

NDML: HARD MARKET UPDATE



NDML
INSURANCE SPECIALISTS

NTIA | NIGHT TIME
INDUSTRIES ASSOCIATION



SETTING THE SCENE

We've been lucky in recent years, as broadly speaking, insurance premiums have been well priced and capacity in the market has been large. This means that most risks can be covered easily, and at a good price.

Insurers have been willing to take on greater risks themselves, generally meaning policyholders have been saving money. This is what we call a 'soft' market.

The insurance market though goes through cycles – and we're seeing this soft market gradually come to an end, which means we're heading towards a hard market.

And that's something you should be aware of, to make sure that alongside us, you continue to get the best possible price for your policy.

WHAT IS A 'HARD MARKET'?

Put simply, it's when insurers start to reduce their capacity for cover, in turn driving up premiums. This can happen for a number of reasons, but is often down to an increase in frequency or severity of losses, or regulatory intervention which could make things more difficult for insurers.

So what could that look like? Take flooding for example – over time, the frequency and severity of flooding across the UK has risen steeply. This has led gradually to insurers reducing cover or even withdrawing altogether from offering flood cover.

From a regulatory perspective, the recent Ogden rate change means that payouts for personal injury claims have stayed higher than anticipated. Because of this additional cost to the insurer, it means less capacity and additional cost to the policy holder too.

Put simply, a hard market means there is a potential for it to be more difficult to get certain types of cover, and you can expect to see fewer instances of premium costs being cut. And there will be an effect on your policy & pricing.

The things that have led to this 'hard market':

- Claims increasing across most covers, meaning insurers are retracting the amount of capacity available.
- We're in a more litigious environment meaning claim costs can spiral.
- The number of big losses has increased.

NOW IS THE MOST IMPORTANT TIME TO WORK CLOSELY WITH NDML

Because we already work so closely with your industry, we really understand your risk better than anyone. We know how your risk is managed, and can present it in the best way to underwriters, getting you the best possible price in the market for the cover you need.

There are three key things that will help bring keep your premium under control in a hard market:

1. We know you, so are able to present your risks in the best way to insurers, proving you're an attractive risk, and worth a competitive premium (a competing broker won't have this).
2. Our ability to approach the whole insurance market to find the best cover at the best available price (we're independent so aren't tied to specific insurers).
3. Let us look after your renewal – if you let in a competing broker, that will close the door to certain insurers as they will only give one quote to one broker. This means we won't be able to find best price for you.

With reduced capacity in the market, you might need multiple insurers to insure a single risk (take the Titanic as an example – [read about it here](#)).

By allowing us to approach the whole market on your behalf, we can combine the best options for the most competitive price.

BUT THAT'S NOT ALL – THERE'S MORE YOU CAN DO TO HELP KEEP YOUR PREMIUM UNDER CONTROL

There are many factors that can affect your premium, but there are **five key areas**, which you should pay most attention to, and we'll work with you to make sure we have a robust proposal to secure your cover.

- 1. Risk Management**
- 2. Business Continuity Planning**
- 3. Health & Safety**
- 4. Professional Indemnity Proposal**
- 5. Adjustable Policy Review**

And to make life easier for you, we've pulled together a handy guide to make sure that you've got everything possible to allow us to give you the best possible policy and the most competitive price.

All designed around the unique needs of you and your business.



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AREA 1:

RISK MANAGEMENT

One of the most important parts of your insurance proposal. Make sure you know where your risks are, and have done everything you can to prevent them. What's more? Make sure you have evidence to prove you've done this.

It might sound simple, but it's the cornerstone of a robust and cost effective policy. So how do you go about it?

Access All Areas for Surveyors

By giving unrestricted access to our surveyors, we're able to identify every potential risk you may be facing, and give you advice on how to mitigate it.

By showing an insurer that you've thought ahead and had your risk professionally assessed, they'll trust that it's an accurate representation and be more likely to give you favourable terms.

Robust Process

Are all the processes in your business rigorously planned, tested and checked? By documenting that you are fully up to speed with every element of how your business runs, where the potential risk lies, and the plans to mitigate those risks, you're demonstrating a high level of diligence that will help an insurer see you as a reliable business.

This reliability helps to prove that you're a safe bet to offer the best available capacity and terms.

Positive Features

Have you gone above and beyond to protect your premises? Flood defences? Sprinkler systems? Enhanced security? All of these demonstrate that you're putting as many steps in place as possible to prevent a risk having a detrimental effect on your business.

By taking these steps, you've reduced the chance of something bad happening, so insurers will like that and again be more willing to give you more capacity, better cover and competitive terms.

Even better, if you're improving or re-building any of your premises, make sure they're risk engineered. This means that your buildings can be created in a working group with us, your builders, architects, risk managers and insurers so that your premises are completely robust, and protected against whatever may come your way.



AREA 2:

BUSINESS CONTINUITY PLANNING

There are three words to bear in mind when it comes to Business Continuity Planning:

- **Robust**
- **Documented**
- **Tested**

Firstly, make sure your continuity plan covers every eventuality, and takes into account anything that you'd need to consider if something stopped your business trading tomorrow. From supply chain, to premises, to cash flow, to how your employees will work. By allowing for all the possible side effects of business interruption, you'll be prepared if the worst does happen.

