



# PUB INSURANCE EXPLAINED

## What is pub insurance?

Pub insurance is a specialist business insurance designed for licensed venues and tailored to the risks that publicans and licensees face. Insuring a business is not quite as simple as insuring a car though so brokers will take the time to understand the specifics of your venue by completing a 'fact find' to understand your risks. Your advisor or broker will then know where best to source the right cover for you.

## Definitions

Insurers all class pubs differently, but as a rule, they will put you into one of these categories. Given the requirement of increased footfall, the majority will be classed as 'non-standard' as most will have some sort of requirements of entertainment, food, events etc.

### Standard

Wet led with limited food provision, no entertainment and standard opening hours – usually 11am – 11.30pm.

### Non Standard

Wet and food led, various entertainments to include Karaoke, Singers, Bands, DJ, any form of dancing, later opening hours usually 11am up to and including 1am.

### Bespoke

Wet, food and entertainment led with heavy entertainment and late licenses with door staff and door charges. Heavy entertainment would include Discos/Bands with dancing facilities on a regular (weekly) basis with opening hours usually past 1am.

## What type of venues can benefit from pub insurance?

- Pubs and public houses
- Gastro pubs and 'wet and dry' pubs
- Wine bars
- Pubs and bars with late licences/entertainment
- Late night venues
- Nightclubs
- Function and event venues
- Any other type of licensed venue



## Optional cover

**Damage to fixed glass and sanitary ware** - This is a cover that your landlord often may insist on (possibly in joint names as an interest noted on the policy).

**Risk management service** – This service is usually an online platform for training staff and help with assessing your own business risks. There are also business resources such as info on employment law. Ongoing risk management like this is often included in the policy as standard but differs from one to another so one to watch out for!

**Legal cover** – This is to help with legal fees if legal action is taken out against you, or if you need to take legal action against other people in certain circumstances e.g. employment disputes or clinical negligence. Legal cover is not usually found as a standard policy feature but can be requested as an optional add on to your policy. As with all optional extras they are not deemed essential or legal requirements, an advisor can discuss with you the costs and levels you might be interested in.

**Loss of licence** – Losing your license would be catastrophic because a pub that would not be able to serve alcohol would lose its value. This can compensate for some of that loss and covers the devaluing of a business should the premises have the license to serve alcohol revoked.

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## Employers and Public Liability

**Slips, trips and spilt drinks** – This is one of the most common causes of accident in a pub and is exactly the reason why liability insurance is so important.

**Public Liability** – This provides cover of up to £5,000,000 for sums you become legally liable to pay in respect of accidental injury to any person or accidental loss or damage to their material property happening in the course of your business or caused by the nature or condition of anything sold or supplied by your business.

**Employers Liability** – This cover can provide up to £10,000,000 for sums you become legally liable to pay as damages, together with your legal costs and expenses relating to an injury to an employee for which you are legally liable.

**Entertainment** – Events and entertainment are activities that may just be noted on your policy, sometimes it can require extra cover though. To whatever capacity you hold events, it is vital that you discuss your plans with your insurer. Even if the insurance doesn't cost you any extra you must have it noted on the policy, there are very few business around today that can afford a liability compensation claim without public liability insurance. The trick is to give as much information as you can during your quote, this way you only need to

call you insurer as the situation changes. Employer's liability insurance is a legal requirement is you have any number of staff working for you in any capacity.

**Loss of money** - Cash is usually covered up to £2-3000. If you require a higher level there is likely to be security requirements which would need to meet, such as having a safe on the premises. A pub generally handles a lot of cash, so make sure that you purchase adequate money cover and that this covers you during trading, when in transit and/or in a night safe when the property is unoccupied, depending on what is relevant to you.

**Business Interruption (Loss of profits)** - This helps you stay in business by covering loss of gross profit and reasonable expenditure incurred as a result of an event such as a fire or theft. The indemnity period is the amount of time this cover can be claimed for.

A 'gross profit sum insured' of £500,000 -750,000 with indemnity period of 24 months is standard for a pub. It is possible to insure for only 12 months but insurers are not as keen on this as it is unlikely a pub could return to the same levels of trading after a full rebuild or refurbishment of a property all within 12 months. The easier the building to re-build and lower your income – the lower you can set the insurance limits.

## Contents insurance for pubs

Of course the building is nothing without the contents too. Contents insurance covers your contents including fixtures and fittings, equipment and stock against a range of perils including explosion, fire, storm damage, malicious damage and theft involving forcible and violent entry or exit from the premises. It also covers against the leakage of beer & beverages from pumped containers and subsequent damage to contents as well as a range of other perils specific to your trade.

## Building insurance for pubs

Building insurance for the pub is specifically to cover damage to the building. These days most pubs are tenanted so building insurance will always be an optional cover (building insurance is the responsibility of the property owner). If you do own the building your broker will ask a series of questions that will help them understand the best way to insure the property.

## Tenant's contents insurance

Long-serving tenants/landlords and other residents of the buildings may also want to insure their personal belongings on the same policy for ease. If you already have your personal contents insurance not to worry but discuss at the time of a quote as it may be cheaper for you to combine the two.

## Tips

**CCTV** - Having CCTV can attract a discount with some insurers

**Audible alarms and central station alarms** - These can also help you find discounts amongst the market of insurance companies

**Experience is key** - Landlord or business owners with more than 1 year should inquire about discounts based on this.

**BII members** - industry accreditation is more favourable to insurers, although it is unlikely to directly relate to a discount it can help when picking from insurers that are willing to cover your business.

**Package policy problems** - package policies tailored to a certain business model, will include often include general terms such as frozen food or goods in transit cover that may or may not be applicable to your business. If the policy is the right price and offers all the cover you need it may be the most affordable option regardless of their being features you wouldn't use.

**Refurbs and changing business model** - This could involve reviewing and possibly changing insurer to make sure you have the best cover at the best price. As your needs change you may be better placed with a new policy, your broker can advise on your options.

## What to look out for

**Entertainment and events** – This is the biggest misconception when insuring a licensed venue. Get it wrong and it could even void your whole cover. Extra equipment and customers, later opening and all the other variables make more risk, and for this reason insurers expect to know what they are covering. Always discuss your plans with your insurer to be sure you're not leaving yourself un-protected against the risks.

**Dance floors** – Insurance for a dance floor can be difficult to find for certain venues. This is because often good value packaged policies are not focused on night clubs and you will have to rely on the expertise of your broker knowing where to look for quality cover that remains affordable. For this reason never assume you are covered if you venue has any kind of designated dance floor.

**Door staff** – Having door staff is never a legal requirement although there may be a licensing requirement set by your local council. All door staff should be SIA registered and even if your door staff are supplied by a firm you should in the very least make your insurer aware you have them.

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