

# Supporting Small to Medium Enterprise (SME) *through COVID-19*

Frequently asked questions

2 December 2020

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## Which policies are eligible for the COVID-19 support measures?

Measures are applicable to policies with an effective date up to and including 31 December 2020. Terms will be honoured until the next renewal. Policies with an effective date of 1 January 2021 and onwards are subject to our usual underwriting acceptance rules.

### Eligibility

#### **How will we determine whether the customer meets the definition for SME?**

We will use the turnover or asset information we have on file for the current policy period, or next policy period in the case of renewals.

#### **What information do we require to confirm that a customer is suffering financial hardship and eligible for support?**

We will accept notifications from our brokers/agents that a customer requires support due to financial hardship without any further evidence being required. Where we have a reasonable belief that financial hardship has not been suffered, we will discuss with our broker/agent and review on a case by case basis.

#### **What if my policy has already been renewed, or renewal terms have already been offered, with an effective date of 1 January 2021 onwards?**

Terms will be honoured until the next renewal unless coverage requires adjustment mid-term.

## Deferred premium payments

#### **Which businesses are eligible to defer premium payments for up to six months? (This excludes Workers Compensation, Accident & Health and CTP)**

For policies with an effective date up to and including 31 December 2020, where platforms allow, we can offer instalment billing arrangements for SME customers, as well as deferred payment on their annual or monthly premium for up to six months. Insurance policies will provide continuous coverage during this time. This is available to SME customers with an annual turnover or asset value of less than \$10 million who qualify for COVID-19 support payments from the Government. If an SME customer makes a claim during the six-month deferral period, the cost of their premium will be taken as part of their claims cost.

Available for policies with effective date up to and including 31 Dec 2020.

#### **What do brokers/agents need to do to arrange deferral of payment?**

To defer annual payments for policies with effective dates up to and including 31 December 2020 please:

1. Extend your credit terms to the customer.
2. Email Payment Solutions via [paymentsolutionsteam@qbe.com](mailto:paymentsolutionsteam@qbe.com) detailing the credit terms offered so we can make a note of the action that has been agreed.
3. Remit payment to QBE once you receive it from the client.

To defer monthly payments for policies with effective dates up to and including 31 December 2020 please contact QBE via [instal@qbe.com](mailto:instal@qbe.com) to discuss the deferral plan before confirming with the customer so we can advise on the best way to support each request. We appreciate that some of our partners are not set up for instalment billing and prefer to use premium funding, however, if you would like to discuss being set up to offer instalment billing, please contact your eBusiness Advisor.

### **Has consideration been given to how premium funding might assist the cash flow position of brokers/agents during the premium deferral period?**

We support our brokers/agents in looking at the best payment options to support customers, including the use of premium funding.

### **Do you offer instalment billing to assist with cash flow position?**

Where platforms allow, we offer instalment billing with no additional fee. For brokers/agents who are not currently set up to offer instalment billing, we are happy to work with them to begin the process of setting this up, where practical, so that they can offer this as a payment option. Please contact your eBusiness Advisor or Business Relationship Manager to discuss.

### **How will we be treating commission on deferred payments?**

QBE's standard process applies. For annual policies, commission is deducted via the remittance process from broker to insurer.

For instalment policies, once policy payments resume, commission shall be applied on a pro-rata basis over remaining policy period and settled with brokers as per normal process.

### **What happens if a customer cancels at the end of the deferment period?**

Where we have a policy in force and have agreed to defer payments, we cannot backdate cancellations to the deferment start date and void the contract. We are, however, within our rights to cancel the cover from the end date of the agreed deferment period. We will take each customer's circumstances into account when determining how we approach premium debt should the customer decide to cancel at the conclusion of the deferment period. We will not be automatically writing-off time on risk premium for policies cancelled at the conclusion of the deferment period.

We have added a new drop down option for Cancellation and Lapse reasons in c.change/sunrise to allow our brokers to select 'Covid 19' as the reason for the Cancellation/Lapse. Please select this option where appropriate. Note - this is not available on all broker platforms.

### **What do brokers/agents need to do to arrange deferral of payment on policies effective 1 January 2021 onwards?**

Please follow our business as usual process by contacting your Business Relationship Manager.

## Unoccupied premises

### **What support is available for SMEs with vacant premises due to COVID-19?**

SME customers that close their businesses due to COVID-19 restrictions and consequently have unoccupied premises can maintain cover on their premises with no increase to their premium due to vacancy. Specifically, for policies with effective dates up to and including 31 December 2020, we will provide existing SME customers continued cover on the premises with no changes to terms, conditions, premium or excess while relevant COVID-19 restrictions affecting their businesses remain in force.