Secondly, make sure it's written down and stored somewhere secure. We'd suggest having both physical and digital copies in different locations, so that whatever happens, you'll know what to do. And by providing this plan, you can prove to the insurer that if your business was interrupted, you'll be able to get back up and running quickly and efficiently, minimising your loss of earnings.

Finally, test it. It's all well and good writing down a plan. But if it's all theory, do you know it'll work in practice? Stress test your continuity plan to make sure it will actually work.

By making sure you've done all this, you'll reduce your Estimated Maximum Loss (EML), increase your potential capacity for insurance, and ultimately keep your premium cost under control.

AREA 3:

HEALTH & SAFETY

Hand in hand with risk management, Health & Safety policies help to ensure your staff and the public are well protected, minimising the chance of a claim.

Review your Health & Safety policies, Risk Assessments and Method Statements, to make sure they're all up to date and reflect the current risks affecting your business.

Work with us to review your claims defensibility and we'll help ensure you're on track. You'll have the great benefit that as you already work with us, we have your full claims history, meaning that they will already be well managed and under control.

Because of this, we can provide a fair representation of your claims history and demonstrate to insurers that you're a safe bet, because you have put your claims in the hands of an expert. Something that another broker couldn't do for you.

AREA 3.1: Motor Fleet Health & Safety

If you operate a fleet, however large or small, make sure you undertake a fleet audit & report. By monitoring key factors like those listed below, you'll be able to spot where you may become exposed, and take action before it becomes a problem.

Things to look out for include:

- Staff turnover: low staff turnover means trusted, reliable drivers on your fleet.
- Staff training: well trained staff will drive and look after their vehicles better.
- Driving behaviour: avoiding extreme acceleration and braking will show they're a responsible driver.
- Telematics usage: using telematics mean you can monitor your drivers and spot erratic or unusual behaviour.
- Fleet management: having a fleet manager shows that your drivers and vehicles are well controlled and less likely to be at risk.

AREA 4:

PROFESSIONAL INDEMNITY COVER

Keeping your professional indemnity premium under control is all about provenance. Being able to prove that you're a reliable business who knows what they're doing. By gathering and presenting evidence to this effect, we can prove to an insurer that you have a strong track record of the best working practices.

By providing evidence of good management, and providing us with a fully and accurately completed professional indemnity proposal form, this is a great starting point to show you're a sensible risk for the insurer.

To make the presentation of your risk even more compelling to an insurer, the more company history and information we can provide the better. Even things you might think aren't relevant can make a big difference.

Demonstrate things such as:

- **Industry awards** – they show that you're recognised by knowledgeable sources as a business that is exceptional at what you do.
- **Background** – show that the people who own and run the business are trustworthy, reliable, and have a proven track record of good management.
- **Ethical practices** – charity partnerships, CSR activity and staff wellbeing initiatives are all examples that show your business's commitment to operating well. This can again show that you're a reliable risk to take.

By sticking with NDML, you are working with a team who already know your business and are in the best position to paint a positive picture to an insurer. A competing broker without our longstanding relationship will not be able to market you in the same way, meaning we're the best place to get your policy at the most competitive available price.

AREA 5:

ADJUSTABLE POLICIES

Adjustable policies apply to certain covers such as Liability cover (employer, public & product) and Business Interruption. These policies take into account factors such as your estimated turnover, profit and wage costs and base your premium on these elements. At the end of your policy year, the actual figures will be compared to your predicted figures, and show whether you're due a rebate, or if you're liable to pay more if there has been a marked increase in any of the relevant factors.

Previously, insurers have been willing to waive these adjustments when you move forward with a renewal, to offer you the best service and encourage you to continue working with them.

As the market hardness, this is becoming less and less likely to happen. And insurers are often insisting policyholders pay all, or a sizeable portion of their adjustment premium before renewal.

By talking to us as early as possible in the renewal period about any fluctuations in these factors, we can pre-empt what might happen at renewal, and prepare your business, and our defence. By being prepared with as much notice as possible, it gives us a chance to reduce or defer the amount of your adjustment you may end up needing to pay.

And any policies linked to your declaration of projected earnings should have a formal declaration prepared by a qualified auditor. This will ensure that there are no nasty surprises if your turnover grows organically, but your insurance cover doesn't keep up because of a lack of information about your company's growth.



IN SUMMARY

With getting full coverage and a low cost premium getting more difficult, it's more important than ever to give your business the best chance of getting the best insurance policies at the most competitive price.

As the leisure & hospitality industry's leading broker, we're in the best position to be able to get you the best cover at the most competitive price. Because we understand you and your venue.

Our experience means we can present your risk to insurers in the most compelling way, increasing your access to capacity, and keeping your premium costs under control.

Whilst this hard market will be a challenge, we're dedicated to working closely alongside you, making sure that you don't see dramatic premium increases, and always have the best cover.



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**If you have any questions that aren't covered in
this guide, don't hesitate to talk to NDML.**

**enquiries@ndml.co.uk
0344 488 9205**



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