

This guidance is tailored specifically for official receivers. It is discretionary and not designed for use by third parties. This version was the most up to date guidance available to official receivers as at 10 March 2020.

14. Insurance

Insuring an insolvent's property, including guidance on the process for obtaining insurance cover from the contracted agent

Annexes

Insurance Guidance - Please see [Aon guidance](#) on the process for obtaining insurance.

[Annex A](#) – Aon Code of Practice for unoccupied buildings

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Frequently asked questions

Why does the Official Receiver need insurance cover?

In order to prevent the possibility that an asset may be lost through theft or destruction at a loss to the estate, the official receiver must ensure that all assets which cannot be realised or disposed of immediately are adequately insured. The official receiver will also need cover for public liability in certain circumstances.

What do I need to insure?

The insurance must cover:

- the value of the assets to the estate
- where there are premises involved, the risk of any injury to a third party (known as public liability) as this could result in a damages claim being brought against the official receiver as liquidator/trustee

What do I need to consider before arranging insurance?

You should consider the cost of obtaining insurance against the value of the assets. In addition, you will need to consider whether insurance is needed to cover the risk of any liabilities arising from negligence on their part or as an owner or occupier of premises.

If the cost of any insurance is likely to exceed the net benefit to the estate, the official receiver must disclaim their interest in the relevant assets as soon as possible.

Who do we arrange insurance cover with?

The Insolvency Service uses the Insolvency Open Cover Insurance facility operated by Aon Insurance.

All insurance required by the official receiver, apart from in exceptional circumstances, should be taken through Aon. Insurance should only be taken from another provider when Aon cannot provide the cover, or the insolvent's existing cover is to be continued.

What if the insolvent has existing insurance cover?

Where the insolvent has any type of insurance cover in force at the date of the winding-up or bankruptcy order, the official receiver should make appropriate enquiries and not assume that this insurance will continue.

What is the Aon automatic 30 day period for small non trading cases?

Where the case is a small non-trading case Aon offer a 30 days period in which to notify them of an insurance requirement. The cover will date back to the date of the insolvency order.

Where assets requiring insurance come to light more than 30 days after the date of the official receiver's appointment, these can be insured by Aon but the cover will only be effective from the date Aon is notified of the assets.

What if the case is large or has unusual risks?

Where the official receiver requires insurance for larger cases and the criteria for a smaller case are not met you should contact Aon by telephone to arrange suitable cover.

When should I cancel insurance?

The official receiver's automatic insurance cover must be cancelled where:

- in relation to a property, a charging order is obtained by the official receiver
- a property is repossessed under the terms of a mortgage charge or an LPA receiver is appointed
- a disclaimer is issued
- the order is rescinded or annulled
- an insolvency practitioner is appointed
- the official receiver's interest in the asset, as liquidator or trustee has otherwise ended

Why is it important to cancel insurance?

It is important that insurance is cancelled when it is no longer required to minimise premiums. Insurance should be cancelled within 5 working days of it being deemed no longer required.

Please note that insurance is never automatically cancelled with Aon at any time. Cover will only cease when Aon have been directed to cancel the insurance by the Official Receiver.

Do I cancel insurance when a case is handed over to an IP?

Yes. Where a case is handed over to an insolvency practitioner the details of all insurance cover put in place by the official receiver should be included in the trustee or liquidator's record book. The insolvency practitioner should also be given details of any premium paid. Any cover in place with Aon should be cancelled shortly after handing over the estate, usually after 5 working days have elapsed, to allow the insolvency practitioner to arrange any replacement insurance.

How do I insure overseas?

Aon can provide insurance for properties overseas, although it will be off-scheme, meaning that it not administered in the same manner as more common insurance, such as buildings insurance.

What is the code of practice for insuring unoccupied premises?

Aon has issued a Code of Practice for insuring unoccupied buildings, available in the process guidance referred to above. This code should be followed whenever an insured building is unoccupied. The requirements are somewhat exacting and might be considered onerous in certain circumstances – in which case a disclaimer of the property might be more appropriate.

