

INSURANCE

ARBORICULTURAL & FORESTRY CONTRACTING

Obtaining insurance for arboricultural and forestry work has recently become difficult and costly, particularly for contractors. There are several reasons for this, but perhaps the most significant has been the increase in accidents. Last year (2002) five arborists died while undertaking tree work and many more were injured. The insurers have paid out several times more in claims that they have collected in premiums over the past five years.

It has to be acknowledged that arboriculture and forestry are high risk industries with large mobile machines, working at height, dealing with large loads and often on highways or other built up areas. However other factors have had a significant influence on the decisions made by the insurance companies, and these include changes in the stock market, September 11th 2001 and the no-win-no-fee, 'blame-claim' culture that has evolved in recent years.

There are now very few insurance companies left willing to offer cover to arboricultural and forestry contractors. The fact is that most insurance companies consider it to be too much of a liability. Insurance company AXA gave notice in February this year (2003) that they were withdrawing from this market sector. It has taken some considerable persuasion by organisations like the Arboricultural Association, working with the brokers to try and convince them to reconsider their decision. They now plan to review their position at the end of the year, but it is clear that they will only continue if they can collect enough in premiums to pay the claims and make a financial return for their share holders.

By law (in the UK) every business or company which employs people (whether, as volunteers, as casual labour, full time staff or sub-contractors) is required to have Employers' Liability insurance. This is the insurance that covers compensation to employees and associated costs if they are injured while at work. However, there is no legal obligation on the insurance industry to provide cover, and many companies have decided not to, because of the high risk nature of the work and the poor claims experience (they pay out more in claims than they collect in premiums). They have opted for more predictable (or profitable?) risks.

There are two reasons for this information leaflet:

1. We are not prepared to trade illegally without insurance. However, there are many other businesses who will and do. This puts consumers at great risk, and trees are also likely to receive a lower standard of care from such people. Please make sure you carefully check the insurance cover of anyone you ask to quote for tree work: it is also a good idea to telephone their broker to make sure premiums are paid and up to date.

2. Because our insurance premium has increased so greatly we have no alternative but to increase our prices to enable us to meet this additional expense.

Since Tree Craft was set up as a trading business in 1990 (later becoming limited in 1994) insurance costs have remained relatively constant, only slowly increased to around 5% of the companies turnover. However, the result of the situation described above has resulted in over 10% of annual gross turnover being spent on insurance related expenditure.

With annual profits from the company in the region of 10-15% the increase in insurance premiums cannot be absorbed and has to be past on to our clients. We have therefore decided to itemise the portion of the quotation, allocated to pay our insurance cost, separately. The insurance cost will appear on your quotation as a sum equal to 20% of the value of the proposed work on your trees.

For your information Tree Craft Ltd is insured through an insurance broker called Bryant Kesek and Partners*, who can confirm that the company has a policy which is underwritten by The National Insurance and Guarantee Corporation plc (NIG). The policy comprises of the following Sections:-

- **Employers Liability** with a limit of indemnity; **£10,000,000.00**
- **Public/Products Liability**, with a limit of indemnity; **£5,000,000.00**
- **Professional indemnity**, with a limit of indemnity: **£500,000.00**
any one claim, unlimited in the period of insurance.

Cover under this policy applies in respect to business carried out by Tree Craft Ltd, of Arboricultural Contractors & Consultants and the Public & Employers liability include a general "Indemnity to Principals" Clause.

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