



# Covernotes



## EVs and E-scooters: Which Insurance Impacts Hover in the Wings?

**The UK is said to be on the cusp of a transport revolution, with electric vehicles (EVs) very much the future and micro-mobility-level eco choices also potentially being transformative. Much thought is required, however, especially from an insurance and risk perspective.**

The evolution of transport, ahead of a ban on launches of new petrol and diesel cars from 2030, is bringing new challenges to the risk landscape, which need to be understood by owners, garages and breakdown services, those providing charging points and also insurers. Sales of electric vehicles rose by 43% in 2020<sup>1</sup>, with owners estimated to generate 17-30% fewer emissions than those produced by a vehicle with an internal combustion engine (ICE).<sup>2</sup>

Electric cars, because of their batteries, are more likely than an ICE-powered car to experience fire damage as part of a claim. Their lithium-ion batteries – the ‘fuel’ in EVs – can combust, if damaged, which could occur as a result of an accident, through being overcharged,

being exposed to high temperatures or because of a latent manufacturing defect.

This fire risk has to be carefully controlled, but great care is required, as such fires emanate from a high-voltage battery, which also carries with it risks of electric shock.

The fire risk posed is not just to the vehicle, but to any property at which the car is being charged and public spaces, too, such as car parks, shopping centres, service stations and hotels. As the degree of fire risk becomes better understood, this could not only mean higher insurance premiums for the vehicle’s insurance but also the potential for property and liability claims, which also exert upward influences on premiums.

What is already understood is that, if repairs to an EV are required, the cost and time involved can be far more significant than with a traditional vehicle repair, particularly as many garages will currently not necessarily have a high degree of expertise when it comes to EV repairs, and may not have the right parts or tools, either. Mechanics will either evolve into ‘technicians’,

by becoming accredited to BS 10125 Vehicle Damage Repair Kitemark Scheme standard, or potentially only ever train in EV repair and work for EV-only specialist repair centres.

EVs are more complex in construction than traditional vehicles, having integrated components connected through sensors and embedded software. This makes repairs trickier and longer. A whole new skill set will be required of repair shops, and a garage will need to future-proof itself in this regard, if it is to be sustainable within what will become a new-look repair network.

During any repair, an EV’s battery has to be decommissioned before work can start, as it is a live unit that could cause electrocution, if touched whilst still charged. This decommissioning and then subsequent recharge, following the repair, adds to the time the vehicle is off the road, which has the potential to greatly increase the costs of hire charges within an insurance claim and impact on the level of future premiums paid. It could also mean garages needing space to ‘hold’ vehicles for far longer.

<sup>1</sup>Page 8 - <https://view.publitas.com/biba/a-biba-brokers-guide-to-the-future-of-mobility-lqjvod7e6oxg/page/8-9>

<sup>2</sup>Returning to the roads - [https://www.allianz.com/en/press/news/studies/200615\\_Allianz-AGCS-electric-vehicles-report-evolution-of-mobility.html](https://www.allianz.com/en/press/news/studies/200615_Allianz-AGCS-electric-vehicles-report-evolution-of-mobility.html)

As the battery is the main vehicle component, any accident-related damage to it could also lead to the car being written off entirely. Repair may not be feasible, from a cost perspective.

After any road accident, it is important a triage procedure be undertaken, so anyone tackling the breakdown is kept safe from the risk of electrocution, explosion or the risks posed by leaking electrolyte. Safety with regard to hazardous components should also be exercised in the garage, with safe disposal of traction battery packs being paramount. Whilst an EV battery should last 15-20 years, replaced units will need to be disposed of with care, in an eco-friendly manner, so any further energy benefits can be derived from them.

EV driver training is required, especially in a commercial fleet. The daily 'walkaround' checks are different for an electric vehicle, and on-road driving also requires new skills. Drivers need to learn to control the instant power and acceleration that comes with an EV, whilst stopping distance planning needs to be tackled in a new way. Battery life has to be nurtured through better driving, with speeding likely to considerably reduce the lifespan of an EV.

