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No Trade Deal Brexit. Insurance Considerations





Insurance Considerations if a No Trade Deal BREXIT

With Britain's transitional period with the EU coming to an end on the 31st December 2020, we felt now was the right time to remind our customers of some of the insurance implications should the country crash out without a trade deal agreed with the EU. Please note this guidance is only applicable in the event of a "No Trade Deal" scenario and will not apply should a deal be struck.

Green Cards

Whilst motor insurance providers will continue to provide the legal minimum motor insurance cover for travel to countries within the European Economic Area, you will also legally require a physical copy of a Green Card.

Green Cards are an international certificate of insurance issued by insurance providers in the UK, guaranteeing that the motorist has the necessary third-party motor insurance cover for travel in the country being travelled to. They are not cards in the true sense of the word, they are paper documents which under current international rules can be sent to you electronically but you must print it out and take the manual copy with you as some countries will not accept an electronic version.

Please note separate Green Cards will be required for your vehicle and for any trailer including caravans.

If you need a Green Card contact ourselves in plenty of time with the details of your travel arrangements and we will ensure your insurers issue the required documentation in advance of you leaving. These can be provided electronically but you must print it out and take it with you otherwise you could be accused of driving without insurance and could be subject to a fine, having your vehicle seized or prosecution.

International Driving Permits

Different rules will apply for international driving permits (IDPs) in EU countries. You may also need more than one IDP as well as your UK licence depending on the countries you plan to visit and drive in. There are 3 types of IDP, 1926 IDP, 1949 IDP and 1968 IDP

Check which IDP(s) you will need at:

<https://www.gov.uk/guidance/driving-in-the-eu-after-brexit-international-driving-permits>

Uninsured Drivers in France, Romania and Poland

If you are driving in France, Romania or Poland and you are struck by an uninsured French, Romanian or Polish registered vehicle, as a Non-EU citizen you will not be legally entitled to any compensation for injuries or damage from the French, Romanian or Polish motor compensation schemes similar to the UK's Motor Insurance Bureau.

Whilst your own insurer will likely recover and repair your own vehicle as part of any comprehensive cover, you will be left on your own to pursue any claim for injury compensation from the uninsured driver via the French, Romanian or Polish courts.

It is therefore recommended that Personal Accident insurance be purchased before driving in or through France, Romania or Poland.

European Health Insurance Card

The European Health Insurance Card (EHIC) will no longer be valid and this makes it even more important that you have appropriate travel insurance in place to cover medical costs while you are travelling in an EU country, in the same way as you would when travelling to a non-EU country.

Stockpiling

With the increasing threat of border and customs delays business may well decide that stockpiling in advance of a "No Trade Deal" scenario may be a prudent way to mitigate their exposure to this risk. Stockpiling provides businesses with peace of mind in times of uncertainty but in reality it puts a strain on cash flow which could otherwise have been invested elsewhere.

It has recently been reported that stockpiling by UK Manufacturers has reached record levels with warehouses across the UK full. However one important factor that may have been overlooked is the issue of under insurance.

If you have stockpiled raw materials or finished goods either at your own property or taken on additional warehousing space it is essential you inform your insurance advisors of the current levels you are holding, even if this is just on a temporary basis.

Most insurance policies contain a condition called average which is utilised when under insurance becomes evident at the time of a loss. Any claim you make could be reduced by the same proportion to that you are under-insured for, so it is vital you avoid this scenario.



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Credit Insurance

Stockpiling also creates an increased exposure for manufacturing and wholesaling businesses, who are providing an increased amount of goods to customers, who themselves are stockpiling. If you find your business is increasingly doing this then please ensure you are reviewing credit limits with your credit insurers to ensure limits are not breached and that you are not supplying goods to businesses that are already over stretching themselves with increasing warehousing costs etc. and maybe having cash flow problems.

Business Interruption

Does your business rely on supplies from an EU country or have plant & machinery which were originally manufactured by a partner in an EU state? If so then it may be prudent to build into your business interruption programme the prospect of longer lead times for delivery of equipment and supplies following a loss at your premises.

This would involve the imposition of a longer indemnity period on your business interruption policy to help the business recover to the same financial position as it was prior to any loss occurring, even if this meant it was over a longer period of time.

Get Ready for Brexit

This document has been prepared using information provided by official government and industry websites and should be considered as guidance only.

For more formal guidance on the implications of Brexit you may find the following websites useful:

<https://www.gov.uk/brexit>

<https://www.britishchambers.org.uk/page/brexit-hub>

<https://ico.org.uk/for-organisations/data-protection-and-brexit/>



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Manchester: Cobac House, 14-16 Charlotte St, Manchester M1 4FL
T: +44 (0)161 236 6969
London: 65 Leadenhall Street, London EC3A 2AD
T: +44 (0)203 928 1200

bridgeinsurance.co.uk

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