What do I do if I need to make an insurance claim?

If it is necessary to make a claim the official receiver should deal directly with Aon.

Introduction

14.1 General

This chapter deals with the obtaining or maintaining of the insurance cover required protecting assets held in insolvent estates. Guidance on dealing with insurance that is, of itself, an asset (such as life cover), can be found in chapter 33.

14.2 Necessity for insurance cover

Where the official receiver is provisional liquidator, liquidator, interim receiver, or trustee, they have a duty to protect the assets of the insolvent. Where the assets cannot be disposed of or realised quickly, the official receiver will have to consider whether insurance against loss or destruction of an asset or any risk of damage to a third party or their property is necessary, and take into account how much this will cost against the potential value of the asset.

14.3 Official receiver's duty of care not discharged by the obtaining of insurance

When the official receiver becomes responsible for the insolvent's property (which includes unoccupied premises or other assets, e.g. motor vehicles), their duty of care is not discharged merely by insuring the property. Insurance only provides an indemnity against monetary liability.

14.4 Action to be taken to deal with duty of care

Where necessary, the official receiver should attempt to limit the risks of injury to third parties as soon as possible, for example by either improving the security of the premises or by arranging for the removal of the assets. The Aon "Code of Practice on Unoccupied Premises" (see Annex A) should be followed in all cases where insurance cover is taken with them and provides good advice on how to deal with any unoccupied buildings. Chapter 11 also provides guidance in this area.

14.5 Process to obtain insurance

The Insolvency Service has a contract with Aon Insurance to provide insurance for risks associated with insolvent estates and, unless the insolvent already has suitable insurance in place, cover should be obtained only from Aon, where necessary.

14.6 Using an insurer other than Aon

The official receiver should only use another insurer where they are continuing cover with the insolvent's existing insurer or where Aon are unable to provide the

necessary cover. This is only likely in exceptional circumstances and before seeking cover from an alternative source, the official receiver should consider the cost of the premium in relation to the value of the asset they are trying to protect.

14.7 Expense of insurance cover

Any insurance premium charged in respect of an insolvent's property is an expense charged to the estate account.

14.8 Meeting insurance premiums

The official receiver must meet premiums in all cases. A debit balance may be incurred or increased to pay any necessary insurance premium without specific authority unless the premium is estimated to be over £2,500, in which case the authority of the Senior Official Receiver's office should be sought (see chapter 1). In all cases the incurring of insurance premiums should be managed carefully and ideally not incurred where there is unlikely to be a commensurate benefit to the estate, as outlined above.

14.9 Cancel insurance when no longer required

Whilst property should be insured to protect assets and prevent loss through events such as fire and water damage, theft or public injury, the official receiver and LTADT should ensure insolvents' estates are regularly reviewed, to check whether insurance premiums incurred for estate assets are still sufficient or required and promptly cancel the insurance where no longer required.

Deciding whether to insure

14.10 Factors to consider when deciding necessity for cover

The decision on whether or not to insure will depend on the facts of the case and is at the official receiver's discretion. Whilst it is generally better to insure than not insure, the official receiver should examine carefully the circumstances of each case, taking into consideration the potential value of the asset concerned, the likelihood of public liability and the existence and validity of insurance already taken out by the

insolvent. The following questions should be considered when making the decision on whether or not insurance is necessary.

a) Does the property comprise part of the insolvent's estate (or is it in fact property belonging to a third party)? The official receiver should not insure the following at the expense of the estate, other than in exceptional circumstances:

- third party property
- fully charged property
- some leasehold property

b) Is insurance already in place? - Where the insolvent has insurance cover in place the official receiver should follow the guidance in paragraph 14.35 of this chapter.

c) What is the potential loss to the estate and/or personal liability likely to be incurred where the official receiver does not take out insurance? Where the official receiver becomes liquidator or trustee there may be a potential liability if they fail to insure property which is subsequently lost or damaged, the insurance of which would have been reasonably expected to be effected by any prudent liquidator or trustee.