Additionally, drivers of pre-July 2019 EVs need to remember these vehicles are silent when being driven at lower speeds or when reversing, so pedestrians and cyclists, in particular, are at greater risk of not being aware that a vehicle is nearby or performing a manoeuvre. Noise-emitting devices only became compulsory on models produced after this date. Such devices will now be applied to hybrid models too (as of 1 July 2021), to enhance safety.

This silent operation is one reason why there is also concern amongst insurers and the general public with regard to e-bikes and, particularly, e-scooters.



Privately owned scooters are currently illegal for use on public land. As their popularity soars, concerns grow around public awareness of the legal standpoint on their usage. The Metropolitan police in a clamp down seized over 500 e-scooters in a week.<sup>3</sup>

### The legal position on UK e-scooters

While it is legal to sell and purchase an e-scooter in the UK for personal use, they cannot be legally ridden on public land (roads, cycle lanes or pavements), unless the e-scooter is part of new trials where road and cycle lane use is permitted.

Some of us may currently see e-scooters on the road as part of these trials. This is due to an extension of Government trials to assess their safety, from August 2021 to March 31, 2022.<sup>4</sup> E-scooters will be seen on roads in 57 locations (50 towns and cities) in England, from Barnstaple to Newcastle, and within several London boroughs, until that date.<sup>5</sup>

Campaigners for safety believe the risks for vulnerable road users, such as the blind and disabled, are

significant from these devices, which are allowed to travel at 15.5mph (12.5mph in London). Reports suggest that e-scooter riders have generated hundreds of complaints already and been used in assaults, incidents of anti-social behaviour, burglary and traffic offences. Safety organisations also want the minimum age of an e-scooter rider raised from 16 to 21.

Tailored e-scooter insurance is available and highly recommended, as is the wearing of a helmet, to help reduce the risk of head injuries. With liability claims a constant possibility, however, insurance is not just for the micro-mobility eco-vehicle or the rider, but for third-party damages, too.

It will be watch this space on premiums, should the liability claims of uninsured e-scooter riders have to pass to the Motor Insurance Bureau and be handled via the Uninsured Drivers Agreement.<sup>6</sup> The potential for that scenario to increase the cost of cover across the motoring spectrum is also a real one, if shorter post-pandemic commuting journeys, under the 'steam' of an e-scooter, become attractive alternatives to the car, bicycle or weekday walk.

<sup>3</sup><https://metro.co.uk/2021/06/24/more-than-500-e-scooters-seized-by-police-in-london-in-a-week-14825314/>

<sup>4</sup><https://www.rac.co.uk/drive/news/motoring-news/dithering-and-delay-on-e-scooter-trials-prompts-new-safety-fears/>

<sup>5</sup><https://mindthezag.com/places/where-are-the-uk-e-scooter-trials/>

<sup>6</sup>Page 23 - <https://view.publitas.com/biba/a-biba-brokers-guide-to-the-future-of-mobility-ldiyod7e6oxg/page/22-23>



# Bitcoin: Is Being ‘Bitten’ Inevitable if you Bite?

The cryptocurrency industry is poised to become a ‘big opportunity’, according to experts, and insurers are increasingly exploring coverage within a new space engaging more of us! If online wallets, hot and cold storage and crypto-exchanges could become part of your world, however, you need to understand the risks – and not just from an investment point of view.

For the most part, when we speak about cryptocurrency, we are referring to Bitcoin as the most recognisable (other crypto currencies are available) – a digital money that is sent online and a form of payment that uses blockchain technology to send data in cyberspace. This is something which has been with us for over a decade, and often negatively associated with ransom payments to cyber criminals.

However, Bitcoin is actually becoming a go-to trading option for millions worldwide, if they fit a certain investment risk profile. People now use Bitcoin to pay for goods ranging from software to holidays and luxury cars, even superyachts.

Bitcoin is an investment for people who want a spread of investments across normal stocks and shares, property, art and jewellery collections, and other investment opportunities. Investors tend to be those who can afford to lose money. This is largely because Bitcoin is so volatile, with three-figure price swings not uncommon.

