

## COVID-19 UPDATE AS AT 02/07/2020

We hope you, your family and your friends are staying safe during these unprecedented times. We want to reassure you that we are operating business as usual.

### How can I contact you?

In order to protect our staff whilst maintaining our high standards of service, we have changed our opening hours, until further notice we will operate a 09:00 – 17:30, Monday to Friday service. We apologise if this causes any inconvenience.

If you have a non-urgent enquiry, in the first instance, please communicate with us via e-mail where possible, providing your policy number, full name and telephone number at [brt@first2protect.co.uk](mailto:brt@first2protect.co.uk)

If you need to make a change to your policy, you can contact us on 01392 849750 or by email at [brt@first2protect.co.uk](mailto:brt@first2protect.co.uk)

### What if I need to make a claim?

All our insurers are providing their normal claims service. We don't expect you to encounter any challenges when submitting a claim however if you do, please don't hesitate to let us know and we will support you through the process. In the event you need to make a claim, please contact your insurer directly. Their claims number will be listed in your 'Insurer Contact & Product Information Document'.

We have received a number of common questions from customers and thought it would be useful to share our responses and some key points relating to your Buildings and/or Contents insurance cover with us:

- **Working from home temporarily** – If you are undertaking clerical work, there is no need to inform us of this change and your cover will not be affected. If this becomes permanent or you have visitors to the home in connection with your work it is important that you let us know as this may impact your cover.
- **Employment status temporarily changed** – If this change is due to the Covid-19 situation then there is no need to inform us. As above, if the change becomes permanent, it is important that you let us know.
- **Insured property is unoccupied** – Many insurers place conditions on a policy for inspections in the event a property is unoccupied for over 60 days. We appreciate it may be very difficult to inspect the property currently due to social distancing and safeguarding measures outlined by Her Majesty's Government therefore we have sought flexibility from insurers. The following would be considered good practice
  - Where it may be safe to do so we would encourage the stop cock to be turned off to prevent any possible water damage
  - When social distancing and safeguarding measures are lifted we would expect the unoccupied property to be inspected again, in line with your policy conditions
- **Alternative Accommodation** - Should you be unfortunate enough to suffer damage to your property where you (or tenants, if you let your property) need to move in to alternative accommodation, then your policy will still cover this (up to the limits in your policy wording), including taking precautions should you be self-isolating
- **Deep Cleaning** - Your insurance does not provide cover to deep clean your property, in the event someone in the household has had Covid-19
- **Mortgage Payment Holidays** – you are not required to update your insurance policy with us if you have arranged a payment holiday with your Mortgage provider.
- **Rent Protection Products** – we are now able to provide new quotations for our landlord's rental income protection. If you wish to receive a quote please contact us on 01392 849750 and we will confirm acceptance on the new product.
- **Pedal Cycles and Sports Equipment** – with many of us choosing to spend our exercise time cycling, please be aware your bicycles are covered as standard, while in the home within your specified contents value. However, should you require cover for these items away from the home please contact us to specify the cover you require if you haven't done this already.

- **Personal Possessions cover** – this automatically includes Accidental Damage so, if you find you are out and about more during your daily exercise with high risk items such as mobile phones, sport watches etc. it may be worth looking to have cover for these items.
- **DIY** – we are aware a lot more people are taking advantage of the extra time they have to carry out work around the house. If you are doing anything more than painting or decorating your insurer may need to know. Please let us know if that is the case so we can make sure you are adequately covered should you need to claim.

### **What will happen to my policy at renewal?**

If you pay by direct debit, your policy will renew automatically. If you pay by single annual payment, you will need to contact us on 01392 849750 to make payment to ensure continuation of cover.

Equally, if you have already agreed to have a policy start automatically, this will continue to be the case. You will receive your policy documentation when the policy is made live. If you do have any concerns you can call us on 01392 849750 or email us at [insuranceservices@first2protect.co.uk](mailto:insuranceservices@first2protect.co.uk)

### **How will I receive my insurance documentation?**

Unless you have explicitly opted otherwise, we are sending all policy documentation to our customers electronically if we hold an email address for you. This is to ensure you will continue to receive your policy documentation in a timely manner in the event there is any disruptions to standard postal services and also to ensure our colleagues are not required to travel to work, to comply with measures outlined by Her Majesty's Government.

