



Would You Gamble with Insurance?

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Tim Barnes-Clay

For many drivers, the gamble went horribly wrong last month. Thousands of taxi and private hire drivers were left rushing to reinsure their vehicles after Danish insurance company Alpha filed for bankruptcy, invalidating their policies.

Alpha, which insured taxi drivers through brands such as Protector and Cover My Cab went bust on May 8, immediately cancelling all policies.

You may have been unfortunate enough to have been one of Alpha's clientele. Even if you weren't, imagine if you ran a private hire company and discovered before the Friday rush that your fleet was no longer insured? For some customers of Alpha, this became a harsh reality.

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(LTDA), the firm insured 700 taxi drivers and 10,000 private hire vehicles in London alone. Drivers received a text message informing them that their insurance had been cancelled with immediate effect, leaving them unable to work.

AVOID UNRATED INSURERS

There are times when the policyholder is not aware that the insurer they are using is unrated. To stop this from happening to you, it is strongly suggested that you use an experienced broker that only uses rated insurers.

Insurers invite rating companies to rate them, showing the public how financially credible they are. With this in mind, does this mean that unrated insurers have something to hide? Standard & Poors is a rating company that assesses the financial strength

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of insurance companies. As one of the world's largest insurance rating organisations, it maintains reports and ratings on more than 3,000 insurance companies.

An insurer's credit profile is rated by looking at industry and country risk assessment, competitive position, capital and earnings, risk position, liquidity, financial flexibility and management and governance. An example of a rated insurer is the insurance company RSA. It has been awarded a rating of 'A' by Standard & Poors.

When looking for motor insurance, ultimately people are more interested in price than anything else. Unrated insurers will often have the ability to offer cheap premiums to brokers. However, a great price does not always mean great value. A low cost may seem good at the time, but you may not be getting the cover you need.

Not knowing the financial status of an insurer when taking out a policy is a huge risk to any business. The policyholder could be left having to pay another premium or obtain another policy to keep the business insured if the original insurer was to fail.

Has it happened before? In short, yes. On several occasions, an unrated insurer has gone into liquidation leaving many policyholders without cover. Insurers such as Quinn, Lemma, ERIC, Balva and Service Insurance have either withdrawn from the market, had their licences to transact business revoked, or have gone into administration or liquidation in recent years.

A-RATING FOR THE A-LIST

SEIB Insurance Brokers works with lots of highly rated insurance companies, including A-rated RSA, for many of its motor policies. SEIB's commercial director Suzy Middleton explained that this is to ensure clients have the right cover specifically designed to their needs, and the knowledge that their insurer is financially stable.

She said: "We pride ourselves on providing our clients with all the information they need to understand their insurance. A few common issues that have been raised by our clients include regularly chauffeuring VIPs – for example, footballers or actors.



Suzy Middleton

broker that your cover is appropriate."

According to SEIB, for a one-off journey, your broker will typically need the following information:

- The vehicle being used
- The VIP passengers name

Employers' Liability insurance will protect you and your business from any claims relating to your drivers...

- The location you are driving to
- The name of the driver

Suzy added: "It is very common that no extra terms will need to be applied to your policy, but ensuring that your broker has knowledge of this is peace of mind that if there were an incident, you would be adequately covered."

SEIB told *Professional Driver* that its private hire insurance has unlimited passenger liability cover built-in, to ensure everyone is protected if you're involved in an accident. This is designed to cover you from claims relating to incidents involving passengers entering and leaving the vehicle.

Suzy Middleton said it was common to think that as you are a professional driver, your business motor insurance will cover you comprehensively for all activities. However, she said that to be covered for activities outside of the vehicle, such as meeting clients at airports, you will need Public Liability insurance.

She explained further: "By purchasing separate Public Liability cover, you and your business will be protected outside as well as inside your vehicle. For example, if you are unloading baggage, a passer-by can easily trip over these and suffer an injury. Public Liability insurance is designed to protect you and your business from claims such as these."

Through research, SEIB has found that most local authorities would recommend this cover. Some authorities even deem it compulsory with a private hire licence. Suzy added: "It is also vital to remember, if you have any employees driving your vehicles, you will require Employers' Liability insurance. This will protect you and your business from any claims relating to your drivers. If you have employees or even casual workers, Employers' Liability insurance is a legal requirement. You could be fined £2,500 for every day that you do not have this insurance."

SEIB has been a Chauffeur and Private Hire insurance specialist for over 30 years. The Essex-based company provides an award-winning service for all chauffeur and private hire insurance needs and has recently been shortlisted as a finalist for the British Insurance Awards "Broker of the year" category.

IT'S ALL GOING ACCORDING TO PLAN

Plan Insurance Brokers has recently moved to new offices in Redhill in Surrey. Since its creation in 1989 by Managing Director Grant Georgiades' father Peter and brother Scott, the family brokerage has been consistently growing. It now employs more than 95 staff and, needed a larger space to accommodate its expanding workforce.

"This is an exciting step in our company's development," said Grant. "The additional room, combined with the large recruitment catchment area that Redhill offers, will allow us to capitalise on demand while continuing to provide the outstanding level of service that our customers have come to expect."

Office move aside, Plan is very vocal in the industry, not only from an insurance point of view but also from a regulatory perspective. For instance, it is campaigning against Transport for London's



Grant Georgiades

(TfL) operator licensing fees proposal. Grant Georgiades, explains why: "We feel the new structure is unfair, particularly for smaller operators, and leaves an open door to the likes of Uber and Addison Lee to take over the market. We are therefore supporting the Licensed Private Hire Car Association (LPHCA) in its efforts to get them overturned. We strongly feel that TfL isn't considering the most efficient way to enforce compliance: putting boots on the ground isn't a cost-effective solution."

