



# GUIDE TO INSURANCE RESPONSIBILITIES

# 1. INTRODUCTION

It is extremely important for both Star Pubs and our Licensees that each pub business within the estate is insured correctly. The purpose of this guide is to provide you with the following information:

- What is covered by Star Pubs' Buildings Insurance Policy
- Licensees' Costs for Star Pubs' Buildings Insurance Cover
- Licensee's Insurance Responsibilities
- Star Pubs' Buildings Insurance Claims Process

## 2. WHAT IS COVERED BY STAR PUBS' BUILDINGS INSURANCE POLICY?



Star Pubs operates a Group block buildings insurance policy in respect of its entire estate which is underwritten by a captive insurance company.

All property owned by Star Pubs is insured for its full reinstatement value\*, which includes Landlords' fixtures and fittings\*\* and any other contents that Star Pubs own within the property\*\*\*.

The policy is placed on an "All Risks" basis, which covers physical loss or damage to property caused by perils including storm, flood, fire, impact damage, landslip and subsidence. Specific exclusions to the cover relate to storm damage to fences, gates and moveable property in the open; wear and tear; electrical or mechanical breakdown; gradual deterioration; depreciation; vermin; insects; fungus; and atmospheric or climatic conditions.

Star Pubs' deductible under this policy is €250,000. Consequently, Star Pubs take the risk each year for the difference between its €250,000 deductible and the £250 deductible paid by Licensees.

The table on this page summarises what is included in the cover provided to Licensees. We can provide you with a certificate of insurance and/or a summary of the policy conditions on request.

\*The reinstatement value is the cost to rebuild the premises, including Landlords' fixtures and fittings, without any deduction for wear and tear or depreciation. The reinstatement value (which is not related to the open market value of the premises) is based on a number of factors including location, size and quality and type of construction. In addition to the reinstatement costs, the sum insured allows for any future inflation costs, removal of debris and demolition costs, local authority building requirements and architects, surveyors, engineers and other necessary professional fees. The reinstatement costs are reviewed in line with the Building Cost Information Service provided by the Royal Institution of Chartered Surveyors.

\*\*Landlords' fixtures and fittings include items such as heating, plumbing, electrical wiring, decorations, the bar counter and the back bar.

\*\*\*The property includes the fabric of the building, walls, gates, fences, hoardings, any outside ancillary buildings, gangways, car parks and services leading to the public mains for which Star Pubs are responsible.



Class of Insurance	Policy Extensions	Limit
Property Damage	Maximum limit any one location	EUR5,000,000
	Full Theft cover	Included
	Fire, Lightning, Explosion and Aircraft damage	Included
	Flood damage	Included
	Storm damage	Included
	Capital additions	Included
	Debris removal	Included
	Services (including telephone, gas, water, electric instruments, meters, piping and cabling)	Included
	Legal Costs and Expenses	Included
	Loss of Metered Water	GBP 25,000
	Changing Locks	GBP 2,500
	Clearing Drains	GBP 5,000
	Fire Extinguishing Expenses	GBP 250,000
	Temporary Removal	GBP 250,000
	Trace and Access	GBP 5,000
	Terrorism	Included
Business Interruption in respect of Property Damage only	Only covers rent payable to Star	18 months of rent payable to Star



# 3. LICENSEES' COSTS FOR STAR PUBS' BUILDINGS INSURANCE COVER

## 3.1 Insurance Charge

Each Licensee is required to pay a charge for Star Pubs' buildings insurance cover and this cost is based on the cost of Star Pubs insuring the property, which is benchmarked against insurance market rates.

Star Pubs employs an independent insurance broker who regularly reviews the policy which Star Pubs has in place against available public house insurance on the market. We do this to ensure that the Star Pubs' policy achieves comprehensive cover with minimum deductible levels and at the lowest cost possible to Licensees.

The benchmarking of insurance cover is done on a portfolio basis, which means we look at all the claims Star Pubs has made in the last five years, together with the number of property reinstatements and the addresses of the pubs in the estate.

Star Pubs also undertakes a thorough "price matching" exercise looking at individual pubs insurance to ensure that having a block buildings insurance policy remains more competitive than taking out a policy for each individual pub.