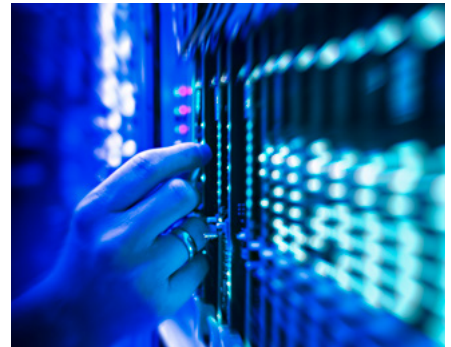
In some parts of the world, including Turkey, Nigeria and Bangladesh, Bitcoin is banned. In China, financial institutions are forbidden from using Bitcoin in payments or as settlement for insurance or financial services transactions. The US Treasury is worried about it facilitating tax evasion, and is monitoring this carefully. It is legal in the UK, France, Germany and

Italy, and generally throughout the EU, subject to different rules on how it is traded and taxed.

Here in the UK, Bitcoin exchanges are regulated by the Financial Conduct Authority (FCA), which also licences (UK) and regulates Bitcoin ATMs, of which there are more than 250 across Britain, the largest number of automated teller machines in a European country.<sup>2</sup> It is legal to buy and sell cryptocurrencies, although these are not classed as legal tender and the trading of cryptocurrency derivatives, such as crypto futures or crypto options, is banned.

The risks of Bitcoin are not just investment-focused, however. A crypto wallet is not as secure as a bank account but suffers the same sort of phishing attacks, seeking account access. Whilst money stolen from a bank account might be recovered, it is not possible to reverse a transaction, if a crypto wallet is breached and the assets stolen. Cryptocurrency exchanges are also targets for thieves, with Lloyd’s of London warning of server-side security as early as 2015.

Things have moved on, however. Recognising Bitcoin’s potential to become mainstream, Lloyd’s syndicate, Atrium, in conjunction with Coincover, launched a new liability insurance policy for Bitcoin in March 2020, intended to protect cryptocurrency held in online hot wallets, against theft and malicious hacks. The policy was the first of its kind and always indemnifies the insured for the underlying value of their managed asset, even if this fluctuates over the policy period. This is thanks to a dynamic limit that rises or decreases in line with the price changes of crypto assets. The policy is backed by a panel of other Lloyd’s insurers, including TMK and Markel, who are members of the Lloyd’s Product Innovation Facility (PIF).<sup>3</sup>



In Switzerland, AXA is now also accepting Bitcoin payments for all but life insurance policies, becoming the first large insurer to take Bitcoin for premium payments. The drawback is that any midterm cancellation of a policy will not see any refund coming back to the insured.

Clearly, Bitcoin has attractions for some. TESLA’s CEO, Elon Musk, is considering crypto payments and balancing the benefits against the environmental impact that producing a Bitcoin can have. The University of Cambridge Bitcoin Electricity Consumption Index states that the global bitcoin network currently consumes about 80 terawatt-hours<sup>4</sup> of electricity annually, roughly equal to the annual output of 23 coal-fired power plants.

This could be wholly at odds with the stronger commitment to Environmental, Social and Corporate Governance (ESG) principles that the world of financial services is making. Yet whilst other eco-friendlier cryptocurrencies exist, they are nowhere near as mainstream.

“ A crypto wallet is not as secure as a bank account and but the same sort of phishing attacks, seeking account access. ”