Against that, the costs of insurance should be weighed against the potential loss to the estate if an asset is lost which may not have any material value.

14.11 Disclaim if costs relating to property (including insurance) outweigh benefits

If the cost of insurance and other obligations (such as security, environmental hazard precautions and in particular, the insurance requirements around unoccupied premises) are likely to exceed the net benefit to the estate, the official receiver should ensure that any premises or relevant assets are disclaimed as a matter of urgency as soon as it is possible to do so (see chapter 42 - Disclaimers). The insurance cover must not be extended beyond the date of disclaimer, and the official receiver should take active steps to cancel insurance where an asset has been disposed of or disclaimed.

14.12 Official receiver's liability as an occupier of land or premises

In addition to the insurance of property, the official receiver will need to consider whether insurance is required to cover any liabilities arising from potential negligence on their part or as the occupier of premises.

14.13 Obtaining cover where value of property uncertain

There will be times when, especially in respect of mortgaged land and buildings, the official receiver will be unable to establish whether the asset has any realisable value to the estate of the company or the bankrupt. In suitable cases if uncertain, the official receiver should effect cover, such as public liability insurance, which should be obtained pending further enquiries and discussions with the mortgagee or chargee who might be expected to have the priority interest in insuring the property.

14.14 Third party goods

The official receiver when acting as liquidator or trustee does not have a statutory duty under the Act to protect third party property. The official receiver should not normally incur expenditure on insuring third party property except to protect themselves from any public liability.

See chapter 25 for guidance on dealing with third party property.

14.15 Decision to insure third-party goods

Where the official receiver has to insure third party goods or wishes to obtain insurance cover against potential claims that they have failed to exercise adequate care as an involuntary and/or gratuitous bailee of third party goods, such insurance may be obtained under the Aon Open Cover facility, but it must be made clear to Aon the exact ownership of the goods. Where the insurance may result in a high premium or will require a payment of more than £2,500, the guidance in chapter 1 regarding the requirement to obtain the permission of the Senior Official Receiver should be followed before committing to any expenditure.

14.16 Property subject to a charge

Where an insolvent's property is subject to charge(s) and it is unlikely that there will be any benefit from the property for the unsecured creditors, it will usually be appropriate for the mortgagee to arrange insurance although consideration should be given to public liability insurance where the official receiver is not indemnified by the mortgagee. The official receiver should notify the mortgagee of the making of the winding-up order or bankruptcy order, as soon as possible, and inform the mortgagee that they do not intend to arrange insurance of the property; it will then be for the mortgagee to insure its interest (if it has not already done so).

If the charged property may produce a surplus for the benefit of the estate, the official receiver should contact the mortgagee to confirm that the property is adequately insured and that the official receiver's interest is noted. Where a mortgagee is in possession of the premises it will normally be responsible for any public liability insurance. However, if the official receiver considers that there is any residual occupation by the insolvent, or if they are concerned about particular risks inherent in the property, they should ensure that public liability insurance is effected.

The official receiver should not normally insure fully charged assets. Where the official receiver considers it is necessary to effect insurance cover, this cover should be effected on a short term basis pending disclaimer of the asset or the other interested persons agreeing to be responsible for the insurance.

14.17 Leasehold property

Where the insolvent has leasehold property, the official receiver should examine the lease document to determine whether it is a condition of the lease that the insolvent should insure the property, or whether this is the responsibility of the landlord. Where the insolvent is required to insure the property the official receiver will need to decide whether the lease has any value to justify insuring the property.

Where leasehold property is of no value to the estate and the lease contains covenants to insure, the official receiver as liquidator or trustee should disclaim the lease, but they should also inform any person affected by the lack of insurance of their liability to arrange/continue insurance cover.

14.18 Receiver or administrative receiver in office

If a receiver or administrative receiver is in office when the winding-up order is made, the official receiver should only insure any assets which come under their control, that is those assets not covered by the fixed or floating charge(s). The official receiver should also effect cover for third party liability.

