

## **JEWELLERS BLOCK INSURANCE - GUIDELINES FOR THE TRADE**

Your policy constitutes your contract with Insurers. You must check that it meets your requirements and that you are happy with the declared sums insured and the terms and conditions that are applicable. Furthermore, as your proposal form forms the basis of the contract with Insurers you should make certain that all the information shown is accurate and to the best of your belief.



- If your policy or the register does not fulfil your requirements in any way, please let us know immediately so that it can be amended at the earliest opportunity.
- If there is a change in your circumstances which could affect your risk, you should notify us immediately.
- If any matter or incident occurs which might result in a claim under the terms of your policy, it is again imperative that you let us know immediately, reporting all the relevant facts.
- If you are unfortunate enough to suffer a loss and a statement of fact is given to the police, always ask for a copy before you sign it so that you know what you have said. Insurers like to see this information and it helps to record the circumstances of the incident for future reference.

The following guidelines contain information that is relevant to your business which we hope you will find useful. In attempting to provide a complete service, we have put together a number of suggested security procedures, drawn from our specialist experience. These suggestions when implemented, should help to reduce and control your risk - thereby presenting fewer opportunities for misfortune to occur.

*If you require any further assistance, please contact Leonard Ormonde or Jim Flannery at M & N Insurance Service Limited 248 Hendon Way London NW4 3NL on 020 8202 4474 or email [Leonard@mninsure.com](mailto:Leonard@mninsure.com) or [Jim@mninsure.com](mailto:Jim@mninsure.com)*

### **SAFETY & SECURITY**

#### **'Opening & Closing Procedures'**

This is the time when you are most vulnerable. Whenever opening or closing the premises you should keep to the procedures adopted whenever possible. As a general rule, it is a task that must not be undertaken alone. It is far better for two responsible alert colleagues to carry out this procedure acting in tandem.

- The person with the keys or codes to any safe or strong room etc. should ideally wait outside while a colleague enters the premises.
- The person inside should then undertake a thorough search of the premises, criminals often effect entry overnight and secrete themselves on the premises to await the arrival in the morning of staff carrying keys to safes.
- When the search is complete, a suitable visual sign or a call should be made to your colleague carrying a mobile phone to inform them that it is safe for them to enter the premises. If available, always carry your portable panic alarms.

- If you share premises with other tenants and there are WCs or rooms on the landing/s, please make sure that the door of these rooms are kept locked as thieves often use these locations to secret themselves to launch their attacks. This applies especially during business hours.

Whatever method you chose, you should agree a code or system in advance, so if anything untoward happens, you can alert the waiting colleague outside that all is in order - or alternatively that the alarm be raised immediately!

A similar procedure should be adopted when securing the premises at the close of business. One person leaves with the safe / strong room keys, and only when a suitable distance away gives a pre-arranged signal to a waiting colleague that everything is in order. The waiting colleague then secures the premises on leaving it.

*Please remember that at night, or during temporary closure during the day, you may only leave goods out of the safe/s up to the declared sum insured if this has been agreed with Insurers. If you intend go above this limit, you must notify us beforehand, failure to do so can result in Insurers refusing indemnity in the event of a claim.*

## **GENERAL SECURITY PROCEDURES**

Whenever dressing or undressing the windows or cabinets, do not admit anybody until you are ready to commence trading – unless of course these people are known to you. Keep all stock out of public reach by locking the counters, displays, pods or window enclosure doors. Make sure that the glass on your display cabinet/s is secured with strong glue and brackets to prevent thieves from lifting the glass with a coin to steal the stock.

If the entrance to your premises is on a landing, we suggest that mirrors are fitted and set at an angle and consider installing CCTV cameras to eliminate those "hidden" areas.

- *Never: allow customers to view more than one item at a time.*
- *Never: display a pad or roll, as one item across counters.*
- *Never: leave customers alone with goods.*
- *Never: leave the premises unattended - always make sure that you have sufficient sales staff*
- *Never: leave goods unattended.*

In so far as retail shops are concerned, it is worthwhile adopting a procedure whereby the front door is closed if you are showing unknown customers expensive pieces of jewellery. Consider hiding your main CCTV recorder and have a working dummy recorder on view. Monitor the quality of your discs or tapes and change them as appropriate.