Plan Insurance Brokers has also been lobbying both Government and the insurance industry to implement improved systems for detecting uninsured taxi and private hire drivers.

"Our proposal for an online Taxi Insurance Checker (TIC) portal would allow Police and compliance officers access to the information required to instantly and accurately validate a driver's cover at any time," said Grant. "Crucially, it would confirm whether the driver is insured to carry passengers for hire and reward. This has so far fallen on deaf ears, unfortunately, and it's a shame as, had it been implemented, it could have helped in reducing compliance costs, thus avoiding a hike in fees – both for the operators and the drivers."

Another area Plan is passionate about is environmental sustainability. Indeed, it is one of the company's core values, and this, claims Grant, is why Plan is following the latest development concerning zero emissions very closely.

He said: "While we do think that electric vehicles are the way to go, a few things are troubling us: first, the infrastructure isn't ready. How does a driver charge their vehicle at home if they live in a flat with no off-street parking? Where do you charge on a 200-mile round-trip to take a client to an airport in Wales, where there is only on average one charging

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New player with an old-school approach



Samuel McCarthy

Tasker Insurance Brokers is a new player in the industry and has two branches, located in Kent and Greater Manchester. The company has recently taken on Samuel McCarthy from Aston Scott as account executive. He is an expert in the field of chauffeur insurance, having spent a long time listening to the industry, understanding its needs and learning from his peers. "My ethos is simple," said Samuel. "I want to make insurance more knowledgeable and understandable from a client's perspective. I take the personal approach with my clients in line with my vision of bringing back old school broking where I am your trusted broker."

Samuel explained that he joined Tasker because the company's approach to insurance is refreshing. He said: "Tasker leads with risk management advice and has teams of specialists who build relationships with clients, giving them an understanding of insurance and guiding them through their policy from start to finish. Joining Tasker Insurance Brokers has helped me to create a complete risk management solution for a chauffeur's needs."

He added: "While there are pros with unrated insurers, such as competitive pricing, there are unfortunately more cons - one being financial security. We at Tasker have our clients' best interests at the heart of what we do. As a professional broker, we only provide policies from insurers that are rated."

"As chauffeurs, you wouldn't take the gamble and send a small hatchback over an executive vehicle to pick up a VIP," said Samuel. "Gambling with unrated insurers places your business, and more so your passengers at risk."

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point per 99,000 people?"

Plan's MD added: We feel that the current push from the regulators and Government is a bit premature. They must urgently upgrade the infrastructure with lots more rapid charging points and standardise the offering: the complex multi-operator network and variety of different plugs and chargers are delaying the switch over to greener, cleaner driving."

Grant Georgiades also has strong views about how autonomous vehicles will impact insurance premiums. He said: "It appears the liability debate should be simple to settle with the manufacturer assuming liability in some instances. However, concerns over safety are more pressing in the light of the two high profile crashes involving autonomous cars recently."

"I think it is important that drivers of these vehicles have appropriate user training, and that manufacturers improve safety features so that the drivers can take control when needed far quicker than is currently being proposed. Machines have their limitations, and it is down to us, the humans, to ensure that we are in control - even when the car is on autopilot." He added: "Manufacturers of autonomous vehicles emphasise the fact that the vehicles are less likely to crash than human-operated ones. This should lead to a reduction in insurance premiums as claims frequencies should go down."

"However, only time will tell if this is the case. The recent accidents are a major concern. Even though the probability of their occurrence is relatively low, these could lead to large claim settlement figures and potential complex judicial cases to determine responsibility. If manufacturers do assume responsibility for covering any road traffic incidents, they will factor this cost into the purchase price. Owners will continue to require cover for theft, vandalism, fire and other potential damage."

Aston Lark merger set to retain personal touch



Lee Scott

Plan Insurance isn't the only company to have a view on autonomous vehicles. Indeed, Aston Lark, a new company formed from the bringing together of Aston Scott and Lark Insurance, chooses to see self-driving cars as an opportunity rather than a threat.

Divisional director Lee Scott explained: "We are looking forward to seeing how the development of driverless vehicles affects the insurance industry, and the new opportunities that it creates, both for us and for our clients, many of whom rely on driving for a living."

Lee added: "We recognise the role chauffeurs play in the driving experience - that personal touch is valued by so many clients who require more than just the physical driving experience. This

is not something an automated car can provide, so we predict there will still be a need for chauffeurs and private hire drivers in the future."

Indeed, Aston Lark recognises the challenges faced by chauffeurs and the importance of having a robust insurance policy in place to protect them. This is why the firm offers an insurance scheme designed for chauffeurs.

It includes:

- Competitive premiums
- Full accident management and uninsured loss recovery service
- Replacement vehicles

The offering will be strengthened even further, thanks to the effects of the merger. It means Aston Lark will, by July, have over 600 staff in 18 offices across the UK.

Aston Lark CEO Peter Blanc said: "Aston Scott was already well-established in the chauffeur and private hire arena. Joining forces with Lark creates an even stronger presence in the UK market. This is particularly timely, considering the recent collapse of unrated insurer Alpha in May. Drivers get what they pay for when it comes to motor insurance. Cheapest is not always best. We only work with rated insurers, which gives our clients peace of mind that their policies will remain valid and well-managed in the long-term."

Lee Scott added: "We understand that chauffeurs need to provide a certain level of service to satisfy customers. This includes everything from ensuring a smooth, comfortable journey, planning to avoid traffic where possible. Having an insurance policy in place that suits those requirements is vital."



Peter Blanc

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