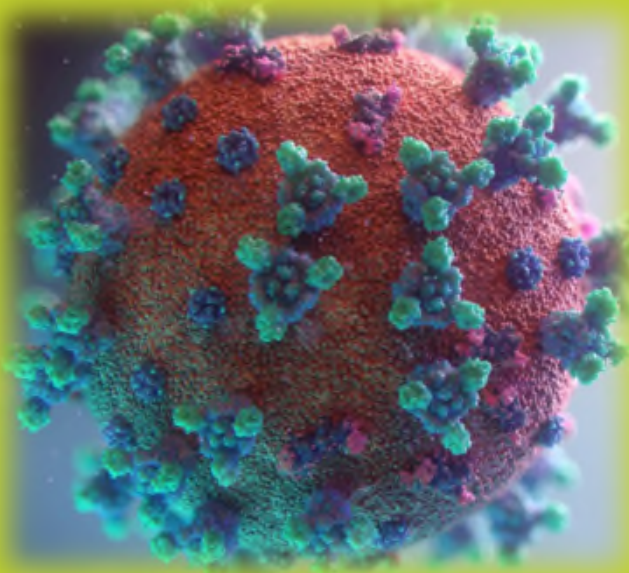


COVID-19: You, Your Business and Your People – A Webinar Discussing Government Help, Financial Incentives and Motivation

Managing
General Agents'
Association

MGAA



Hosted by the MGAA with PKF Littlejohn & GreenKite

Date: Wednesday 8 April 2020

Time: 2pm – 2.45pm



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Today's Learning Objectives:

Delegates joining the session will:

1. Understand the current support available to businesses in light of the COVID-19 pandemic
2. Appreciate how government initiatives may be able to help their own business
3. Identify schemes available for their employees and colleagues.

During the Webinar...

- All participants are automatically muted
- To ask a question...
- The webinar is being recorded
- Feedback forms



Today's Webinar...

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GREENKITE
ADVICE / SUPPORT / SOLUTIONS

- Commercial Contracts and Insurance Considerations
- Furlough Leave
- Operational Considerations Under Covid-19



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- Deferral Initiatives
- Funding
- Additional Regulatory Considerations
- Cash flow Management

Commercial Contracts and Insurance Considerations

BI

Triggers for cover

- Interruption needs to be caused by physical damage; and must cause the loss
- Many policies expressly exclude – SARS 10 years ago
- Some coverage out there plus extensions to cover contagious disease

Force Majeure

- Shorter and less specific Force Majeure clauses seem to cover Covid-19 better?
- Merely pointing to Covid-19 as a potential FM event is not enough
- Case law - use all reasonable commercial endeavours to perform notwithstanding the FM even

Contract Frustration

- Covid-19 could be an example of frustration, such as in a partially completed M&A situation
- IT suppliers – call centres unable to cover despite offering cover

Property

- Coronavirus Bill -Landlords prevented from exercising their right to forfeit a lease
- Rental Holidays
- Licenses – membership fees
- Business rate holiday for 12 month

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Furlough Leave

- Specific Job Retention measure in response to Covid 19 Crisis to protect employees who would otherwise be made redundant.
- Employees must be designated as furloughed; employees should be consulted.
- 80% of wages up to £2500, plus employers NI & min auto-enrolment pension reimbursed from HMRC. Information should be submitted via HMRC Portal. Furloughed wages are subject to Income Tax, National Insurance and pension contributions
- Employees should not undertake any work for their employer. However, furloughed employees may work for another employer.
- There is nothing in the guidance which prohibits rotating furlough leave amongst employees, *provided* each employee is off for a period of at least three weeks.
- Scheme is open to all UK employers that are on the PAYE payroll scheme running as of 28 February 2020
- Company Directors can be furloughed. However, they are permitted to attend to statutory duties. Board minutes and resolutions must be kept recording furlough leave of a director.
- Records must be kept for 5 years



Operational Considerations Under Covid 19

PRA guidance to firms is to ensure the maintenance of critical business services to ensure firms continue to meet its regulatory obligations to the policyholder.

- Expect to see a continuation of claims services
- Clearly communicate any policy exclusions that may impact cover for any mid-term adjustments or renewals

Operational Resilience

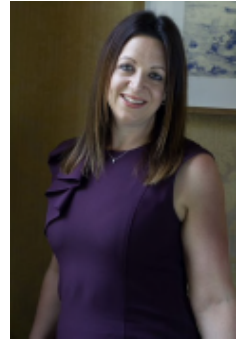
- Robust systems and controls to continue to operate
- Senior management to manage the impact of Coronavirus
- Act in the best interest of the customers
- Ensure all communications are clear, fair and not misleading

How to do this in practice?

- Working from home workforce
 - o Work towards ensuring they have the right technology to do the job
 - o Ensure they have the right training on the technology to use it appropriately
 - o Provide the capability for them to expense equipment to ensure they meet DSE requirements
 - o Encourage new ways of working either through workload management or reprioritisation
 - o Ensure you understand the constraints for each individual and open up clear lines of communication
- Prioritise accordingly
 - o Undertake a risk assessment across your business of what constitutes a business critical service for your business
 - o Focus your staff on successful delivery of the critical business services
 - o Remove the pressure of non-essential activities/projects and give permission for slippage
 - o Reassess workloads where necessary

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Deferral Initiatives

- Tax deferrals
 - VAT
 - PAYE
 - Corporation Tax
- Other
 - Rates
 - Rent etc

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Funding

- Funding landscape update
- Strategy
 - Timing
 - Use of other sources
- Preparing the lending case

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Additional Regulatory Considerations

- Threshold Conditions 4 – Adequacy of resources
- Liquidity vs Capital
- Taking on debt
- Constant monitoring
- Additional pressure on Insurer and Client money

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Cashflow management

- What are we trying to achieve and what will it look like?
- Teaching Granny to suck eggs
- What support is available?
- What is actually happening?
- What you should do now?

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Q&A

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