply ICOBS 8 or DISP 1 as appropriate to the parts of the claim or complaint that are not related to the test case. In particular, an insurer should:

- handle and assess any non-test case elements of a claim or complaint promptly and fairly
- pay any settlement of that part of the claim or complete any remedial action or redress for that part of the complaint without waiting for the test case to reach final resolution

When handling a claim or complaint that has non-test case elements and test case elements, an insurer should explain clearly to the policyholder:

- which elements of the claim or complaint it has addressed
- which elements of the claim or complaint are covered by any offer to settle, or to complete remedial action or redress, and
- which elements, if any, the insurer proposes to assess after final resolution of the test case

## Providing information to the Financial Ombudsman Service

Where a policyholder refers a complaint about an insurer's relevant non-damage business interruption insurance policy to the Financial Ombudsman Service, the insurer should give the Ombudsman the results of its review of the policy under this guidance.

## Offers to settle during the test case

During the test case, an insurer may continue to offer to settle a test case claim or, in the case of a test case complaint, make an offer of redress or remedial action, including on a full and final settlement basis.

When deciding how to progress a test case claim or test case complaint, including whether to offer to settle, or to offer redress or remedial action, insurers should take account of any communications from the policyholder relating to the outcomes that the policyholder says they would be prepared to consider.

When making an offer to settle a test case claim or an offer of redress or remedial action for a test case complaint, an insurer should inform the policyholder about the test case and its implications. In particular, they should tell the policyholder whether the final resolution of the test case may affect the insurer's decision about their claim or complaint, and the implications of accepting or rejecting an offer made on a full and final settlement basis.

An offer to settle, or an offer of redress or remedial action, may have been made before this guidance came into effect. In these cases, if it remains open to acceptance and the policyholder has not accepted it or rejected it, an insurer should give the policyholder the above information before the policyholder commits themselves to accepting or rejecting the offer. In addition, the insurer should:

- where the offer has a deadline for acceptance which is less than 14 days from expiring, extend the time for a policyholder to accept the offer to 2 weeks from the date when the policyholder receives the information about the test case and its implications, and
- unless increasing the offer, not withdraw the offer within any timeframe given to the policyholder to accept it

## Final responses to complaints during the test case

Where an insurer considers that the final resolution of the test case is necessary to provide a final response to a test case complaint and so intends to provide the policyholder with a written response under DISP 1.6.2R(2):

- the explanation should include information about the test case and its implications for the complaint, and
- the indication of when the insurer expects to be able to give a final response should include that a final response will be provided promptly on final resolution of the test case.

## Time limits during the test case

To treat their customers fairly and act in their customers' best interests, insurers and insurance intermediaries should not include the period between the date this guidance came into effect and the final resolution of the test case when relying on any time limits within which policyholders must:

- make test case claims or take any other step under the terms of their policies, or
- refer test case complaints to the Financial Ombudsman Service

Insurers should not limit any payment that may be due to a policyholder because of the time period that has elapsed before the test case claim or test case complaint was made.

## Actions following final resolution of the test case

### Assessing outstanding test case claims and test case complaints

On final resolution of the test case, insurers should handle and assess all outstanding test case claims and test case complaints in accordance with ICOBS 8 and DISP 1 and apply the judgment(s) in the test case so far as relevant.

### Review of rejected test case claims and test case complaints

Insurers should reassess all test case claims they rejected before final resolution of the test case that did not proceed to become test case complaints in accordance with ICOBS 8.

Except where an insurer has received notification from the Financial Ombudsman Service that it has accepted a complaint for consideration, insurers should also reassess all test case complaints they rejected before final resolution of the test case in accordance with DISP 1.

When reassessing rejected claims and complaints, insurers should apply the judgment(s) in the test case so far as relevant and:

- inform the policyholder promptly of the outcome of the reassessment, and
- where the reassessment is for a test case complaint, issue a revised final response under DISP 1.6.2R informing the policyholder that, where necessary, the insurer consents to the waiving of time limits under DISP 2.8.2R

## Process and next steps

We want to act quickly to protect consumers in these difficult times. We consider that the delay in publishing a formal consultation accompanied by a cost benefit analysis would be prejudicial to the interests of consumers. We are therefore not doing so. There is no statutory requirement to prepare a cost benefit analysis for guidance.