For policies with effective dates 1 January 2021 onwards we will assess requests for unoccupied premises according to our usual business rules.

For best practice risk management considerations for temporarily unoccupied premises during COVID-19, **please read our risk management guidance**. Any premises that remain unoccupied after relevant Government directions are lifted will be considered subject to the policy's unoccupied building conditions after a period of seven days.

### **What do brokers/agents need to do for SMEs with vacant premises?**

For eBusiness policies with effective dates up to and including 31 December 2020:

- Where the insured is the property owner:
  - and the tenant is not operating due to COVID-19 restrictions and intends on returning to open once the restrictions are lifted - no changes are required
  - and the tenant is not operating due to COVID-19 restrictions and does not intend on returning once the restrictions are lifted - please change the ANZSIC to 'Property Owner, Commercial - Unoccupied'

- and the premises is vacant with no tenant - please change the ANZSIC to 'Property Owner, Commercial - Unoccupied'

Where the policy is endorsed to change the ANZSIC to 'Property Owner, Commercial - Unoccupied' our team will action the referral request and remove the relevant endorsement where applicable.

Where the insured is the tenant and is not operating the business due to no COVID-19 restrictions - no changes are required.

For eBusiness policies with effective dates 1 January 2021 onwards:

- For property owners - please change the ANZSIC to 'Property Owner, Commercial - Unoccupied'
- Where the insured is the tenant and is not operating the business due to no COVID-19 restrictions - please change the ANZSIC to 'Property Owner, Commercial - Unoccupied'

For all manually underwritten policies, please let us know by emailing your Underwriter so we can update the policy.

If the customer repurposes the premises to undertake different activities during the period of unoccupancy due to COVID-19 restrictions, please contact us to review the policy and cover or, in the case of eBusiness policies, brokers should update these policies themselves.

### **Will QBE be extending the duration or increasing the value of cover for temporary removal of property in Commercial Package policies while COVID-19 Government directions are in force?**

We will extend the duration of cover for policies with effective dates up to and including 31 December 2020 for temporary removal of property in Commercial Package policies to align with COVID-19 Government directions.

We will not be automatically increasing the current policy limits in regard to 'value of cover'. We understand that COVID-19 Government directions may result in the value exceeding the policy limit.

Brokers do not need to endorse policies to this effect. We will take both of these points - extending duration and increase in value - into account when assessing any claim.

### **What if I still require cover for temporary removal of items exceeding the policy wording limits and cover?**

For policies with an effective date 1 January 2021 onwards, cover reverts to the policy wording. However for business assets temporarily removed to support an employee working from home we will extend cover for such assets while they are in an employees' home located in Australia. Brokers do not need to endorse policies to this effect

## Laid up cover

### **Commercial Motor**

#### **What is the process for accessing 'laid up' cover, ie where vehicles are no longer on the road, for Commercial Motor policies?**

For SME customers with policies with effective dates up to and including 31 December 2020 where vehicles are 'laid up', ie no longer in use, we will offer a return premium (RP) on referral for the impacted vehicles. There are some exemptions from this 'laid up' cover, including:

- Some scheme arrangements with pre-agreed rating (your Relationship Manager will be in contact to discuss where applicable).
- Farm machinery, campervans and caravans are excluded.
- An additional excess will apply if the vehicles are used

For policies with effective dates 1 January 2021 onwards our policy terms and conditions and usual business rules apply.

#### **What do brokers/agents need to do to request a refund due to 'laid up' vehicles?**

For eBusiness policies with effective dates up to and including 31 December 2020, brokers will need to ensure they note "LAID UP" in the Manual Refer comments and include details of the vehicle registration/vehicle identification numbers that are no longer in use and the address where the vehicles will be laid up. For all manually underwritten policies, please contact your Underwriter.

### **What do brokers/agents need to do where a client is no longer 'Laid up'?**

Please modify your policy to remove the 'Laid Up' cover.

### **How will policies be reviewed at renewal?**

QBE will modify policies at renewal to ensure that the Laid Up Cover is removed prior to issuing renewal terms.

## **Marine - Commercial Hull**

### **What is the process for accessing 'laid up' cover, ie where vessels are moored / stored / placed on hard stand and no longer in use?**

For SME customers with policies with effective dates up to and including 31 December 2020 where vessels are 'laid up', ie no longer in use, we will offer a return premium (RP) on referral for the impacted vessels at a reduced rate subject to usual pricing adjustments for claims experience and exposures.