- *Avoid working alone in the premises. If you need to work outside hours, co-ordinate this work with colleagues so that you are never left alone.*
- *Change or dress the window displays only when the shop is closed.*
- *At night, remove all keys to the safe/s and lock keys to the display units inside a safe.*
- *Vary the times of visits to the bank, Assay office or customers etc and when carrying large sums of cash, ensure you are accompanied.*
- *Use panic buttons when under attack – or even if in doubt – better safe than sorry.*
- *Consider the installation of smoke screens to protect the stock.*
- *Consider the installation of a door vacuum system to reduce the risk of someone snatching goods*

## **SECURITY - STAFF AWARENESS**

Under no circumstances should staff share security procedures with anyone unrelated to the business.

In the event of a hold-up, staff should follow their own health and safety rules when faced in such a situation. There should be no heroics and staff must not put themselves at risk at any time.

Whilst we arrange cover for the different aspects the company's insurance requirements, we try to make our clients aware that it is the "man or woman sitting behind that desk" who is the driving force in any business. It is our view that it is people who are the business, without them you have nothing. Strangely enough, many of our clients are more concerned with insuring their stock or tables and chairs yet they forget about the people who drive the company forward.

We mention this not to persuade you to arrange any Relevant or Key man insurance which should of course be considered in all cases (see page 10 of these guidelines), but to make you aware that all your employees, in particular the key employees/ decision makers and moreover their direct family members can also be potential targets. This is because you operate with high value goods. Having been in this business for over 60 years, we have seen a number of instances where staff have been put under tremendous pressure when coming face to face with people who just do not respect life or limb when they carry out a crime. The criminals more often than not, have that key element of surprise as their main weapon and they use it very well to their advantage.

With the proliferation of modern technology, not only do sites help businesses advertise and drive revenue, they also allow said criminal unprecedented access into an employee's family's life, something that was previously unheard of.

Whilst we understand the commercial need in regards to Social Media, LinkedIn, Instagram, Facebook, Twitter etc., these areas are now becoming more targeted sites for the criminal community, as they can learn so much and are able to target the family members as the "soft" option to get access to the real objective. We would strongly recommend removal of photos and open access, making accounts purely private for long term friends etc., extra vigilant on any and new invitations, especially in light of banking fraud that's occurring on an unprecedented scale at present.

Staff should be careful at all times when sharing their details / photographs of themselves on social media (see above). There should be no link to what they are doing within their working hours. We are suggesting this for their own safety and it would be good to make them aware of this matter for their own well-being.

### **GENERAL POINTS**

- Never leave stock or cash unattended in motor vehicles.
- If you need to take stock home, you must not leave it unattended unless secured inside a locked safe.
- Whenever deliveries are made to the premises, check the quantities and weights carefully. Note any discrepancies on the documentation before you sign it and report the matter accordingly.
- Keep safes closed as much as possible during the course of trading.

Always be on the lookout for:

- Snatches

- Diversions - watch for thieves working in pairs or bigger teams as "confusion" can often be a creative ruse.
- Theft by trick, substitution, or sleight of hand.
- Bogus delivery men, tradesmen, sales representatives, or anybody suspicious-especially when you are opening or closing.

## **SECURITY AWARENESS**

Display security posters in a prominent position, i.e. "CCTV with recording". "Time Lock" stickers should be displayed on your safes or in an area where they can be seen by callers or visitors. It is a good idea to have this in place even though your safes do not operate with a time delay.

## **PROTECTIONS MAINTENANCE**

Your Insurers have agreed to underwrite certain risks of your business based on the information that has been supplied to them. This includes details of security protections and any safeguards, and those referred to in the proposal form or having been declared to them. This information forms the basis of their acceptance of your risk. Therefore, the protections and safeguards must not be withdrawn or varied in such a way that it could be interpreted as a being to the detriment of your insurance. If at any time your protections are reduced (as a result of faulty equipment, or withdrawal of police response etc.) then your insurers must be notified immediately. Whenever such a problem occurs or if you are in any doubt, call us and we will advise you accordingly.