Please respond with any comments to [biinsurancetestcase@fca.org.uk](mailto:biinsurancetestcase@fca.org.uk) (with '**Guidance consultation - comments' in the subject line**) by 5pm on Friday 5 June.

## Timing

If issued, the guidance would come into force when the FCA issues the claim form to start the test case, or shortly thereafter.

We will review this guidance in the light of developments during the test case and may revise the guidance if appropriate.

## Submission of policy review data

The guidance sets out the FCA's expectations that information from insurers' reviews of their policy wording will be submitted to the FCA. If this guidance is issued, the FCA intends to provide a simple data submission template for insurers to complete when submitting this information.

## The FCA's objectives and regulatory principles

The proposals in this consultation support our consumer protection objective and are designed to protect consumers in the ways described in this guidance.

## Equality and diversity

We are required under the Equality Act 2010 to 'have due regard' to the need to eliminate discrimination, harassment, victimisation and any other conduct prohibited by or under the Act, advance equality of opportunity between persons who share a relevant protected characteristic and those who do not, and to foster good relations between people who share a protected characteristic and those who do not.

As part of this, we ensure that we consider the equality and diversity implications of any new policy proposals. We do not consider this guidance will adversely affect consumers with protected characteristics.

- Zurich welcomes the UK Financial Conduct Authority (FCA) actions aimed at bringing clarity to policyholders and insurers on coverage issues relating to business interruption stemming from the COVID-19 outbreak
- To date the Group has received limited claims in relation to the policies to be tested by the FCA, and based on received legal opinion remains confident in its interpretation of UK policy wordings
- The Group remains confident in the approximately USD 750 million cost for COVID-19 related claims for the full year 2020 as announced on May 14, though uncertainty exists given the continuing nature of the event
- Throughout the current crisis the Group has provided a wide range of support and relief to customers including the prompt payment of claims where coverage exists, resulting in a limited level of disputes over coverage

Zurich, June 1, 2020 – Zurich Insurance Group (Zurich) welcomes today's announcement by the UK's Financial Conduct Authority to test policy wordings from across the UK insurance industry in the UK High Court, with the aim of bringing clarity to policyholders and insurers over coverage issues relating to business interruption stemming from the unprecedented outbreak of the COVID-19 virus.

The FCA said its selection of a representative sample of wordings from across the UK industry is intended to clarify which business interruption policies respond to the pandemic and which do not. The Zurich UK wordings put forward by the FCA represent Zurich's version of standard industry provisions which are not designed to provide cover for pandemics such as COVID-19. Based on the Group's own review of wordings and legal opinion received from external counsel, Zurich believes that the Zurich UK wordings do not provide cover for business interruption in relation to the

COVID-19 outbreak. This view is further supported by the limited numbers of claims received to date by Zurich's UK business in relation to business interruption, and the very low level of disputes over coverage experienced by the Group.

On the basis of this opinion, experience to date and Zurich's scenario analysis, the Group remains confident that the total P&C claims cost for the full year will remain in line with the approximately USD 750 million disclosed with the first-quarter update on May 14, 2020, though the continuing nature of the event means that this is subject to significant uncertainty.

Throughout the current health emergency, Zurich has continued to deliver on its commitment to customers and to the communities in which it operates. As part of this commitment the Group has provided a range of financial relief through premium rebates, payment holidays and extensions of coverage, as well as additional support to commercial customers through knowledge sharing on how best to manage risk and to protect their employees and customers. This commitment also extends to the prompt payment of claims where coverage exists. The Group's additional measures to support customers and its commitments to communities totaled more than USD 90 million in the first quarter.

In the unlikely event that the UK High Court were to judge that all industry wordings reviewed in the FCA process do provide cover for business interruption in relation to COVID-19, then Zurich estimates that this would result in approximately USD 200 million of claims net of reinsurance in addition to the scenario for full-year 2020 claims related to COVID-19 presented on May 14. This amount includes assessment of the potential impact to all Zurich UK business, not limited to SME. The continuing nature of the event means that this is subject to significant uncertainty.

**Zurich Insurance Group (Zurich)** is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories. Zurich's customers include individuals, small businesses, and mid-sized and large

companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872. The holding company, Zurich Insurance Group Ltd (ZURN), is listed on the SIX Swiss Exchange and has a level I American Depositary Receipt (ZURVY) program, which is traded over-the-counter on OTCQX. Further information about Zurich is available at [www.zurich.com](http://www.zurich.com).