<sup>1</sup><https://www.investopedia.com/news/cryptocurrency-insurance-could-be-big-industry-future/>  
<sup>2</sup><https://www.coinfirm.com/blog/uk-cryptocurrency-regulations/>  
<sup>3</sup><https://www.lloyds.com/news-and-insights/product-innovation-facility>  
<sup>4</sup>[https://finance.yahoo.com/news/much-energy-does-bitcoin-163557524.html?guccounter=1&guce\\_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLnVnbS8&-guce\\_referrer\\_sig=AQAAAD1uGjwfnLaBoGjMuVYEka10g0l-UJ7RR3s29zrLSye8DUSAPh5jn2D7IT1BQVNAcPdackNkaSeARrVl5Sq4SmUz4mPaUg3lC\\_45tyNvXgPwDBO-B1uPQEV0XGb6\\_uqzaGiKdJND1JmtPHfnZF97PkUwd8DY8lSCB3g8PsfV5m](https://finance.yahoo.com/news/much-energy-does-bitcoin-163557524.html?guccounter=1&guce_referrer=aHR0cHM6Ly93d3cuZ29vZ2xlLnVnbS8&-guce_referrer_sig=AQAAAD1uGjwfnLaBoGjMuVYEka10g0l-UJ7RR3s29zrLSye8DUSAPh5jn2D7IT1BQVNAcPdackNkaSeARrVl5Sq4SmUz4mPaUg3lC_45tyNvXgPwDBO-B1uPQEV0XGb6_uqzaGiKdJND1JmtPHfnZF97PkUwd8DY8lSCB3g8PsfV5m)

## Whiplash Reform: Are Lower Motoring Premiums on the Cards?

On 31 May 2021, the long-awaited and delayed Civil Liability Act 2018<sup>1</sup>, which includes the Whiplash Injury Regulations, came into force, introducing a new OIC (Official Injury Claim) self-serve portal for those incurring whiplash claims under a value of £5,000, to run alongside the existing Ministry of Justice portal, which has existed since 2010.

The intention was to both reduce the size of personal injury claim payouts for whiplash, by stripping away the legal representation costs which inflated them, and to reduce the influence of claims companies, to again lower the final sums paid out. Now, if a claimant with a whiplash claim under £5,000 in value wants legal representation, they will have to pay for it themselves. The long-term vision of the reforms was both to combat fraud and inflated claims, thus delivering lower motoring insurance premiums, but is this likely to happen?

Whiplash has been defined in the regulations as a sprain, tear, rupture or lesser damage of muscle, tendon or ligament in the neck, back and shoulders, or an injury of soft tissue associated with muscle, tendon or ligaments in these parts of the body.

The new OIC system introduces two set tariffs for whiplash injuries, which fall within these definitions and last up to 24 months. A lower tariff operates where there is no psychological injury, and a combined upper tariff covers claims which include psychological injury. A 20% uplift in tariff can be paid in “exceptional circumstances.”<sup>2</sup>

The fixed award limits, within each of the specified time frames, are significantly lower in value than the average cost of claims previously awarded. It all seems like good news for the insurance sector and for motorists, to whom savings have to be passed on, under the terms of the new regulations.

However, there are drawbacks and loopholes within the new system. Firstly, it only applies in England and Wales, and only adults process their claims through the new system, so any claims including children, such as schoolchildren suffering whiplash on a bus journey to school, will be processed as before. Similarly, the regulations only apply to occupants of vehicles, not to motorcyclists, pillion passengers, pedestrians, cyclists, wheelchair or mobility scooter users or horse riders. They will similarly not apply to the rising number of e-scooter users.

Secondly, the average person – the litigant in person – is likely to be overwhelmed by the portal and could still seek professional advice. Increased sales of legal expenses policies could follow in the wake of the new legislation. Clients with legal expenses cover may still have a means through which to access a claims expert’s assistance, and early claims received by insurers show that the involvement of the claims company has not gone away as anticipated.

There is also the danger of a claims company encouraging their client to file a lower-value claim through the portal, knowing the new rules require an insurer to accept or reject

liability within 30 days and, if they do nothing, effectively admit liability. Once liability has been admitted, the claims company could then potentially file a larger claim, removing the claim from the portal’s scope. This could see all sorts of medical costs, credit hire charges and legal fees added to the claim once more. How this sort of behaviour would be tackled by the new regulations is not known.