In addition, where a Licensee notifies Star that it has identified a suitable and comparable alternative policy, Star will consider that policy under the relevant provisions of regulation 46 of the Pubs Code in England & Wales. Should the insurance charge Star intends to levy be higher than the amount it would be if Star entered into the Licensee's alternative policy, Star will agree, in writing, that any difference between the insurance charge and the alternative insurance charge is not payable by the Licensee.

In general, in Star's experience block portfolio policies are more suitable for Licensees as they do not contain any specific warranties or liabilities commonly found in individual policies and they also achieve lower deductible levels for Licensees.

Star Pubs do not receive any commission or rebate in connection with the Group block buildings insurance policy.

## 3.2 Deductible

In the event of a claim in respect of an insured risk (excluding fire and lightning, where the deductible is zero), you will be required to pay a compulsory deductible of £250. This £250 deductible may be altered in the future and the revised amount will

be your responsibility in the event of a claim. Any alteration will be notified to you.

As stated above, Star Pubs has a group block buildings insurance policy in respect of its entire estate, and Star Pubs' deductible under this policy is €250,000. Consequently, Star Pubs take the risk each year for the difference between its €250,000 deductible and the £250 deductible paid by Licensees.

# PRICE MATCHING



## 3.3 Price Matching

We operate an insurance price match policy which means we commit to charge you the same insurance costs as set out in any like-for-like insurance quote you obtain. To assist with this, the table above itemises the key elements covered in our policy.

### Qualifying Criteria

- We will only accept like for like quotes which have been received from our Licensees directly.
- We do not correspond or liaise with Insurance Brokers or any other third party.
- Any new or existing Licensees who wish to obtain a like-for-like quote should email [admin@starpubs.co.uk](mailto:admin@starpubs.co.uk) to obtain details of the pub reinstatement value and claims history.

### For us to charge you the same as any like-for-like insurance quote you obtain, you must provide:

- A 'contract certain' quotation provided by an A rated insurance company (your insurer/broker will be familiar with this terminology).
- The proposed insurance wording which includes all extensions and exclusions.
- Both the quotation and policy wording must be submitted on insurers headed paper.

We **DO NOT** arrange, accept and pay for alternative buildings insurance cover. All pubs are automatically insured under our block buildings insurance policy, as we must ensure each asset has effective cover and is protected at all times. If you enter into an agreement to insure a Star Pubs' pub

independently, we will not cancel the cover we provide or be responsible for any costs you incur in entering into an independent buildings insurance policy.

## 4. LICENSEES INSURANCE RESPONSIBILITIES

### 4.1 Cover

It is a requirement for all licensees to make sure that their business is insured. Listed below is the insurance cover you are required to obtain yourself. It is also important that you check the terms of your Lease to clarify which items are your responsibility:

- Public and Products Liability Insurance in respect of legal liability for injury/death and loss/damage to third party persons and property for a minimum indemnity limit referred to in your Lease.
- Employers Liability Insurance relating to your legal liability for injury to your employees with a £5m minimum indemnity limit.
- Plate Glass Insurance for glass on the premises including decorative & engraved glass.
- All Risks Insurance covering Licensee's fixtures and fittings and contents including stock.
- Business Interruption insurance resulting from your inability to trade or interruption to trade as the result of an insured risk. The indemnity period selected depends on the rebuilding period, taking into account the size

and construction of the premises, but a period of one to two years is appropriate for most premises.

- Theft Insurance for personal items to include loss of money.
- Loss of Licence insurance to cover a reduction in your financial interest as a result of the revocation of the licence or limitation of trading hours.

#### **In addition, you are responsible for arranging:**

- Regular periodic testing of portable electrical appliances.
- Crime Insurance in respect of the fraud or dishonesty of employees.
- Freezer Contents Insurance.
- Insurance for your own personal effects.
- Personal Accident Insurance providing benefit in the event of death or personal injury through accidental causes.

### 4.2 Interested Party

You should ensure that any policy you obtain in relation to the cover outlined at paragraph 4.1 above

notes a general interest of Star Pubs within the policy. With regard to all commercial insurances that you have put in place, we ask that you notify Star Pubs by email to C/O Insurance Manager: **admin@starpubs.co.uk** about any loss or premium payment default.

If requested to do so you should provide Star Pubs with details of your insurance cover each time you renew or change the terms of your policy. These details should include:

- Name of insurance company.
- Policy number.
- Renewal date.
- Limit of liability.