14.19 Case handed over to an insolvency practitioner

Where a case is handed over to an insolvency practitioner, the details of all insurance cover effected by the official receiver should be included in the trustee or liquidator's record book¹. Any cover effected should be cancelled shortly after handing over the estate, usually after five working days have elapsed, to allow the insolvency practitioner to arrange any replacement insurance. The official receiver

will have to pay any premium in respect of insurance effected by themselves and any resultant debit balance transferred to the insolvency practitioner.

1. IPROH

Cover to be obtained

14.20 Recommended minimum insurance requirements

The following paragraphs outline the recommended minimum insurance requirements available under the Aon Insolvency Open Cover Insurance Facility (see below) and it is recommended that this level of cover is also the minimum requirement if the official receiver decides to continue the insolvent's existing insurance.

Each case must be looked at on its merits and where there are unusual risks e.g. petrol stations and building sites or particularly valuable assets e.g. artwork or precious stones, advice should be sought from the insolvent's existing insurers or Aon as to how those risks should be covered.

14.21 Sum to be insured

Where insurance is effected it is important that the sum insured is adequate to cover the potential losses. Any underinsurance will reduce the amount that will be paid in any claim in proportion to the amount by which the asset/risk is underinsured.

Buildings and other physical assets should be insured on a "reinstatement" basis. This means insuring a building for the cost of rebuilding or repair, or the replacement or repair of any other asset as new (without deduction for wear and tear).

14.22 Under-insurance and insurance averaging clauses

When considering insurance and the cost of insurance official receivers should be aware that it is standard practice in the insurance industry to apply an averaging clause where the risk to an asset has not been insured to its full re-instatement value, leaving the asset under-insured. This means that insurers are entitled to reduce any claim payments by scaling the payment downwards, in direct proportion

to the under-insurance. The insurer is entitled to make this reduction as the policy holder has paid a lesser premium on the item where it is under insured.

An example of how insurance averaging clauses work is as follows:

- a property is insured for a rebuild value of £175,000, but the true cost at the date of the claim for the rebuild value is £200,000
- the property becomes flood damaged and a claim is submitted for £20,000
- as the property is only insured for a rebuild value of £175,000 the effect of the averaging principle is that the £20,000 claim is scaled down by the insurer to a payout of £17,500

In the same way, if the liquidator or trustee insures only their beneficial or equitable interest in a property, rather than the total value of the property, insurance averaging will reduce the value of any claim, relevant to the amount insured.

An example to show the effect of insurance averaging where the liquidator/trustee has insured only their beneficial or equitable interest is as follows:

- the liquidator/trustee insures their beneficial interest of £20,000 equity in a property valued at £200,000. As a result of averaging being applied, an insurance payout might only recover as little as £2,000

This illustrates that an insurance policy, which allows the liquidator/trustee to insure only the beneficial interest in a property, needs to exclude any averaging clause, to prevent a substantial reduction in the amount of any claim paid out.

14.23 Insurance cover provided by Aon and averaging clauses

Aon has confirmed that there is no averaging clause on the household policies it supplies. Inflation cover up to 125% is also included to prevent the property being under-insured.

Averaging does apply where Aon is instructed to insure a property where there is commercial use, e.g. a block of flats or a buy-to-let property where there is more than one separate rentable space. Aon automatically allows a 15% “buffer” or margin to account for cases of underinsurance, before applying its averaging clause. This is to allow for the fact that it can be difficult to accurately assess the exact amount required to adequately insure a property in the event of its needing to be substantially repaired or rebuilt at some unknown point in the future.

14.24 Public Liability Insurance

Public liability insurance is cover for claims resulting from accidental damage caused to a third party by property in the official receiver’s custody or control. An example of

this would be a tile falling from the roof of a building owned by the insolvent and injuring a passer by. This cover should be obtained whenever insuring any buildings belonging to the insolvent except the residential home of a bankrupt. The Aon buildings cover for residential properties includes public liability insurance.