As we have seen with PPI, claims companies soon move from one source of income to another, and a further drawback is that the new regulations purely cover whiplash. The portal was introduced to cut down on fraud, but early evidence suggests a remarkable shift away from whiplash injuries to injuries affecting wrists and legs. Claims also showed a predominance of claimants with ‘exceptional circumstances’. One prominent type of claimant has not changed and could work the system in other ways.

There is another reason why motor insurance claims may not fall as anticipated. Claims in which the injured party represents themselves invariably take longer to complete than cases in which they have professional representation. If more insurer time is now eaten up with claims, that could result in cost pressures on premiums.



<sup>1</sup><https://www.gov.uk/government/publications/civil-liability-bill>

<sup>2</sup><https://qbEurope.com/news-and-events/blog-articles/how-whiplash-reforms-will-affect-insurance-claims/>

The major challenge of how to defend a claim and deny liability also hangs over the system. All accident evidence has to be in place and uploaded to the portal within 30 days. This will rely on a huge amount of liaison with the insured, as they will need to furnish their insurer with all required documentation within this tight deadline or be deemed liable for the accident. Such documentation will include details of the accident, dashcam, CCTV and video footage, photos of the accident scene, independent witness statements, tachograph and tracker data, reference numbers and contacts of emergency services personnel who attended, and a signed statement of truth from the defendant driver, along with their detailed account of events.

This will not be easy, given that drivers will also be expected to attend any court proceedings, in person, which could again prove difficult.

The conclusion we can draw is that it is too early to judge how effective the new Whiplash Reforms will be, or whether or not there will be the downward pressure on premiums that the Government intended. Anyone wishing to reduce their premiums is probably best advised not to rely on the Whiplash Reforms as a route to achieve this, but to work with their broker, to implement better risk management policies and practices, and introduce measures that will help cut the chances of having to make a claim.



## From Food to Chip Shortages: How Supply Chain Woes Should Provoke Insurance Responses

Across many sectors of the economy, there seems to be something or other currently in short supply, whether that is food on supermarket shelves, materials for construction sites, laptops for business, TVs and home entertainment equipment, or labour for farms, hospitality businesses, HGV firms or coach operators. Over-reliance on global supply chains, for both goods and labour, has left many sectors in turmoil.

Whilst the UK's situation has been compounded by Brexit, the general problem is one being experienced worldwide. US car manufacturing has ground to a halt, because the sector has proved to be over-reliant on one rather older type of computer semi-conductor chip, which is in short supply post-pandemic and not a priority for chip manufacturers making

more profit by producing and selling bleeding-edge chips to major tech companies.<sup>1</sup> These are also flexing their greater buying-power muscle, in order to gain their supplies as prioritised customers.<sup>2</sup>

The fact that chips are now largely produced in the Far East and not in Silicon Valley is another issue causing bottlenecks in car production, leading to certain marques having to drop some features, such as a passenger-side lumbar support or a navigation system.<sup>3</sup> With so many parts of vehicles reliant on chips for their functionality, the lack of stock availability has become a massive issue.

The UK's food supply chain has been on the point of collapse, due to NHS App 'pings', urging self-isolation following Covid-19 contact. In early summer, this tied up the supply chain,

due to a lack of drivers to take food from farm to factory or storage depot to supermarket.

Other food supply chain issues have been caused by delays to food imports – hardly surprising, as 45% of the food consumed in the UK is imported.<sup>4</sup> Brexit has seen some supply chains cut off, also leading to a loss of EU workers, who were previously not only picking fruit and vegetables, or driving HGVs, but often working in hospitality-sector kitchens.

Many EU nationals left the UK in the second quarter of 2020 and have not returned. Many workers cannot now work in the UK, as new immigration rules favour highly skilled workers within the new points-based system, and because many jobs, ones where the UK has too few workers are simply not on the list of occupations for which visas can be granted.

