

## Need help setting your Sums Insured?

In order for your product to operate effectively, it is essential you set your cover at the right level.

**Nursery Contents:** You must establish exactly how much it would cost you to replace the entire contents of your business (as new) and insure for this amount. Do not forget to include the contents of any standard construction (built of brick and/or stone and roofed with slate or tile) outbuildings and outside fixed play equipment when setting the initial level of cover. You will also need to tell us if you are storing equipment in a non-standard construction outbuilding (i.e. a wooden shed) as this will not be covered automatically by your policy.

**Buildings:** If you are looking to insure the building under your policy then your sum insured should represent the current re-build value (not market value) and include an allowance for architects and surveyors fees, landlord's fixtures and fittings, outbuildings, boundary walls, gates, fences, hedges, terraces, drives and footpaths.

We cannot advise you on the appropriate sum insured to select for your building, but we can recommend that you have the building valued by a quantity surveyor (and repeat this exercise at least every 2-3 years).

**Gross Fees:** Knowing how to arrive at an adequate sum insured for Gross Fees has always been an area of concern for our clients. At Pound Gates we aim to take the worry away from Early Years businesses by providing a standard Gross Fees sum insured of £500,000 with a 12 month indemnity period. This limit can be increased and the indemnity period expanded to cater for all sizes of nurseries. To help, we have created a simple formula (see opposite) you can use to work out what your Gross Fees sum insured should be and to work out whether our standard limit of £500,000 is adequate for your business.

This Gross Fees figure should then be adjusted to reflect for the forthcoming financial year / insurance period:

- anticipated business growth
- inflation

**Want to know more? Talk to a member of our Early Years Business Support Team on 0845 271 3262 or visit [www.poundgateschildcare.com](http://www.poundgateschildcare.com)**

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For example you may forecast that your business will grow by 15% during the next year. Inflation might be running at 5%. Taking into account these figures, the £390,000 Gross Fees figure shown in the example would become an annual Gross Fees sum insured of £471,000 (rounded up).

Finally, you should adjust the annual Gross Fees sum insured to reflect your chosen indemnity period. The indemnity period represents the maximum period over which the business could be affected by the occurrence of loss or damage. If you were to suffer a large claim, which interrupted or temporarily closed your business, how long would you anticipate the recovery of your business to its position just prior to the loss? Our product comes with a standard indemnity period of 12 months, this means following a loss, your business would have to have completely recovered within 12 months. We can increase the indemnity period to 18 months, 24 months or even 36 months, should you require. If you select an indemnity period greater than 12 months, you will need to increase your annual Gross Fees sum insured to reflect this in accordance with the formula below.

Average income per child, per week	X	Average number of children at any one time (occupancy level)
For example:		
Average income per child of, say, £150		
Business open 52 weeks per year	X	Average number of children of, say, 50
£150 x 52 weeks per year (£7,800)	X	50 children = £390,000 Gross Fees

INDEMNITY PERIOD	MULTIPLE
12 months	1 x annual gross fees sum insured
18 months	1.5 x annual gross fees sum insured
24 months	2 x annual gross fees sum insured
36 months	3 x annual gross fees sum insured

