

*A guide to*

# MOTOR TRADE INSURANCE



## *What is it?*

Well, in a nutshell, motor trade insurance is tailored to suit the needs of the company or individual that requires some sort of cover to protect personal or business vehicles. Under a motor trade insurance policy, insured vehicles can be used on public roads and parked at home or business premises where required.

If you are working within the motor trade, whether you are a mechanic, a salesman or a valet, then you should be able to take out a motor trade policy. The biggest difference between a traders policy and a private car policy is that with trade cover, it is you who is specified on the policy whereas with private cover the vehicle must also be included. The

benefit of this is that it means that you only have to take out one policy that can cover you to drive vehicles you will need to use for your business, including those of your customers - this is always subject to terms and conditions of course! There are a number of options available for your traders cover and you need to make sure you choose the correct one so that you get the best value for your money.



## Road Risk Cover

This form of policy will provide you with cover for vehicles that are both owned by the business and those that the business has in their possession for work purposes. It will not always provide cover to drive any car at any time so you need to be careful in regards to the vehicles you use under the policy.

## Liability Cover

If your business is ever going to involve your customers coming to your place of work, it is important that you consider public liability cover. Taking this out means that if someone ended up having an accident or injuring themselves whilst on your work premises then you would be covered for claims that they



make against you. Without this, you could be hit hard financially when that customer takes you to court over the fall they had in your workplace.

A second part of this cover is sales and service – this covers you against defective workmanship that may later lead to a claim. An example could be a fitter claiming on his policy if his work has caused someone to blame him for the tyre coming off and causing an accident.

Employer's liability insurance provides cover against claims by employees who have suffered an injury or illness in the course of their employment. For example, if an accident occurs because health and safety rules have not been implemented. The Employers' Liability (Compulsory Insurance) Act 1969 (ELCA) makes it compulsory for employers to have employer's liability insurance.

## Combined Cover

As the name suggests, a combined policy can bring together the benefits of the other policies as well as adding extra areas of cover. Together with road risk and liability cover, you can also be covered for damage to buildings, stock of vehicles, your equipment, machinery, tools and much, much more.

These are just some simple distinctions between these commonly mentioned types of cover so you therefore need to make sure that you carefully consider what it is you require. Your particular business may have no need to take out a combined cover policy and so a cheaper, less complicated road risk one, might be more suitable. On the other hand, if your business would benefit from more cover and you choose not to take it out then you could suffer the consequences further down the line. We would therefore advise you to do sufficient research before you decide on what motor trade insurance policy you are going to take out. The team at Think Insurance can give you all of the advice and assistance required to ensure you get the right policy for your circumstances.

## COMMON TERMS AND PHRASES:



There may be terms within your policy that you don't fully understand, some of these words may seem simple, but you'd be surprised how often they are misinterpreted in the Motor Trade world – to help you with this we have given you a brief glossary of some of the most common ones;

**Additional Business Use** – The ability to include your work vehicles on the policy and to include indemnity for journeys covering that occupation – e.g a roofer.

**Broker** – An independent insurance professional who is able to give advice and arrange a wide range of policies.

**Carriage of Vehicles** – Cover for vehicles on the back of a recovery vehicle (without this cover the vehicles would generally be Third Party Only)

**Claim** – When any loss or damage occurs to anything covered under your policy.

**Demonstration Cover** – An addition to your policy that allows potential customers to take the cars that you are selling for a test drive – generally accompanied use only.

**Excess** – This the first part of any claim that you make that you are liable for. i.e. in a comprehensive claim the amount you have to pay before your insurer may release payment

**Insurer** – The company that is providing you with your indemnity and will pay out in the event of a claim.

**Liability Cover** – Can come in the form of employers, public and product/service liability. This is a form of protection in the event of someone making a claim against you as a result of an incident at your work or an injury/accident/liability that came from your workmanship.

**MID** – This is the motor insurance database and all insured vehicles must be registered on here to comply with British law.

**Premium** – The amount paid for your insurance cover.

**Split Indemnity** – A policy where you have more cover on your customer's vehicles than you do on your own. Eg a £10k to £30k split

**Stock of Vehicles Cover** – Cover for your own and customer's vehicles while they are stored at your work premises.

This is by no means a definitive list of meanings and you will more than likely come across a number of other terms that you are unsure of. However, the ones supplied above are a selection of the most common and should at least give you a bit of a better understanding when you are looking for Motor Trade Insurance.

