

Motor Trade Insurance



The motor trade industry is expansive. It encompasses businesses that sell, repair, trade, enhance or test vehicles. As the owner of a motor trade business, the risks you face may be very different from another business in the same industry. Motor trade cover needs to be as diverse as its industry in order to account for the unique risks facing all motor traders.

Motor trade cover generally offers protection for businesses that deal with vehicles belonging to customers—but it can be more complicated.

Who Should Purchase This Cover?

Motor trade insurance is designed for businesses that use vehicles on their own or others' premises that don't necessarily belong to them. Cover includes:

- Motor vehicle and motorcycle dealers
- Motor vehicle repair body shops
- Vehicle accessory manufacturers
- Vehicle electricians
- Valeters
- Security device installers
- MOT testing stations
- Restaurants, hotels and special event operations with valet parking

- Other businesses that accept custody or control of vehicles belonging to others for a fee

This list is not exhaustive. The risks of running one type of motor trade business, such as a car dealership, are markedly different from the risks of running another type of business, such as a valet parking company. Whatever type of motor trade business you run, you need to survey the available cover options in order to ensure your company is fully protected.

Road Risks Cover

Any motor trade business that involves driving its own or customers' vehicles will need road risks cover. Road risks policies cover insured vehicles—any motor vehicle that is the property of the insured or in the insured's custody or control in connection with the business—while on the road or temporarily stored during travel.

Road risks cover is available in the following three standard policies:

- **Third party only** policies are legally required and only protect against injury, loss or damage to third parties.
- **Third party fire and theft** policies extend fire and theft cover to a third party only policy.
- **Comprehensive** policies come with a higher excess but substantially protect your cars and the cars in your custody from accidental damage.

Provided by Sirelark Risk Services

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Excess amounts are not consistent for every business. They can vary greatly depending on the work you do and on your level of risk. Insurers rate business' risk exposure based on the named drivers or the amount of trade plates; they may also rate according to a points system based on standard motor insurance factors such as:

- Claims experience
- Location
- Type of business and vehicle(s)
- Drivers' records, ages and experience

Like standard motor insurance, there may be a possibility of earning a no-claim discount that rewards safe drivers.

Additional Cover

The sheer diversity of motor trade business means that most motor traders need more cover than just a road risk policy. Insurers provide policies that combine a number of different covers to mitigate business' individual risks. In addition to road risks, typical covers include:

- Property damage
- Glass
- Theft
- Money
- Employers' liability
- Public liability
- Business interruption

Comprehensive road and garage cover provides the most thorough protection. It incorporates a broad road risk policy and an internal policy that protects against a wide range of liabilities associated with the daily operations of running a motor trade business. But before opting for the most comprehensive, consider adding policy extensions to an existing or more basic policy. Motor trade insurance allows for many extensions, and bespoke policies can be more cost-effective.

Limits and Excess

The variability of motor trade policies means you should determine a cover limit that adequately protects your business. You can do this by considering the average value of vehicles in your care multiplied by the average number of vehicles in your care at any given time. For example, if the average value of your customers' vehicles is £30,000 and you tend to have 10 vehicles on hand, then you should select a limit of £300,000.

You should also select a per-vehicle excess that you would pay in case of a damaging accident in which your business was liable. The insurer then covers the remaining amount up to your limit. This will also vary depending on the number and value of your vehicles. If your vehicles are numerous and inexpensive, a smaller excess would be smarter. On the other hand, only a few very expensive vehicles would call for a higher per-vehicle excess.

Manage Your Risks

Your business is exposed to numerous special risks. A complete appraisal of what you face and a bespoke policy will help protect your business and ensure future profitability. Contact Sirelark Risk Services today at 01603 343 053 for more information on crafting a robust motor trade insurance policy.