Please ensure that following an activation of the alarm, either you or a key holder or a key holding service are able to attend the premises immediately.

## **FALSE ALARM PROCEDURE**

Continual false alarms can eventually result in police response being withdrawn. Good communications however, can reduce the likelihood of having your service withdrawn. Immediately a false alarm occurs in it is imperative to:

1. Identify and rectify the problem.
2. Renew any faulty parts, if it persists. If the problem is a line fault, report it in writing and ensure that you obtain an acknowledgement.
3. Keep copy correspondence to show your policing authority as evidence of your attention to the problem.
4. If you should receive a letter from the police warning of a service being withdrawn, advise us immediately.
5. After consulting with us, monitor the alarm condition yourself by instructing your alarm Central Control to call you or your appointed key holders to attend your premises. Never do this alone – as it may be a genuine alarm condition or a ruse to get you to the premises. There are many are helpful security aids such as mobile phones, portable panic alarms etc. to assist you in these circumstances. Of course, if the alarm is a genuine one, call the police directly.
6. If your service is ever suspended, it is vital that you adopt a procedure similar to that indicated above. Please feel free to ask us about anything you may wish to implement, so that we may obtain Insurers agreement. Most police forces will respond to a citizen's report of a crime, even if the response to that

particular premises has been suspended. Police forces also usually respond when a panic alarm is activated - even if service has been withdrawn.

Whatever you do, take steps to avoid suspension - respond to police notices and let them know that you are attending to the problem and always keep us advised. Your business is at risk and the benefits of your policy may be seriously reduced if your alarm is not operating fully.

## **STOCK RECORDS**

Many small businesses consider it unnecessary to maintain detailed stock records - their system is often gauged by their stock held or balance of funds (or overdraft) at the bank. In the distant past, Insurers went along with this situation, but just as nobody pays for goods without tangible proof of receipt, Insurers are unable to issue payment of claims which cannot be substantiated by supporting documentation.

When dealing with stock, please remember the basis of valuation that you selected when you completed the proposal form. If you opted for cost price plus 10%, you must reflect this value in all the subsequent sections of cover.

The trauma of armed robbery, for instance, is unpleasant enough, but when insufficient records are kept the situation is further compounded. Inadequate records and inability to demonstrate a loss will inevitably lead to a compromise settlement. With some Insurers they make having detailed stock records a precedent to accepting liability. This means that if you fail to keep the stock records are required, they do not have to indemnify you following a claim.

Stock record systems can vary from customer to customer and there are no hard and fast rules. Insurers expect you to be able to demonstrate what stock is under your control at any time. Claims are treated on their own merits, and factors such as personal injury, previously losses and a trading history can colour an Insurer's attitude to a claim. This can reflect the degree of compromise in the settlement offered. If insured, your consequential loss of profits policy will only provide cover for the agreed indemnity period required to reinstate business to its former level. It is likely that the delays caused by inadequate records will not be allowed within a commercial environment.

One point worth mentioning is that you will NOT receive the uplift referred to in the basis of valuation on goods that are entrusted to you. The uplift applies only to your own goods.

Most companies maintain purchase and sales ledgers and undertake annual stock checks. If these are the only available records, then with a great amount of work, it may be possible to reconcile the purchases and sales right back to the last stock check and estimate the amount of that has been stolen. This rarely leads to an exact settlement, and the delays caused can be lengthy. It is our experience that losses incurred in a compromise settlement generally outweigh cost-savings achieved through inadequate record keeping.

For manufacturers and wholesalers, it may not be possible to have an itemised stock record like an owner of a retail shop, however, a continuous record of goods sold or purchased by weight would be acceptable to Insurers. This fact should be noted on the proposal form. For retailers, it might be worthwhile taking a weekly or monthly video of stock held on display as this would also assist matters in substantiating a loss.