14.25 Motor vehicles

Motor vehicle insurance is a statutory requirement¹ that extends to any vehicle using the public highway. Aon provides a Certificate of Motor Insurance to each official receiver's office on an annual basis. This provides blanket comprehensive coverage in respect of any motor vehicle in the official receivers' custody or control or that of any company or firm of which the official receiver is the office holder. The insurance covers any authorised licensed driver using the vehicle for the business of the insured. This insurance is only activated when the official receiver has advised Aon of the details of the vehicle and the need for the insurance.

The official receiver should send to Aon details (make, model and registration number, along with an indication whether it is being used) of any vehicles to be insured within seven days of their appointment as office holder. This will allow Aon to fulfil the legal requirement to advise the insurer who can, in turn, update the Motor Insurance Database.

1. Road Traffic Act 1988 section 143

14.26 Employers' liability

Employers' liability insurance is a legal requirement if you have employees including part-time casual staff¹. Aon provides blanket coverage for all cases where there are employees and provides every office with a Certificate of Employer Liability on an annual basis.

This insurance will primarily only be required in relation to trading appointments.

1. Employers' Liability (compulsory Insurance) Act 1969

14.27 FCA publication requirement for Employers' Liability Policies

The Financial Conduct Authority (FCA) Regulations requires all insurers to publish all current Employers' Liability Policies on a website in a searchable format. This is to assist in identifying relevant insurers where claimants who have suffered injury or disease in the workplace wish to claim against the insurance held by their employer or former employer.

All insurers are required to publish this information either on their own website or to become a member of a tracing office, such as the Employers Liability Tracing Office (ELTO).

The information is stored by ELTO on a central database called the Employers' Liability Database (ELD). This will be available on the ELTO website for claimants to trace Employers' Liability Policies for both current and historical employers.

In order to uniquely identify each employer, the Employers' Reference Number (ERN) (more commonly referred to as the Employer PAYE reference number) will be used as to assist claimants in tracing Employers' Liability insurance details.

14.28 Information required by Aon where employers' liability insurance is required

On all appointments under the Aon Open Cover Scheme where Employers' Liability insurance is required, Aon requires the following information to be provided:

- a) ERN/Employer PAYE Number (including any known changes)
- b) Full names of all the policyholder's subsidiary companies
- c) Notice of all changes to the ERN/PAYE reference during the official receiver's appointment whilst Employers' Liability insurance is required under Aon' Open Cover Scheme.

14.29 Terrorism

Cover for acts of terrorism is subject to strict rules, must be specifically requested and cannot be backdated.

Where the location or type of assets suggest a particular risk, e.g. a city centre department store, or the insolvent had such cover under a policy that had recently lapsed, the official receiver should ask Aon the terms (if any) under which full cover against acts of terrorism might be granted. If the additional premium is significant (i.e. £2,500 more than standard cover) the cover should only be extended with the agreement of major creditors.

Payment of the premium for any cover against acts of terrorism must be made within 21 days of the cover being arranged.

14.30 Assets held at official receivers' offices

On the rare occasions that it is considered necessary to store an insolvent's assets at the official receiver's office, adequate insurance cover must be obtained. This will

be available on a case by case basis with Aon provided that they are specifically informed of the risk. Adequate security of the asset(s) must also be arranged. The official receiver may consider storage of a computer at their premises when access to the insolvent's records on a computer is required. The asset(s) should be stored at the official receiver's office for the minimum period possible and Aon must immediately be advised of any changes in circumstances and when cover is no longer required.

14.31 Goods in transit or in control of agents

The official receiver should generally rely upon (and hence will need to have details of) the insurance cover of agents where they are removing an insolvent's assets. If the official receiver is concerned as to the availability/adequacy of insurance arrangements to cover the transporting of an insolvent's assets, they should discuss the matter with the agents. Aon can provide insurance cover for goods in transit if required.

With regard to assets being held by the official receiver's agent(s), depending on the terms of the agents' contract with the official receiver, these will normally be covered under the agents' insurance cover. Aon has confirmed that, where the official receiver's contract with their agent shows the official receiver maintains the requirement to insure the assets, there should be no issue in paying out in the event of a claim under the Aon Insolvency Open Cover Facility.

