

Frequently Asked Questions

Why have you started the #Justpayit campaign?

The Government has made available grants from the [Small Business Grants Fund](#) to support small, often family-run businesses during lockdown. Some major insurance companies are deducting these grants from insurance payouts made on insurance policies for self-catering businesses taken out pre COVID-19 to cover business interruption and advanced booking cancellation.

Why have you started the campaign now?

From Monday 20th July, the Cottagesure Action Group will be facing the Royal Sun Alliance in the High Court, fighting for fair treatment. If successful, this test case will force insurance companies to meet the terms of their policies. The campaign aims to ensure that if they win, they will not be able to deduct this grant money from their payouts. Other companies, such as Lloyds and Axis are no longer deducting this money. We need the campaign to maintain pressure on companies like the RSA, NFU and others across the insurance sector.

Who is behind this campaign?

The campaign is being jointly launched by the [Professional Association of Self Caterers UK](#) (PASC UK), the [Cottagesure Action Group](#), who represent small, family-run self-catering accommodation businesses. It has been brought about by the anger felt by our members at the continuing poor behaviour of insurance companies during COVID-19.

What is the problem with insurers deducting grants?

The grants are taxpayers' money intended to support small businesses like our members and help them survive through lockdown. It is not a grant fund to support insurance company profits.

Typically, insurance policies are a contract to cover *certain losses in the event of specific circumstances*; they do not cover all the losses and costs that a business may incur. If those specific losses occur, then the insurance company must meet the obligations of their contract with the insured business. If they do not meet the terms of their contract, they are in breach.

The grant is intended to support *all* the losses and costs incurred by a business as a result of coronavirus. If an insurance company is able to appropriate the whole grant, they deny the business the support that the Government intended **and the insurers will effectively become the beneficiary of Government financial support, intended to help small businesses.**

Do insurance policies cover the costs from complying with the COVID-19 protection and social distancing protocols that enable them to open?

No, and these costs can be substantial. However, the grant funding helps significantly and can be the difference between a business being able to reopen or going under.

A recent PASC UK survey found that of 370 responding businesses, half of them expected to lose between 26%-50% of their total revenue in 2020. A further 25% expected to lose between 51-75%. 76-100% said they could not even consider

opening until they could fill at least 75% of their capacity. Additionally, 90% of businesses who have made claims against their business interruption policies due to COVID-19 have not had their cover confirmed. Overwhelmingly, these are small, family run rural and coastal businesses. They are not being supported by insurance companies who want to take away the vital grants they need just to survive.

What does the Association of British Insurers (ABI) say?

We have written to the ABI who issued the following response: *"The role of insurance is to act as a final safety net for any losses that cannot be covered elsewhere. For claims relating to Covid-19, insurers will generally expect businesses not to claim for losses which are already adequately covered by any government grants they have received."*

Is it ethical for insurers to do this?

No. Companies have paid premiums for this insurance and should be paid out by the insurers as defined by the policy. The insurance companies should not be benefitting from the Government support schemes for business in this way. These grants offer a critical lifeline for small businesses at a time of global uncertainty.

What other problems is this causing?

Businesses that have received the support grants are being put off from making legitimate claims on their policies because of the deductions being made by insurers. This means that the insurance companies not only profit from taxpayers' money where claims are made, but they also benefit from businesses not making the claims they are entitled to.

What does Government guidance on the Small Business Grant Fund say?

According to the Government's website, *'The Small Business Grant Fund (SBGF) supports small and rural businesses in England with their business costs during coronavirus.'* Nowhere does it say that it is intended to end up in the pockets of insurance companies.

Check if you're eligible here: <https://www.gov.uk/guidance/check-if-youre-eligible-for-the-coronavirus-small-business-grant-fund>

Do you think the Chancellor had this in mind when he announced the grant?

No. When the Chancellor announced these measures in April 2020, he was clear that the fund was meant to support small businesses, not major insurance companies.

How can I help?

We want to put pressure on the insurance companies to pay out on their policies in line with their contracts. You can help us by joining in our social media campaign using the hashtag #Justpayit. Simply search and retweet with the hashtag.

If you are a similar small business affected by this issue, then download our support pack [available here](#) where you can find copies of template letters to send to your MP and to the Financial Conduct Authority as well as a template letter to send to editors of your local news outlets.