<sup>1</sup><https://www.cnn.com/2021/05/07/chip-shortage-is-starting-to-have-major-real-world-consequences.html>

<sup>2</sup><https://www.theverge.com/2021/6/23/22547826/chip-shortage-cars-playstation-5-gpus-semiconductors-time-foundaries-tsmc>

<sup>3</sup><https://eu.freep.com/story/money/cars/2021/06/15/car-chip-shortage-2021/7688773002/>

<sup>4</sup><https://www.gov.uk/government/statistics/food-statistics-pocketbook/food-statistics-in-your-pocket-global-and-uk-supply>



Some imported goods are still being impacted by the Suez Canal blockage that occurred in March 2021, which has had a knock-on effect on shipping and the location of ships around the world. Other goods are simply in short supply globally, especially in the construction industry, leading to rapid increases in price for materials such as plywood and fabricated steel, and a lack of availability of materials, including cement and timber.<sup>5</sup>

One answer, as many countries are realising, is to shorten supply chains and become less reliant on global supply. The US and EU are already making plans to increase home-grown chip production.

All of this demonstrates what can occur within a business's macro-environment and impact its capacity to supply goods and services to customers. Such a situation can lead to a variety of different exposures to risk which might not occur under normal circumstances. Some of these cannot be covered but some can.

Looking at the marine shipping side of things, general delays in goods' arrival are not typically covered by a marine cargo policy. However, should those delays result in physical product damage, you can typically claim on the policy and, if you are involved in

global importing and exporting, it is well worth discussing how else marine cargo insurance can protect you.

One key cover is goods-in-transit insurance, especially as global cargo theft figures are rising sharply.<sup>6</sup> A haulier or freight-forwarder's policy may offer your goods little or no protection, whilst any payout entitlement may only be to a set limit per ton carried and nowhere near cover the value of your goods. You could also potentially try to pursue a claim in another country, wherever your forwarder is based. Making sure you cover your goods in transit, at sea, on land, in the air and in warehouses en route, is vital. The more attractive goods become, due to global scarcities, the more they are likely to be stolen.

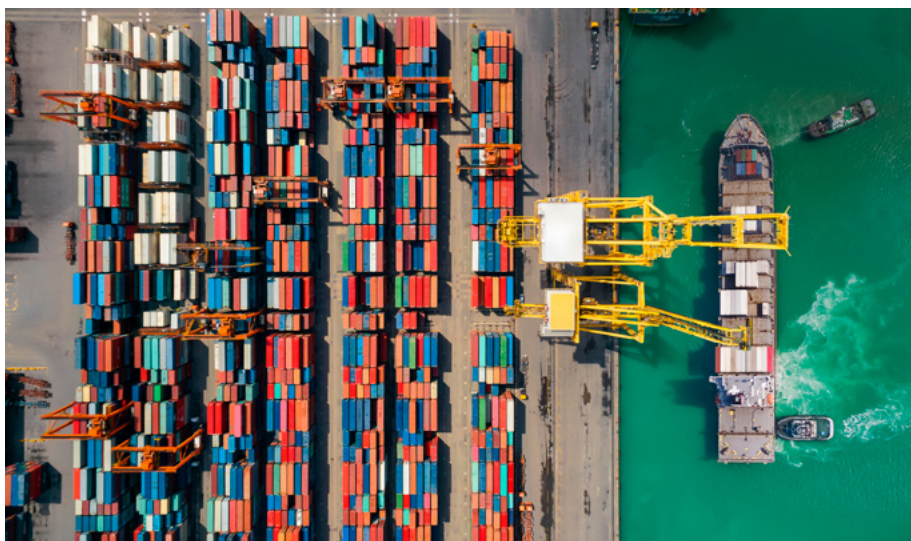
Having to 'make do and mend' with components, parts or labour that can actually be accessed, could lead to faults in production and product quality, which could then result in product recalls. Such recalls can be hugely expensive exercises, requiring costs such as transportation, destruction of product, resupply of the product, reputational damage limitation and new marketing costs. Without product recall insurance to cover these, the losses to the business

could be significant.

Then there is the impact on cash flow, if you cannot sell goods as anticipated. This could be because a customer cannot take delivery, or due to not physically being able to get goods to them, or because the price of raw materials and the measures you have to take to secure them, such as buying in bulk and paying for storage, eat into your cash reserves. At such times, being paid on time becomes critical, but this can also be a major challenge, if the whole supply chain is under pressure.

