



Coronavirus Response

How we're supporting our motor trade customers

(applicable to AXA Insurance intermediary customers – excluding the Origin Motor Trade and “Roadrunner” scheme products where different underwriting and policy terms may apply)

Summary

Motor traders are a major part of the UK economy, with a very diverse range of trades and businesses. Some of these businesses have continued to trade, to a greater or lesser degree, through the current crisis. Others though have mothballed their business, “furloughed” their staff and SORN'd* their vehicles, until such time as normal business activities resume.

AXA have looked at our approach to underwriting our motor trade products, so we can try to better reflect your customers' actual trading activity in the premiums and terms we apply to new business and renewals – and to also, at least in part, reflect how these may have affected trading in the last few months.

We are also looking at how we can help our customers reopen their business. To support social distancing, we have reconsidered our approach to offering unaccompanied demonstration cover, and we will also very shortly be issuing some bespoke guides to customers on the issues they may need to consider if they are reopening businesses and premises that have been closed for some time.

***SORN – “Statutory Off-Road Notification”**





Coronavirus Response

Specialist trades – cover for laid up vehicles

There are specialist trades (such as vehicle movement, recovery) where some businesses may be completely unable to trade and may have SORN'd and laid up some or all their vehicles.

Renewals and new business – risks where 20% or more of normal road registered business vehicles are SORN'd

For risks where substantial numbers of owned / leased / operated vehicles are SORN'd and laid up, our underwriters are empowered upon request to exclude these vehicles from the Road Risks section by endorsement and to exclude them from the premium calculation. The vehicles can then be readded as and when they are relicensed for road use, in return for a pro-rata additional premium. This will enable the business to see an immediate reduction in their premiums to reflect vehicles that are SORN'd, but also continue to insure business cars and other vehicles that are still in use.

Existing customers - risks where 20% or more of numbers of vehicles are SORN'd

We are also prepared to offer this concession to existing customers where they have SORN'd a substantial proportion of their vehicles (and especially larger and specialist vehicles).

Our underwriters are empowered to exclude these vehicles by endorsement mid-term and to offer an appropriate refund. The vehicles can then be readded as and when they are relicensed for road use, in return for a pro-rata additional premium. Once again, this will enable the business to see a reduction in their premiums to reflect vehicles that are SORN'd, but also continue to insure business cars and other vehicles that are still in use.





Coronavirus Response

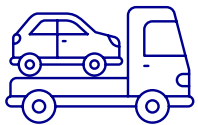
Static risk

For most customers any 'laid up' motor vehicles would be covered under the Material Damage (Own Motor Vehicles) section of the policy, provided the sums insured are adequate for all the vehicles currently stored at each location. If your customer is storing any vehicles that you are asking us to lay up at any other locations (such as a vehicle storage location), or if the sums insured are not adequate, please discuss with our underwriters.

Trade plate only risks

Some vehicle delivery and movement businesses rely on using large numbers of trade plates rather than delivery vehicles or trailers – and there does not appear to be a clear method to suspend trade plates temporarily.

If your customer is in this situation, our underwriters are empowered to offer to reduce cover down to 'Named Drivers', deleting all furloughed employees who are not currently driving vehicles, and limiting cover to only those that continue to drive for business or pleasure whilst the business is not actively trading. They can then adjust the premium accordingly, until such time as normal trading resumes and the previous additional drivers are once again required.



Unaccompanied demonstration – new and second-hand car sales

Current social distancing advice and regulations have made trading much more difficult for vehicle sales risks, as is reflected in the much reduced new and used vehicles sales in recent weeks. The only realistic current means of trading is through “distance selling”, which may include offering to deliver vehicles to the customer’s home or premises, to allow them to test drive the vehicle (please see relevant advice from the NFDA, SMMT or Government websites).

Even as we come out of lockdown, the normal approach to the test driving of vehicles is likely to be problematic, as “accompanied demonstrations” would create risks of passing on the virus to both customers and employees, which should, wherever possible, be avoided.

This situation has been complicated by past DVLA advice that trade plates should not be used by customers for “unaccompanied demonstration”. Recently, however, in the light of the pandemic the DVLA have confirmed to the National Franchised Dealers Association that unaccompanied test drives will be permitted, provided all precautions are taken to prevent theft of the trade plates.

[READ MORE](#)



Coronavirus Response

All AXA Motor trade policies include use by any customer for “accompanied demonstration”, but only a limited number of customers choose to pay to extend cover to include cover for “unaccompanied demonstration” and AXA only normally offer this extension to larger policyholders with a policy premium of at least £7,500. However, given the current situation, we are changing our approach to empower our underwriters to:

- Offer unaccompanied demonstration to all customers.
- To offer cover either for the full policy term or for an agreed short period.
- To allow the first month of cover free of charge to assist our policyholders in taking reasonable health precautions for themselves, their employees and their customers.

This extension is subject to standard terms, conditions and restrictions – please ask our underwriters for full details.



Reduced wages and trading activity – Liability sections of Motor trade policies

On a wider basis, AXA have recognised that most of our customers are seeing some impact on their trading activity – and that many are taking advantage of the Government “furloughed employees” scheme.

Though furlough payments to employees are legally ‘wages’, AXA do not feel it is appropriate to charge our customers liability premiums on wage payments where, under the terms of the scheme, the employee is not allowed to do any work (beyond very basic training activities). To address this we have agreed across all our wages-rated EL, PL and Products coverages that we will exclude furlough payments that have been, or are expected to be, recovered from the Government for the purposes of estimates and declaration adjustments under our policies (subject to clients supplying us with a full breakdown).

However even though the Liability sections of AXA Motor trade policies are based on estimated wages and turnover, unlike most other policies they are not normally ‘adjustable’ based on actual payments at the end of the policy period. Therefore, to ensure that our Motor trade customers benefit from this approach, we have communicated that until further notice (for so long as the current social lockdown, furlough scheme and business uncertainty continues):

- Liability sections of Motor trade new business and renewals can be issued on an “adjustable” basis with a maximum refund on declarations of up to 25%.
- Estimates for the forthcoming period and eventual declarations can be based on the wages less furlough payments that are recovered under the Government scheme (provided we are supplied with a full breakdown of furlough recoveries).
- Existing / expiring business can also be treated as if it had been adjustable. If your customer submits a declaration with a full breakdown of ‘furlough recoveries’, the policy can be adjusted with a refund under the EL and PL sections of up to 25% where the actual wages are lower than the original estimates.

Please discuss with our underwriters how this change may impact your customers.