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## **Disclaimer and cautionary statement**

Certain statements in this document are forward-looking statements, including, but not limited to, statements that are predictions of or indicate future events, trends, plans or objectives of Zurich Insurance Group Ltd or the Zurich Insurance Group (the Group). Forward-looking statements include statements regarding the Group's targeted profit, return on equity targets, expenses, pricing conditions, dividend policy and underwriting and claims results, as well as statements regarding the Group's understanding of general economic, financial and insurance market conditions and expected developments. Undue reliance should not be placed on such statements because, by their nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and plans and objectives of Zurich Insurance Group Ltd or the Group to differ materially from those expressed or implied in the forward-looking statements (or from past results). Factors such as (i) general economic conditions and competitive factors, particularly in key markets; (ii) the risk of a global economic downturn, in the financial services industries in particular; (iii) performance of financial markets; (iv) levels of interest rates and currency exchange rates; (v) frequency, severity and development of insured claims events; (vi) mortality and morbidity experience; (vii) policy renewal and lapse rates; (viii) increased litigation activity and regulatory actions; and (ix) changes in laws and regulations and in the policies of regulators may have a direct bearing on the results of operations of Zurich Insurance Group Ltd and its Group and on whether the targets will be achieved. Specifically in relation with the COVID-19 related statements, such statements were made on the basis of circumstances prevailing at a certain time and on the basis of specific terms and conditions (in particular applicable exclusions) of insurance policies as written and interpreted by the Group and may be subject to regulatory, legislative, governmental and litigation-related developments affecting the extent of potential losses covered by a member of the Group or potentially exposing the Group to additional losses if terms or conditions are retroactively amended by way of legislative or regulatory action. Zurich Insurance Group Ltd undertakes no obligation to publicly update or revise any of these forward-looking statements, whether to reflect new information, future events or circumstances or otherwise.

All references to "Farmers Exchanges" mean Farmers Insurance Exchange, Fire Insurance Exchange, Truck Insurance Exchange and their subsidiaries and affiliates. The three Exchanges are California domiciled inter-insurance exchanges owned by their policyholders with governance oversight by

their Boards of Governors. Farmers Group, Inc. and its subsidiaries are appointed as the attorneys-in-fact for the Farmers Exchanges and in that capacity provide certain non-claims services and ancillary services to the Farmers Exchanges. Neither Farmers Group, Inc., nor its parent companies, Zurich Insurance Company Ltd and Zurich Insurance Group Ltd, have any ownership interest in the Farmers Exchanges. Financial information about the Farmers Exchanges is proprietary to the Farmers Exchanges, but is provided to support an understanding of the performance of Farmers Group, Inc. and Farmers Reinsurance Company.

It should be noted that past performance is not a guide to future performance. Please also note that interim results are not necessarily indicative of full year results.

Persons requiring advice should consult an independent adviser.

This communication does not constitute an offer or an invitation for the sale or purchase of securities in any jurisdiction.

THIS COMMUNICATION DOES NOT CONTAIN AN OFFER OF SECURITIES FOR SALE IN THE UNITED STATES; SECURITIES MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES ABSENT REGISTRATION OR EXEMPTION FROM REGISTRATION, AND ANY PUBLIC OFFERING OF SECURITIES TO BE MADE IN THE UNITED STATES WILL BE MADE BY MEANS OF A PROSPECTUS THAT MAY BE OBTAINED FROM THE ISSUER AND THAT WILL CONTAIN DETAILED INFORMATION ABOUT THE COMPANY AND MANAGEMENT, AS WELL AS FINANCIAL STATEMENTS.

# Market participants

This page provides the Lloyd's market community with the latest guidance and updates in relation to COVID-19.

**Latest news:** COVID-19 will see historic losses across the global insurance industry, with the Lloyd's market set to pay out US\$4.3bn to customers.

[Find out more in our press release](#)

## Lloyd's oversight and reporting

## Lloyd's business planning

## Policy coverage

Many of you are receiving and asking various questions regarding policy coverage relating to COVID-19 claims. In order to give a timely, consistent and accurate response to such questions, a small combined Corporation / LMA working group was established in mid-March. This group meets every day to discuss and agree the various questions being raised, and to assist managing agents in answering these queries.