One way to add security to supply chain relationships is to take out trade credit insurance, which protects against non-payment risks, covering your 'receivables' – the monies that will typically comprise 20-80% of a company's assets, depending on the sector, and which it expects to receive in exchange for goods or services supplied.<sup>7</sup> Trade credit insurance will basically cover these assets and ensure that, should a customer not pay or become insolvent, invoices are paid as anticipated, so there is no suffering of payment delay or loss of income. The insurer will also help identify which customers present the greatest risk, enabling the insured business to strengthen its supply chain and resilience.

Getting better control over all the unknowns in the supply chain may never have been more important, as the world still tries to get to grips with COVID-19, rebuild after the pandemic, lockdowns, keep up with global demand that has been unleashed since the crisis lessened, and deal with issues such as global shipping threats and political change and unrest. If you need help keeping your business operating as normally as possible, insurance might just supply you with more solutions than you realised.



.....  
<sup>5</sup><https://www.constructionnews.co.uk/supply-chain/materials-shortage-timber-and-steel-prices-continue-to-rise-in-june-07-07-2021/>  
<sup>6</sup><https://theloadstar.com/shippers-and-insurers-renew-calls-for-transnational-coordination-to-tackle-cargo-theft/>  
<sup>7</sup><https://www.icisa.org/news/trade-credit-insurances-role-in-building-supply-chain-resilience/>

## Back to Work: Make Sure Its Risk-focused Business as Usual

Many firms will encourage workers to make the move back to their workplace, whether that be the retail, leisure or manufacturing environment, or the office. Commercial landlords may now be earning rental income once more, having waived or deferred payments during lockdowns and restrictions. But what do we need to be aware of with regard to 'reoccupied' space?

Close to the top of the risk assessment list, judging by Government guidelines, is ventilation, and this could inform property design and modifications going forward, to cope with any future pandemics. Firms must ensure there is a supply of fresh air to indoor spaces where people are present, whether supplied through windows, doors and vents, or through mechanical means, such as fans and ducts, or both.<sup>1</sup>

Official guidance now talks about using CO<sub>2</sub> monitors, to check on the ventilation provided to the workforce, admitting this is hard to operate in areas such as small meeting rooms, toilets and changing rooms. Businesses must do all they can to improve ventilation or restrict time that workers spend in poorly ventilated areas.<sup>2</sup> This, of course, supplements the guidance on hand-washing, hygiene, face-mask wearing in crowded areas and the advice to work staff in buddy teams, as much as possible. Thorough cleaning regimes are expected, and inspections for signs of vermin ingress and infestation part of due diligence.

Property owners must remember that cleaning needs to include what cannot be seen, particularly with regard to water systems. If locked-down buildings have been out of



use or underused, there is a chance Legionella bacterium has grown within the system. These deadly bacteria thrives where stagnant water accumulates, be that within piping or, most importantly for property owners with large commercial buildings or retail centres that may have been closed during lockdown, in air-conditioning systems. Pipework runs, dead ends and improperly drained condensation trays or humidifying or evaporating cooling sections, where water can easily stagnate, are just some parts of water systems needing to be inspected.<sup>3</sup>

An area that could easily be allowed to slip by, as businesses try to boost productivity, is that of compliance with engineering inspections, and also with POWER (Provision and Use of Work Equipment Regulations).

The rules governing engineering inspections were slightly relaxed during the pandemic, due to the realisation they would be harder to

carry out and that inspectors would be available in reduced numbers. The Health and Safety Executive stated it would take a "pragmatic and proportionate" approach to enforcement action, recognising that dates of inspections might have to move.<sup>4</sup> It made the point, however, that inspections should be resumed as soon as possible and equipment decommissioned, if certainties about its safety could not be secured. Any equipment used outside of the test regime – be that six months or 12 months for many pieces of equipment – was only allowable if the equipment was safe and critical.