Additionally, there are other benefits in maintaining a comprehensive record system. For example:

1. *All stock movements are automatically recorded.*
2. *The ability to trace from supply through the manufacturing process to sale.*
3. *Historical and current stock valuations.*
4. *Replacement cost ability allowing for fluctuating gold prices.*
5. *Simple stocktaking.*
6. *Management reporting and analysis of sales and costs (agents, setters, polishers, Assay costs)*

There are a number of computerised stock recording systems suitable for various aspects of the jewellery trade. Many policyholders appear to believe that their business is unlikely to suffer an armed robbery. Such an attitude is foolhardy and short-sighted. Think ahead and make the investment in comprehensive up-to date, stock-keeping records.

In the event of a claim, the company that is in a position to demonstrate concisely the loss it has suffered, should receive favourable treatment from its Insurers by swift settlement.

### **OUTWORK AND APPROBATION NOTES**

It is often common practice for goods to be entrusted to an outside party, sometimes as part of the manufacturing process or for repair or on approval. A formal approbation note traditionally establishes that ownership remains with the supplier, and that responsibility lies with the outside party when goods are released on approval. However, the terms between manufacturers and outworkers, for instance, are often not so clearly defined. In order to establish correct trading terms, the following procedures are recommended:

Ideally, each "outwork" or delivery note should state that goods entrusted are the outworker's responsibility, and that any loss, damage or shortage is to be borne by them. It is advisable to incorporate a wording such as:

"These goods are passed to you, but shall remain our property at all times. They are passed to you on the express understanding that you are your responsible at all times for any loss or damage, howsoever caused, and that you will insure and take all responsible steps to ensure their safekeeping".

Where documentation of such procedures is less formal, it may well be easier to establish Terms of Trading with regular outworkers by dispatching a letter to them. This will casually establish a form of contract between you, and you will be able to state the responsibility of each party therein.

### **Goods on Approbation    APPRO**

There are several accepted forms of wording to be used on Approbation Notes which should accompany goods entrusted to an outsider. It is always advisable to use one of them. Here is an example:

"The goods listed below are delivered for inspection only and remain the property of (insert your name here) and are subject to their order. The goods will be returned immediately upon demand, and until returned to them and actually received will remain at your risk from all hazards, regardless of loss or damage. No right or power is given to you to pledge or otherwise dispose of this merchandise regardless of prior transactions. A sale of this merchandise can only be affected and title will pass only if, as and when the said (insert your name here) shall agree to such sale and a bill of sale tendered."

It is essential to state clearly the quantities and / or weights of the entrusted goods. It is not sufficient to accept traditional informality and trust as a precedent for lax trading terms. These days it is imperative to demonstrate where responsibility lies. Normally each party, if adequately covered, will be insured to protect their own rights and interests. Wording so used in this section are for guidance only.

The laws regarding ownership and title are complex and you are always advised to take expert legal advice.

Please be careful to whom you entrust your goods as you should remember that the policy will not cover you for loss of or damage by theft or dishonesty or dishonest deception committed by:

- a) any servant or traveller or messenger in your exclusive employment, or
- b) any customer or broker's customer or agent in respect of property entrusted to them by you, or your servants or agents.

### **TRAVELLING WITH JEWELLERY**

A Jewellers block policy has traditionally provided extensive cover for sales people who carry expensive jewellery, precious stones or metals. As stated earlier, always be on the look-out for anything out of the ordinary. Once in your car, lock the doors and windows and keep goods out of sight. If your car tyre suddenly develops a puncture or the car has engine trouble or the like, be wary and be on the alert and make contact with the Police and seek immediate advice if you are concerned.

We strongly recommend that when carrying goods that you are in possession of a mobile phone. It would also be prudent to carry a list of the items that are in your control during the trip. This should not be kept in the same case as the goods.

Never put business papers in the same bag /s as your goods, as these may be required to substantiate your loss. If you think that you are being followed, or if the environment does not seem safe, you should make contact with the Police. Always vary the routes you use. Although appointments with customers have to be made, try not to be too specific about the time, especially when meeting new customers. High value items should be kept on your person using the special trade carrying jackets where possible. Be careful when showing your goods in a jewellers shop. The public in a shop may notice your goods and may follow you.

The carrying bag should attract the least attention. There are now bags on the market that have detonating devices that emit smoke in the event of a snatch. Please contact us for further information. Whilst the scope of cover is very wide, there are few specific exclusions, however this does not really relieve the policy holder of their duty of care, - a prerequisite of any insurance policy, so beware of the implications.