Stay of proceedings, annulments and post-bankruptcy IVAs

14.32 Stay of proceedings

Where insurance has been effected prior to a stay of proceedings, it should be left in force. The official receiver should exercise care in effecting insurance during the period when a stay is in force. During the period the stay remains in force, it would appear there is no power/duty for the official receiver to insure the insolvent's property. If the official receiver is aware that there is no cover in force, or existing cover will expire during the period that the stay is in force, it would be wise for them to notify the directors/bankrupt that the property is uninsured, so that this can be addressed.

Alternatively, the official receiver should agree with the directors/bankrupt the terms of the insurance or the official receiver may seek directions from the court¹. The

official receiver may also seek the directions of the court concerning the insurance and protection of assets where the insurance will expire whilst a stay is in place or the court has granted a general “stay of advert” requiring the official receiver to do nothing to further publicise the insolvency order.

1. Rule 13.4

14.33 Annulments

When a bankruptcy order is annulled, the official receiver should arrange to cancel the insurance cover from the date of the annulment and inform the bankrupt of the position. Enquiries should be made of the insurance company in advance of any hearing to establish the amount owed and the exact date that insurance cover will expire. Premiums paid or cancellation charges incurred should be recovered as part of the official receiver’s costs and expenses claimed at the annulment hearing. The official receiver should also arrange to return any keys to the former bankrupt as soon as possible, in order to avoid any liability for the loss of the former bankrupt’s property.

In annulment cases the cost of insurance up to the date of the hearing should be requested from Aon and included in the costs of the annulment.

14.34 Individual voluntary arrangements-cancelling insurance

Where an individual voluntary arrangement (IVA) is entered into following the making of a bankruptcy order, any asset(s) included within the IVA cease to be assets comprised in the insolvency estate. As a result the official receiver should ensure that insurance provision relating to those assets is cancelled, as soon as practically possible after the IVA is agreed. No further premiums should be incurred in relation to these assets after the approval of the IVA.

Any assets remaining under the control of the official receiver but not included in the IVA should continue to be insured as necessary pending the annulment of the bankruptcy order or other court order as to their disposal.

Insurance cover already in place by insolvent

14.35 Action required where existing cover in place

Where the insolvent has any type of insurance cover in force at the date of the winding-up or bankruptcy order, the official receiver should not assume that this insurance will continue. The official receiver should:

- obtain details of the insurance companies concerned
- obtain the policy number(s)
- establish the position regarding the payment of the premium(s)
- establish the expiry date(s) of such cover
- check that the cover arranged by the insolvent is adequate, taking into account the guidance elsewhere in this chapter
- check whether the insurance is affected or even invalidated by the event of insolvency

In addition, and to support the enquiries outlined above, the official receiver should ensure that all policy documents are recovered as soon as possible.

14.36 Continuance of cover

The official receiver should exercise discretion as to whether to effect new short term insurance under the Aon Insolvency Open Cover Facility or to continue to allow the existing cover. Where the official receiver is satisfied that adequate cover is provided under the existing policy, they should contact the insolvent's insurers without delay to inform them of their interest in the relevant policies.

Written confirmation of the cover still required should be sent to the insurance company and the relevant current policies should be sent for endorsement of the official receiver's interest in them. Where an insurance policy is endorsed in the official receiver's favour, to avoid the risk of liability being repudiated on the grounds of, for example, inadequate disclosure in the original proposal, the official receiver should seek to obtain an endorsement in the form outlined in the following paragraph.

14.37 Endorsement to be used where official receiver continues the insolvent's insurance

This insurance so far as the interest of the Official Receiver as (provisional liquidator/liquidator/interim receiver/trustee) is concerned shall not be prejudiced by any act, omission or neglect on the part of the insured in completing the original proposal forms, or by any alteration, whereby the risk of destruction or damage has increased after the date of the (appointment of a provisional liquidator/interim

receiver/winding up order/bankruptcy order) in relation to the insured's property without the knowledge of the Official Receiver as (provisional liquidator/liquidator/interim receiver/trustee) provided that the Official Receiver as (provisional liquidator/liquidator/interim receiver/trustee) shall, immediately on becoming aware of any such matter as is mentioned above, give notice in writing to the Insurance Company and on demand may pay such additional premium as the Insurance Company may require.