Any business that did not have its statutory engineering inspections completed, should do so as a matter of urgency, ensuring that all inspection data is logged and retained on file, as evidence that statutory compliance has taken place.

<sup>1</sup><https://www.hse.gov.uk/coronavirus/equipment-and-machinery/air-conditioning-and-ventilation/index.htm>

<sup>2</sup><https://www.gov.uk/guidance/working-safely-during-covid-19/offices-factories-and-labs>

<sup>3</sup><https://www.hse.gov.uk/coronavirus/equipment-and-machinery/air-conditioning-and-ventilation/index.htm>

<sup>4</sup><https://iosh.com/membership/member-benefits/our-membership-network/our-groups/sports-grounds-and-events-group/news/safety-critical-equipment-in-venues/>

Those companies now choosing to hire, rather than buy equipment, should check whose legal requirement it is to test and demonstrate the safety of the equipment and, if it is the equipment provider's, ensure they see and verify the dates on all inspection certification. Event organisers should also make sure that any equipment or air-conditioning systems used within a hired event space are both safe and compliant, as many exhibition spaces may have been closed for some time and it is their duty to make such checks.

All employers must remember their duty of care over equipment provided for employee use, from the office toolbox's saws and drills, to lifting equipment, professional coffee machines fitted with pressure vessels and a huge variety of other plant, equipment and tools. Notably, the Building Safety Group (BSG) reported that PUWER breaches amongst construction companies have risen by 40% in the first half of 2021.<sup>5</sup>

The materials handling sector should also recognise that GN28 guidance has changed and been significantly enhanced when it comes to what is expected during "Thorough Examinations". New and stringent expectations apply to testing of counter-balanced trucks, warehouse



trucks, rough-terrain forklifts and telehandlers.

If risk assessments, legionella testing, inspections and equipment testing, and staying abreast of new duty of care requirements have all been tasks on the back-burner during COVID-19, property owners and businesses need to urgently comply with what the law expects and reinstate a safe regime within the workplace. Building into the duty of care framework actions such as better cleaning, hygiene and ventilation

provision is now expected.

Doing all of this should mean there will be no nasty shocks when the inspector calls, and a reduced chance of health and safety accident and incidents which could have more ramifications for your business or property portfolio. You should also be able to demonstrate all that the insurer expects to see, and have the best possible presentation of risk when it comes to your insurance renewal, if you work with the right insurance broker.

<sup>5</sup><https://bsglttd.co.uk/puwer-equipment-breaches-increase-by-40-on-construction-sites/>

Clarke Dove (Insurance Brokers) Limited  
906 Woodborough Road  
Mapperley  
Nottingham  
NG3 5QR

Tel: 0115 962 0855  
Fax: 0115 969 1637

[www.clarkedove.co.uk](http://www.clarkedove.co.uk)  
[enquiry@clarkedove.co.uk](mailto:enquiry@clarkedove.co.uk)

Authorised and regulated by the Financial Conduct Authority

Willis Limited is a Lloyd's broker and is authorised and regulated by the Financial Conduct Authority, Jersey Financial Services Commission, Guernsey Financial Services Commission and Dubai Financial Services Authority. The registered office is 51 Lime Street, London, EC3M 7DQ and Willis Limited is registered in England and Wales under company number 181116.

The information given in this publication is believed to be accurate at the date of publication shown at the top of this document. This information may have subsequently changed or have been superseded and should not be relied upon to be accurate or suitable after this date.

This publication offers a general overview of its subject matter. It does not necessarily address every aspect of its subject or every product available in the market. It is not intended to be, and should not be, used to replace specific advice relating to individual situations and we do not offer, and this should not be seen as, legal, accounting or tax advice. If you intend to take any action or make any decision on the basis of the content of this publication you should first seek specific advice from an appropriate professional. Some of the information in this publication may be compiled from third party sources we consider to be reliable, however we do not guarantee and are not responsible for the accuracy of such. The views expressed are not necessarily those of Willis Towers Watson. Copyright Willis Limited 2021. All rights reserved.