

# Insurance implications: recent changes to BAR Terms and Conditions

BAR has recently re-issued its terms and conditions and many Reason Global clients have asked how these changes affect their liability and insurance situations. In addition to the BAR advice and information available, Ryan Squirrell of Reason Global provides specific guidance on these areas for the benefit of all moving companies.

## Reducing three sets to two

Previously household goods moving companies could choose from three sets of BAR Terms and Conditions depending on whether they operated as an Insured Contractor, sold insurance to their customers, or chose the liability route. Since the deregulation of insurance sales in 2009 very few companies have chosen to operate as Insured Contractors so these conditions have not been revised. Movers today simply choose either to stay with their existing 'Liability' conditions or, if they sell insurance to customers, operate on 'Standard' trading conditions. For clarity, the two new sets of conditions are now called either 'Liability' or 'Insurance'.

These Terms and Conditions have been approved in partnership with Hertfordshire Trading Standards under the Primary Authority Scheme. They comply with all current appropriate consumer legislation and form an exciting new initiative that provides a major benefit to BAR Members. Again there is the 'Liability' version and the 'Insurance' version to be used as appropriate. Movers should see the BAR website (Member's Area) for further guidance on the changes to the conditions and the process they need to adopt to change to them.

## How do movers choose?

Every moving company can choose which conditions it feels are most appropriate to its needs. However, as it's likely that companies will be changing to the new editions shortly, now is probably the right time for them to decide to stay with the type of conditions they have already, or make a switch.

Those choosing the 'Liability' option should understand, however, that the insurance is provided on an 'old for old' basis, policy excesses are not permitted, the insurance ombudsman is not available to handle



➔ Ryan Squirrell, Reason Global Account Executive

disputes and it is not possible to earn revenue by charging premiums. By comparison, the 'Insurance' option provides the option of 'new for old' cover, allows the application of an excess, provides access to the Insurance Ombudsman and allows the option of charging premiums.

Liability Terms and Conditions also limit a moving

company's liability to £40 per item under 'Limited Liability' unless the customer declares a value for their goods before the move commences in which case a 'Standard Liability' up to £25,000 can be agreed with higher levels of liability above £25,000 possible on payment of an additional fee.



	Liability Conditions	Insurance Conditions
<b>Basis of Insurance Provided</b>	Indemnity "Old for Old"	Indemnity or New for Old
<b>Use of a policy excess</b>	Not permitted	You can determine
<b>Insurance Ombudsman in case of disputes</b>	Not available	Available
<b>Ability to charge premiums</b>	No	Yes
<b>Tax Charged on Additional Fees/ Premiums</b>	Additional fees - 20% VAT	Premiums - 6% IPT

**Contractual Liability and Legal Liability**

These two are often confused. A company's Terms and Conditions set out the legal agreement under contract law. However a court can set aside the liabilities agreed or denied under those terms and apply Common Law. This is particularly relevant to removers and storers as they have a 'duty of care' to their customers' possessions and, therefore, under Common Law could be held responsible for losses or damages, even if the customer decided not to take either 'Standard Liability' or buy insurance.

Moving companies should be careful, therefore, to ensure that their insurance policy provides cover not only for sold insurance or liability agreed under

liability terms, but also provides full Legal Liability cover. Every mover should check this carefully with their insurance provider.

The same situation applies for insuring international moves where movers frequently sell insurance but have no back up liability cover if the insurance fails or if the customer elects not to take the offer of cover and hold them liable for any loss or damage. Those that get this wrong could find their mistake to be very costly as not only may you have to compensate the customer for their losses but you may also have to pay for legal costs incurred in defending claims. For more information, please do not hesitate to contact Ryan by email: [ryansquirell@reason-global.com](mailto:ryansquirell@reason-global.com)



Those choosing the 'Liability' option should understand that the insurance is provided on an 'old for old' basis, policy excesses are not permitted, the insurance ombudsman is not available to handle disputes and it is not possible to earn revenue by charging premiums.



Reason Global is a BAR Professional Adviser. To contact Reason Global, see: [www.reason-global.com](http://www.reason-global.com)