### **HOTEL ROOMS**

This is generally not excluded, which means that the risk is covered, however, each set of circumstances must be considered on its own merits. Always use the hotel safe/s whenever possible. If you have arranged the benefit of 24 hour unattended vehicle cover, it might be better to leave the goods in your car whilst you have dinner or breakfast, but always remove the goods to the hotel safe/s or your room when you retire for the night. You must not leave jewellery in any hotel room when it is unattended.

## **GOODS KEPT AT HOME**

If you have requested cover for taking goods home, this commonly known as Private Dwelling House (PDH) cover, goods must not be left unattended at any time unless you leave them in an approved safe. We can arrange cover for goods being taken home for an early trip the next day or for a late return to save you from going into your work premises. This has to be agreed with Insurers in advance.

## **UNATTENDED VEHICLES**

This clause is excluded from a Jewellers Block Policy, unless cover has been specifically requested and agreed by Insurers. If you wish to avail yourself of this additional cover, then a clear definition of what you actually need must be clarified at the outset. Cover can be considered providing the car has the appropriate security system fitted and on the following basis:

- Full Unattended cover for any 24 hour period providing a chain mechanism is installed in the boot.
- Limited cover between certain hours providing a chain mechanism is installed in the boot.
- Restricted cover to leaving the goods unattended whilst in a petrol forecourt.

Please do not rely upon the legal precedent definition of unattended vehicles for your peace of mind as each claim is considered on its own merits.

### ***Leaving goods with customers***

This is generally not excluded. This is a good way to offload your range. Remember that each situation must be assessed on its own merits. Only leave goods with customers if the location is safer and more secure than the alternatives. A good practice is to obtain a receipt from the people with whom you have deposited the goods.

### ***The boot or passenger compartment***

How should one transport the goods? Over the years many clients have suffered losses whilst carrying goods within the confines of the vehicle. We strongly recommend that the car boot is the safest place, providing of course there is adequate security. For example, a very stout hardened steel chain which ought to be threaded through your sample case(s) and padlocked to a security point in the car boot. For added protection against surprise attack you may also fit a padlock and chain which has to be undone in order to release the boot lid more than say 6 - 9 inches.

Remember that even if you do have these protections in operation, you will not be insured for unattended goods from vehicles unless you have specifically requested cover in the first instance.

***Estate cars should not be used, when carrying stock.***

### ***Car alarm***

An up to date good quality alarm is essential, even if you do not purchase the extra unattended vehicle cover. It is likely to cause delays and aggravation to a thief. It needs to incorporate a back-up power supply, ignition immobiliser, and automatic setting with silent entry gained by key switch.

### ***Car identification***

Remove any ID relating to the garage that supplied you with the vehicle. It tells a thief who to ask for a set of duplicate keys! It is said that the best of security codes used for genuine customer identification have a failure rate of 20%. Personal number plates are fun, but make it easy to identify your car as do stickers on windows etc., so it is best to avoid these.

### ***On the Road***

Be wary of people asking you for directions as they approach your car or as you approach your car. If after leaving your car in good order and on returning you notice that one or more of your tyres appear/s flat, please inform the police immediately of your suspicions as this is a classic ruse used by thieves. Be aware that people might try to stop and attack you by appearing to be helpful. Pointing at your wheels or asking you for directions is the classic ruse. We have seen cases whereby some agents have been distracted and robbed of their stock when thieves have thrown £50 notes in the air near their car to distract them.

### ***Sending goods by Royal Mail***

All goods sent through the post must be sent using Special Delivery, previously known as Registered Post. When the highest compensation is selected (usually £2,500), Insurers normally waive the standard policy excess in the event of a claim, provided of course that this basis has been agreed with Insurers. Where a maximum limit per parcel has been agreed, you must not exceed the overall Outside Limit for any one loss.

It should be noted that in relation to items sent by Royal Mail Special Delivery (Guaranteed by 9am the next day) that they will not cover items where the value is more than £2,500. Please therefore do not use this service. We understand that they do not make this stipulation with regards to the 1pm next day delivery.