### **What do brokers/agents need to do to request a refund due to 'laid up' vessels?**

For policies with an effective date up to and including 31 December 2020, Please contact your local QBE Marine Underwriter with the following risk information to assist when calculating any RP due:

- Location/details of where the vessel(s) will be laid up/stored.
- Security measures in place at the laid up/storage location.
- Details of routine maintenance plan for the vessel(s) while laid up/stored.

For policies with an effective date from 1 January 2021, Please contact your local QBE Marine Underwriter with the following risk information to assist with assessing laid up cover eligibility:

- Reasons behind laid up cover request
- Location/details of where the vessel(s) will be laid up/stored.
- Security measures in place at the laid up/storage location.
- Details of routine maintenance plan for the vessel(s) while laid up/stored.

## **Aviation**

### **What is the process for accessing a lay-up credit if an aircraft is grounded ie flight risks converted to ground-only cover?**

For customers with policies with effective dates up to and including 31 December 2020 whose aircraft are grounded and no longer require flight risks, we will offer a return premium (RP) on referral. We also offer the option of processing the RP upfront rather than at the expiry of the policy.

There are some exemptions from this lay-up credit, including, some scheme arrangements with pre-agreed rating. Your Business Relationship Manager will be in contact to discuss, where applicable.

### **What do brokers/agents need to do to request a refund due to aircraft grounding?**

For policies with an effective date up to and including 31 December 2020, please contact your Underwriter.

For policies with an effective date from 1 January 2021, please contact your Underwriter and include the reason for laid up cover for assessment.

## **Workers Compensation**

### **What are the details of our Workers Compensation premium support?**

For customers with policies expiring up to and including 31 December 2020 we have been providing premium support through a combination of rollovers and reduced premium increases for SME customers in Western Australia, Australian Capital Territory, Northern Territory and Tasmania. SME for this Workers Compensation option is defined as businesses with a premium of less than \$30,000 in Western Australian and \$50,000 in other states.

For WA SME policies:

- Claim free or low claim cost (and no more than two claims) in the past three years - 90% of policies (based on ANZSIC) will receive a rollover of rates.
- Other policies - premium is based on claims experience - no increase will exceed 20%.

For other states policies:

- Maximum claim cost of \$10,000 (and no more than one claim) in the past three years - 90% of policies (based on ANZSIC) will receive a rollover of rates.
- Other policies - premium is based on claims experience.

We've empowered our teams with increased authority so they can better support requests for extending policy periods, enabling instalments and processing mid-term adjustments for wage reductions.

We will continue to provide premium instalment options for SME customers, however for policies with effective dates 1 January 2021 onwards all other policy terms and conditions and usual business rules apply.

### **What do brokers/agents need to do for Workers Compensation?**

Rates for renewals will be auto-generated so there are no actions required. Any requests for extensions, enabling instalments or mid-term adjustments should be referred to your Underwriter.

## Claims

### **How will QBE approach a claim during an agreed deferred payment period?**

We will continue to accept and process claims received during the deferral period.

For cash settled claims:

- Where there is a total loss or partial loss during the deferral period, we will deduct the total outstanding premium from the claim payment.
- Where the cash settlement is less than the outstanding premium, we will deduct the full amount and the balance will be an ongoing debt payable at the conclusion of the deferral period.

For repair or replacement:

- We will commence discussions with the broker to discuss how we can best work with their customer to recover outstanding premium up to the date of loss.

### **What do brokers/agents need to do to request an accelerated cash-settlement for SME customers who have a natural disaster claim underway and would prefer to manage their own repairs?**

Our supplier network is operating and we are continuing to process natural disaster claims, however we understand that some customers may prefer a cash settlement so they can manage their own repairs. We will assess each of these requests on a case-by-case basis taking into account the individual circumstances of each case and the status of repairs.

Brokers/agents should contact their Claims Officer to request consideration for an accelerated cash-settlement in lieu of repairs.

### **What are we doing to mitigate against infections between suppliers and customers at claims time?**

We've taken actions to minimise risk to our customers and to our network of suppliers. Our supplier network will now be asking screening questions before any customer visit and will continue to follow the latest health and safety advice.

### **What should brokers/agents do if they have any concerns about health and safety during the claims process?**

Brokers/agents can support us by letting us know when they become aware of any customers who have people with compromised immune systems or people currently in isolation, as well as referring any customer concerns in relation to health and safety to their Claims Officer.