### 4.3 Statutory Inspections

Star Pubs arranges for the electrical wiring installation and apparatus for each pub in its estate to be inspected in accordance with the requirements of the Electricity at Work Regulations 1989. The only exception to this is if a pub is on an FRI (Full Repairing & Insuring) Lease and the licensee has not chosen to opt into Star Pubs' supplier contracts.

The purpose of these inspections is to detect, at an early stage, any defects which may give rise to a dangerous hazard which could affect the safety of you, your family, staff and customers. Electrical faults are a major cause of fires and inspections minimise the risk of damage to property and interruption to the business. In addition, inspections are carried out as a legal requirement on other items such as playground equipment, lifts, hoists and lifting tackle. The purpose is to prevent accidents and therefore injury as well as to ensure minimum disruption to your business. Please note, it is your responsibility to provide reasonable access for these inspections.

Licensees on FRI Leases who have not chosen to opt into our supplier contracts will be required to arrange their own contractors to carry out inspections and to provide copies of the certificates to Star Pubs on an annual basis.





## 5. STAR PUBS BUILDINGS INSURANCE CLAIM PROCESS



### 5.1 Claim Process

In the event of loss or damage to a building, including Landlords' fixtures and fittings and plant, machinery, furnishings and all other contents belonging to Star Pubs you must report the incident immediately to the Star Pubs repairs helpdesk (T: 0345 878 7076 – option 3) to enable us to assess whether or not a claim is appropriate. Lines are open 24 hours a day 365 days a year. We ask that you provide every assistance to enable the claim to be pursued.

With claims relating to insurance that you have arranged, you must immediately advise your insurers/ insurance advisor of any loss which may give rise to a claim. In addition, you must report the incident to the Star Pub repairs helpdesk.

In the event of serious injury or death to any customer, member of staff, you or your family, arising in or about the premises you (or your nominee) must, in addition to advising your own insurers, also

advise your Business Development Manager and Property Manager.

Furthermore, certain incidents will be reportable by you under the Reporting of Injuries, Diseases and Dangerous Occurrences Regulations 2013 (RIDDOR 2013).

### 5.2 Claim Scenario – A burst pipe

A water pipe bursts under the floorboards on the first floor above the bar area resulting in a flood through the bar ceiling during trading. As a result, the following occurs:

- The ceiling drops injuring a customer and a member of staff.
- The customers have to be evacuated and premises closed.

In addition to the need to replace the ceiling, your contents are damaged. These include tables, chairs,

stock, the freezer motor and freezer stock. The bar counter is warped, the floor covering which has been stuck down behind the bar has lifted through water damage and the bar needs to be redecorated.

This incident impacts on both your and Star Pubs insuring responsibilities. The first immediate step is to turn the water off or obtain assistance to do so. Thereafter, as soon as practically possible you must advise Star Pubs' repairs helpdesk and your own insurers or insurance advisors. The next actions will be driven by the appropriate Loss Adjuster(s) acting for the various insurers or, in the event of a small loss, the information sought by the insurers.

The injured customer may appoint a solicitor and make a claim against you, based on negligence – i.e. legal liability. Depending on the extent of the injuries sustained, the incident may also be reportable by you under the Reporting of Injuries, Diseases Occurrences Regulations (RIDDOR).





You should ensure the letter is passed to your public liability insurers with a copy to your Business Development Manager. The insurers will deal with the matter from then on. The same course of action should be taken with the claim which may follow as a result of the injury to the employee. If you have put in place Personal Accident insurance on behalf of your employees, details of the absence and injury need to be submitted to the personal accident insurers to establish whether any automatic benefit is payable. As the premises have been closed, a loss of turnover will result. Any business interruption insurance claim should be pursued via any insurance cover that you have put in place.

The insurance responsibility for damaged items is as follows:

### Star Pubs Responsibility

- Ceiling repairs
- Redecoration
- Bar counter repaired/replaced
- Stuck down floor covering

### Licensee Responsibility

- Tables
- Chairs
- Stock
- Freezer and contents

- Business Interruption (if the incident causes the pub to be unable to trade)

We hope you've found this guide useful and easy to follow. If you do have any further questions please email [admin@starpubs.co.uk](mailto:admin@starpubs.co.uk).