The following was a clause that was introduced in 2003 by the Royal Mail and you should be aware of the implications. "4.3 the customer shall not post any package under the terms of this agreement which contains any item whose value is more than £2,500 or if the contents are a prohibited item in terms of this scheme. If the customer does post such items in breach of this clause then the customer shall indemnify Royal Mail against all such costs incurred and all claims made against Royal Mail resulting from such a breach."

This means that any customers sending items over £2,500 will not receive compensation from Royal Mail if the item is lost. They will normally be able to claim from the loss from their own Insurers. Whereas at present the excess is deemed to have been paid by the Royal Mail, if they refuse to pay compensation where goods are valued at over £2,500, the customer will have to pay any excess.

Meetings have been held with Royal Mail who advised that this limit has been agreed with their trade union as part of their assessment of risk to staff from this service and it is possible that Royal Mail will be unable to raise this limit without revising safety and security procedures.

Following a telephone conversation M&N had with Linda Sicolo who operates from the Chairman's office she has confirmed to us on 05.07.04, that the above condition applies ONLY to Special Delivery items where the guaranteed delivery time is before 9.00am the following day. If however customers send items of value that are in excess of £2,500 when the guaranteed delivery time is before NOON the

following day, they will receive full compensation and will not be held liable for costs incurred referred to above.

In light of the above, we recommend that you should always check and refer to the Royal Mail's website at all times and check their up to date Terms & Conditions.

Only approved courier services such as Brinks Matt, Regency, Malca Amit should be used.

### **Life Assurance - Term Assurance - Personal Accident - Permanent Health**

If you add Personal Accident cover to your policy, it will pay out either a weekly wage and or an agreed lump sum in the event of loss of limb/s or other injuries. Those who travel on the road are more exposed to danger and it would therefore be considered prudent to take out additional protection. We strongly recommend that we arrange wider cover under a bespoke policy. If you wish to consider this matter further, please feel free to consult one of our Independent Financial Advisers.

#### **Relevant Life Cover**

Legislation recently changed where by the employer is able to pay Life Assurance premiums on behalf of Directors and or Staff and this can be logged as a company expense but the benefits are paid to the staff's family. Payments that are made on behalf of the employee do not have to be declared on the P11D.

Other life cover can include: Shareholder Protection, Loans & Overdrafts to the bank, Regular Key Man cover, with or without critical illness, Tax Free Income for your family/ies. You can also consider insuring the lives of your key suppliers, as their illness or demise could also have severe repercussions on your business.

Terrorism Cover : This cover has to be purchased as you are not automatically covered for this peril.

Legal Expense Cover: provides protection in a number of areas. It covers disputes between yourself and your customer or suppliers and covers issues relating to employment law such as unfair dismissal.

Directors & Officers: insurance can cover your personal liability on various issues such as the information you provide to your bankers and or trading partners as well as the way you handle your staff.

### **GENERAL**

We take this opportunity to remind you that the proposal form bears a declaration that all information in it is correct and that no material facts have been withheld. We would stress therefore that should you have forgotten any fact, however irrelevant it may seem to you, for example:

- *details of other businesses (past or present) that you have or are involved with that have suffered a loss(es) even after a five year period, or*
- *if underwriters have imposed terms on your business as a result of a single or series of claims or have refused to issue or have cancelled cover or*
- *if you have any criminal record (even if this might have occurred for a trading standard issue or*
- *if you have been made bankrupt*

You must let us know immediately if we need to correct our records so that we can advise Insurers prior to any claim occurring. Failure to do so may well result in Insurers refusing indemnity. The foregoing applies equally to individuals and to Directors of Limited Companies.

This document is given to you purely as a guideline on various aspects of cover that are applicable to a Jewellers Block Policy and it does not constitute part of your policy document. It is intended as a guideline only. For avoidance of doubt in relation to your own policy wording, we suggest that if you wish, you should contact your own legal advisers for clarification of any of the terms and conditions contained within your policy.

In addition to Jewellers Block Cover, we specialise in many other areas of insurance, Pensions, Savings and Investment. Please feel free to contact the office with your requirements.