

BEECH UNDERWRITING AGENCIES LTD

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1ST LOSS PAYEE IMPLICATIONS – FACT SHEET

In the Interests of TREATING THE CUSTOMER FAIRLY (TCF) the client should be made aware of the following where a Mortgage or Bank request or insist on the policy having a 1st Loss Payee requirement.

1. The Insured has effectively handed over the claims negotiation to a bank.
2. If the bank is not based in the UK then any claims could be delayed due to the bank being overseas
3. The bank or lender may not operate to settle the claim in the Insured's best interest.
4. The claim process may be slowed whilst the bank's authorisation is sought for every step of the process. This may also impact any Business Interruption or Loss of Rent settlement as any unreasonable delay will not be met by Underwriters.
5. Any claims payments will incur extra due diligence before any claims payments can be made to anyone outside the UK.
6. There could be additional delays in transferring claims money to a UK based Insured from a foreign bank due to UK banking regulations and the UK Banking regulations obligations to "Anti Money Laundering and Sanctions checks" before clearing funds for use here in the UK.
7. The bank may press for a cash settlement rather than reinstatement (or vice versa) against the Insured's wishes.
8. If the bank pushes for a cash settlement this may cut off any Loss of Rent or Business Interruption claim the Insured may have wanted to claim for.
9. Any additional party may make negotiations more onerous for the Insured and Insurers.
10. If claims money is paid direct to a bank or lender then it may starve the Insured of funds they need to effect immediate repairs.