



**NCASS**  
NATIONWIDE  
CATERERS  
ASSOCIATION



# The Importance of Insurance

[www.ncass.org.uk](http://www.ncass.org.uk)



## How does insurance work?

Insurance transfers the risk of financial losses as a result of specified but unpredictable events from an individual or entity to an insurer in return for a fee or premium. If a specified event occurs, the individual or entity can claim compensation or a service from the insurer.

## How to choose the right provider

1. Service
2. Comfort
3. Price
4. Financial Solidity

## Common mistakes

### Failing to disclose a material fact to your House insurance provider.

For example, running a catering business from home. If you prepare, cook or store food in your home or kitchen. Standard home insurances and home kitchens are designed for domestic purposes and not as commercial kitchens. Failing to advise your home insurer of any business activities could invalidate your home insurance contract in the event of claim.

### Secondary occupations.

Example: Full time occupation (chef) with a secondary occupation as a part-time mobile caterer. If you are a mobile trader and tow a mobile trailer for your business you need to disclose and tell your motor insurer exactly what you are doing. You may already have business use as a chef. This would not automatically insure you for business use as a mobile trader. Many insurance companies DO NOT insure mobile caterers. Failing to disclose a secondary occupation could invalidate your insurance contract.

### Purchasing an insurance policy not designed for the risks associated with a mobile trailer.

For example, commercial combined insurance policies can have the capacity to specify 'Business Equipment'. We have seen insurance policies specifying a mobile trailer as a piece of business equipment on an insurance schedule. After checking the policy wording the business equipment was only insured at the risk address – as if it was a piece of catering equipment kept in the commercial kitchen. The trailer would not have been insured while being towed or away from the specified risk address. The policy was not suitable for the risks associated to a mobile catering trailer.

## Estimated annual business turnover.

For example, insurance premiums can be calculated on the annual turnover or the number of people involved in the business. If the premium is calculated on the annual turnover, it is important to supply the correct estimated annual turnover. The gross annual turnover is the amount you expect to be paid to the business, before any expenses. In simple terms, the higher the turnover the higher the insurance premium – you are naturally doing more work and the chance of a claim increases. It is important to note that doubling your annual turnover, does not always mean doubling your insurance premium. Many times the premium increase can be minimal.



## Examples when things go wrong:

Giles Insurance Consultants had a call for help and advice about a catering trailer and liability insurance held with an online insurer. The catering trailer had been damaged whilst being towed. Unfortunately, when completing the online application, the client had noted the trailer as 'Business Equipment.' After the damage to the trailer had occurred and after checking the policy wording, it became clear that the policy wording specifically excluded any damage to the trailer, therefore there was no insurance cover.

*This is why it is essential that you always check your quotation, terms and conditions.*

## What should you carefully check?

Read your documents including quotation, statement of fact, proposal form and renewal notices. Check the small print, usually the terms and conditions / endorsements or warranties.

*It is important to remember that if you change from a sole trader to a limited company you must advise your insurer and have new insurance documents issued.*

## When should you speak to your service provider?

If there are ANY changes to your business, speak to your insurance provider. It is best to check with your insurers, rather than assuming you're covered. If you have any uncertainties TAKE ADVICE and always get it in writing.

## What should you do if you want to change insurance provider?

The most convenient time to change insurance provided is at the renewal. If you need to change mid-term, speak to your insurer and ask about any cancellation cost before you cancel.

Please be aware, you could lose some of your years NCD (No Claims Discount) that you have accumulating for the current year.



## Insurance: A guide, common mistakes & top tips

### Catering Liability Insurance

When looking to insure your business you must disclose all that you do in your business. For example, if you trade from a trailer and also trade from a gazebo then you must disclose this to the insurer.

### Catering Trailer Insurance

Your trailer valuation should include any fixtures and fittings which are permanent. Trying to insure labour costs is a common mistake. This is not insurable. Regarding a claims process, insurers will ask for receipts that prove the trailer's value. If a trailer is worth £5,000 and the equipment which is permanently fixed to the trailer is worth £5,000, then receipts of the total £10,000 would need to be provided. If you paid an additional £2,000 for the trailer to be fitted, this is not insurable.

### Catering/Ice Cream Van Insurance

Your van should include any fixtures and fittings which are permanent. This is a common exclusion across certain policies, especially if you're trying to fit your van onto a product which isn't suitable for mobile catering. For example, if your van is worth £10,000 and your Ice Cream Van Fixtures/Fittings are worth £50,000, if you're not on the correct product this could be insured for £10,000 regardless for what you insure the van for.

### Commercial Combined Insurance

With inflation increasing building sums such as insurance, contents replacement etc. it is important that you check your renewal notices or any new quotes to ensure you're not underinsured. Read all policy conditions and endorsements; some will require you to have electrical tests, ducting, extraction or additional security that can hinder claims.

### Household Insurance

It's a material fact to disclose whether you're working from home and as some insurers will decline cover on this basis. Therefore if a fire or other peril occurs whilst cooking for your business from home, claims can be void and policy cancelled (non-disclosure).



## Contact Us

---

Call us: **0300 124 6866**

Email us: **info@ncass.org.uk**.

    @ncass\_uk

**www.ncass.org.uk**