14.38 Cancellation of existing cover

If the official receiver considers it is preferable to terminate cover previously effected by the insolvent, they should notify the insurance company in writing at the earliest opportunity that cover is no longer required so that a refund of the premium can be obtained. Policy number(s) should be quoted whenever they are available.

If there are outstanding claims or the possibility of a claim on the existing insurance it may be prudent to leave the policy in force until these are resolved.

Aon Insurance cover

14.39 Details of the Aon Insolvency Open Cover Insurance facility

The Insolvency Service uses the Insolvency Open Cover Insurance facility operated by Aon Limited. This scheme provides official receivers with automatic insurance cover when dealing with insolvents' estates. The scheme is designed to automatically cover most insurance risks anywhere within the United Kingdom. When in doubt as to whether a risk is insured contact should be made with the Aon client services manager.

This section of the Technical Manual gives an overview of the scheme; detailed guidance is available on the intranet.

14.40 Risks outside the scope of the Open Cover facility

There are some classes of insurance risk which remain outside the scope of the automatic facility due to the nature of the risk or the infrequent need for cover. Where insurance cover is required on risks not covered by the automatic facility, this must

be placed separately by Aon in the open insurance market and all relevant underwriting information must be immediately supplied to Aon.

“Off Scheme” insurance is also required for property held overseas.

14.41 Notifying Aon within agreed timescales of the insurance requirement

The official receiver must inform Aon if insurance is required as soon as possible after their appointment. Where automatic cover for a smaller non-trading case is required, the scheme allows a period of 30 days in which a notification can be made. This period of 30 days is used for administrative convenience and the official receiver should not delay notifying Aon just because this period is available. Where certain trades and activities are concerned, notification to insurers is required within 14 days.

14.42 Where there is doubt if automatic cover is available

If there are any doubts as to whether or not automatic cover is available, the official receiver should contact Aon as soon as possible. Aon staff will be able to advise what cover may be required when they are told the trade of the business over which the official receiver has been appointed.

14.43 Small non-trading cases

For all cases with no special insurance risks (small non-trading cases) cover may be obtained through the standard process included in the intranet guidance.

Insurance should be effected as soon as the official receiver becomes aware of an asset requiring insurance cover. Cover will be provided from the date of the official receiver's appointment on the appropriate cases, as long as notification is provided within 30 days of the official receiver's appointment.

14.44 Assets identified 30 days or more after the official receiver's appointment

Where assets requiring insurance come to light more than 30 days after the date of the official receiver's appointment, these can be insured by Aon but the cover will only be effective from the date Aon is notified of the assets.

14.45 Cancellation of automatic insurance cover

Insurance cover (and the liability to pay the premiums) continues until the official receiver instructs Aon that the cover is no longer required. Aon never automatically cancels insurance and only invoices for insurance premiums once the cover has been cancelled.

The official receiver's automatic insurance cover must be cancelled where:

- the asset is disposed of
- in relation to a property, a charge is obtained by the official receiver
- a property is repossessed under the terms of a mortgage charge or an LPA receiver is appointed
- a disclaimer is issued
- the order is rescinded or annulled
- an insolvency practitioner is appointed
- the official receiver's interest in the asset, as liquidator or trustee has otherwise ended

The insurance should be cancelled within five working days of the insurance being deemed unnecessary. The date of cancellation should be the date that the insurance became unnecessary (the date of the annulment, for example) and not the date of notification. It is important the correct date is used to ensure that the estate is not charged for periods when the insurance was no longer required.

In any case, the need for continued insurance must be regularly reviewed, and the insurance cancelled within five working days once it has been decided it is no longer required.

The cancellation of insurance should be noted on the case file in an appropriate place.