There have been many varied and very specific questions that have been raised and answered, whilst some of the more 'general' ones are noted below:

**Pandemic / contagious disease extensions:** where such unspecified extensions are provided, on business interruption or contingency covers, Lloyd's would expect this to include losses related to COVID-19.

**Retrospective covers:** Lloyd's does not expect covers to be extended retrospectively to cover COVID-19 related losses.

**Policy renewals and extensions:** we are aware of a number of requests to extend policies given difficulties often being experienced in the short-term. Whilst it is Lloyd's view that it is preferable that policies should be renewed rather than extended, even if for short periods pending fuller review, it is also our view that extensions should be granted whenever appropriate. We ask that you use your own judgement at portfolio and/or individual policy level, with our commitment to support your decision.

**Binding authority contracts, renewals and extensions:** a more detailed note will be issued to the market regarding binding authorities. As with policy renewals, we are aware that there are currently challenges in completing the renewal of binding authority arrangements and we would say again it is preferable that binding authorities are renewed rather than extended. However, where current operational restrictions impede the ability to effect renewal then underwriters should consider an extension to the binding authority. Underwriters may give such an extension even if this extends the overall binder period to more than the current limit of 18 months (or 36 months if a three-year binder).

**Non-payment of premiums:** Lloyd's expects Underwriters to ensure that they do not automatically cancel policies for consumer and SME customers by reason solely of the application of a non-payment of premium clause for a period of non-payment for up to 60 days. In respect of policies for other customers, Lloyd's expects underwriters to have regard to the suitability and fairness of applying such a provision.

**Overwriting of GWP:** where any of the above leads to 'overwriting' of agreed GWP levels (most likely for the 2019 year of account) then this will not be cited by Lloyd's as a reason to prevent you taking this action.

## Claims handling

## Complaints

## Lloyd's emergency trading protocol

## Delegated authority guidance

## IPT on refunds of premiums due to COVID-19

## Supporting our people

## Contact the Corporation Response Team

## FCA consultations

## Bulletins and notices issued by international regulators

## Lloyd's building access



## RSA Ins Grp

# Statement regarding FCA business interruption

RNS Number : 50350  
RSA Insurance Group PLC  
01 June 2020

### **RSA Insurance Group plc**

#### **Statement regarding the FCA's business interruption court proceedings**

**1 June 2020**

RSA welcomes the statement today from the FCA regarding their court proceedings in relation to business interruption insurance, first announced on 1 May. The FCA intends to obtain court judgements, using the Financial Markets Test Case Scheme, on contractual interpretation of certain business interruption insurance policies in the UK market, bringing clarity for both customers and the industry.

RSA provided an update on the impacts of COVID-19 in its Q1 trading update on 7 May. The update reported that as at the end of April the Group had received valid claims across travel, wedding cancellation (UK only) and commercial lines business interruption and related policies with an estimated cost of c.£25m net of reinsurance. This estimated cost has not changed materially since then.

The FCA confirmed today that they have selected a representative sample of 17 policy wordings to include within the court case as well as publishing a list of 16 insurers who underwrite these wordings. In this context the FCA has invited a subset of 8 insurers to assist with the court case, with RSA's participation being in relation to 3 of the schemes referenced.

The FCA has made clear in their statement that in selecting policy wordings and insurers for the court case they have sought breadth of coverage across the key arguable issues, whilst minimising the number of parties engaged before the court. Market share has not been a determining factor in selection, and RSA's inclusion is not representative of its market share on the relevant policy wordings. The FCA expects the outcome of the court proceedings and related rulings to be directly relevant for all insurers providing business interruption insurance in the UK.

As referenced by the FCA in earlier announcements, it remains the case that the great majority of business interruption claims are not expected to be eligible under their coverage terms for COVID-19, and the court proceedings seek to address the legal interpretation of just a small minority of policies and schemes. RSA continues to treat claims in line with legal advice, precedent and case law.

RSA has a comprehensive reinsurance programme, with core catastrophe covers in place across the Group (including the UK) as well as a group-wide aggregate protection. These arrangements (described in the Group's full year results) are expected to provide substantial protection in the event that downside claims scenarios were to arise.

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**Other information**

LEI number: 549300HOGQ7E0TY86138

The Group undertakes no obligation to update any forward-looking statements, save in respect of any requirement under applicable law or regulation. Nothing in this press release shall be construed as a profit forecast.

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