14.46 Classes of risk outside of the automatic insurance cover

The Aon Insolvency Open Cover scheme is designed to automatically cover most insurance risks. However, there are other classes of insurance risk which remain outside the scope of the automatic facility due to the nature of the risk or the infrequent need for cover. These risks, when insurance cover is required, must be placed separately by Aon in the open insurance market, and all relevant underwriting information must be immediately supplied so that Aon may approach underwriters. Details of trades and activities which are excluded are included in the intranet guidance

14.47 Cases where insurance cover required exceeds small non-trading case criteria

For larger cases the official receiver will need to contact Aon by telephone to obtain suitable insurance cover. The cover needed may require Aon to place the insurance separately in the open insurance market and all relevant information should be supplied to Aon by the official receiver. Some examples provided by Aon of businesses where insurance will need to be obtained separately on the open market include art dealers, jewellers' shops, racehorses and fish farms. The amount of the insurance premium should be agreed between Aon and the official receiver.

Once agreement has been reached with Aon the official receiver should complete the appropriate "Aon Data Gathering Form" and return it to Aon. The relevant form will be emailed by Aon following discussion with the official receiver as to the unusual insurance required. Aon staff can give assistance in the completion of the questionnaire and may also arrange a site visit to confirm the insurance is adequate or give advice on security.

14.48 Insurance for solely owned tenanted properties

Where insurance is either not in place on a tenanted property or that insurance is inadequate (e.g. landlord's insurance including public liability and building insurance), this needs to be dealt with immediately. Providing the property is in use for residential purposes and is within the designated limits, most cases can be covered following the standard process. Where a case does not fall into these criteria it will be necessary to contact Aon to agree individual insurance cover, generally this will be where a property is rented out to a business for commercial purposes.

14.49 Process for requesting insurance for overseas properties

The Aon Insolvency Open Cover facility insurance scheme does not cover overseas properties, although Aon can provide insurance for properties overseas "off scheme". Aon is able to place official receivers' requests for insurance on an 'open market' basis with the scheme insurers, and this applies when dealing with cases where the asset is property outside of the UK (overseas). The fundamental differences between open market placements and the standard Aon scheme arrangements are:

a) Cover is not automatic.

b) Premiums are payable upon invoice.

With regard to (b) this can be particularly important where there is an overseas business, as taxes may be payable in the overseas territory for which an insurer is liable with immediate effect from the date of cover commencing. Failure to make the immediate payment of the premium when invoiced may result in cancellation of the cover by the relevant insurer.

14.50 Payment of premiums

Aon invoices for insurance premiums only when the relevant insurance cover has been cancelled (this should be within five working days of it no longer being required). Aon will invoice the originating official receiver who should forward all authorised invoices to EAS for payment.

Making a claim under the Aon scheme

14.51 Notification of claims

It is a condition of insurance policies that claims or potential claims are notified as soon as practicable. Therefore the official receiver should telephone Aon with preliminary details as soon as possible after the loss has occurred and immediately if circumstances warrant, e.g. loss of life or major property damage. In an emergency, outside office hours Aon personnel can be contacted at home (see the Aon Facility Guide available on the intranet).

14.52 Notification to other third parties and minimising further losses

Where the claim relates to theft, malicious damage, riot or other criminal activity the official receiver should also inform the police. In all cases steps should be taken to minimise any potential further losses and an estimate for replacement or repair obtained.

14.53 Appointment of a loss adjuster and attendance on site

When Aon are notified of a claim they will appoint a loss adjuster, if required, who may visit the site of the claim to ensure the official receiver's best interests are

protected. In straightforward claims Aon aims to settle the claim within 20 working days.

14.54 Public liability and motor vehicle claims

In respect of public liability claims and those relating to motor vehicles the official receiver should make no admission of liability and all third party correspondence in relation to the claim must be forwarded to Aon unanswered, who will undertake to ensure that the relevant insurer takes control of the conduct of the claim and will deal directly with third parties or their representatives. Any writ or summons in connection with the claim should be forwarded to Aon immediately.