When we send any documentation to you, you will receive an email with a link to your personalised vault. When you log into the vault, you can request an SMS code to be sent to the mobile number we hold on your file to provide your password. If you have a non-UK mobile, you will be sent instructions to your email address to access your documents.

Please contact us on 01392 849750 or by email at [brt@first2protect.co.uk](mailto:brt@first2protect.co.uk) for this if you have any queries regarding this.

### **I am experiencing financial difficulties and/or difficulties with communicating, how can you help?**

If you are experiencing financial difficulties or have any other personal/health situation which makes it harder to communicate, please either call us on 01392 849750 or email us at [brt@first2protect.co.uk](mailto:brt@first2protect.co.uk). Any information disclosed will be treated as confidential and could help us to provide a better service. We may also be able to make adjustments to ensure premiums remain affordable, whilst ensuring continuing cover.

### **I have a Legal and Rent Protection policy and my tenant has not paid the rent. What should I do?**

Our underwriter ARC has come up with the following guidance to help you. We would recommend you read this before taking any steps with your Tenant(s)

#### **What does the Coronavirus Act 2020 mean for landlords and letting agents, and how will my Legal Expenses & Rent Guarantee policy help me?**

The Coronavirus Act 2020, which came into force on 25<sup>th</sup> March 2020, increases the period of notice that must be given to a tenant for possession of the property, from 2 weeks to 3 months for a Section 8 notice, and from 2 months to 3 months for a Section 21 notice.

Therefore, whilst notice of possession can still be issued, no court proceedings to enforce possession can be commenced until the 3-month notice period has expired.

The Coronavirus Act 2020 will remain in place until the 30<sup>th</sup> September 2020, although it may be extended beyond this date.

In addition, all ongoing housing possession action has been suspended from 25<sup>th</sup> March 2020, therefore putting a stop on all cases that are already in or about to go into the court system. The suspension will remain in place for a period of at least 90 days.

At the point that the suspension on possession action is lifted, there will be an expectation that landlords and letting agents have taken a pragmatic approach with tenants who have defaulted on their rent and to agree sensible arrangements, such as rent

holidays, temporarily lowering monthly rent amounts and agreeing payment plans. Unless the courts can see evidence that a meaningful attempt has been made to reach an agreement, possession orders may not be granted.

The government have consolidated all of their COVID-19 advice for landlords and tenants [here](#).

Your Legal Expenses and Rent Guarantee Insurance policy will still be able to help you whilst the Coronavirus Act is in place. The following information provides an overview of the actions you must take if your tenant defaults, or is likely to default, on their rent payments. It is very important that you follow the stages outlined below so not to prejudice your legal position, should you need to make a claim under your policy.

Your policy contains key terms and conditions that you must ensure you meet for cover to apply, should you need to make a claim. You should therefore also take the time to read your policy documents, so that you fully understand your obligations.

You also have access to a 24/7 Legal Helpline, which can provide you with legal advice on your circumstances, and what steps you should take. You can find the Legal Helpline number in your policy booklet.

So, what should you do if your tenant defaults on their rent?

### **Stage 1 – attempt to make a temporary agreement with your tenant**

Under the Tenancy Agreement, your tenant still has an obligation to pay their rent, despite the impact of COVID-19. There is no requirement for you to stop charging rent, but the government expects landlords to be flexible during these uncertain times and attempt to reach an agreement that suits both parties. Therefore, you must ensure you take all practical steps to reach an agreement with the tenant.

If they are facing financial difficulties as a result of COVID-19, and are unable to pay the rent, either partly or in full, then you must discuss this with the tenant at the earliest opportunity and consider a temporary agreement. Examples of this may include agreeing a rent holiday, accepting a lower rental amount for a pre-agreed period of time, or applying for a mortgage holiday in line with government guidelines.

If you do agree anything with the tenant that changes the amount of rent, or when it is due from them, to that noted in the tenancy agreement, you must ensure it is appropriately documented in the form of an Addendum to the Tenancy Agreement, and a Payment Plan letter should you agree any underpayment to be paid at a later stage. Both documents must be agreed and signed by you and the tenant. Template versions of these documents are available on our Online Legal Document service, which you can access [here](#). Once you have registered, both documents can be drafted and downloaded once completed, free of charge.

You need to be clear with the tenant that they must stick to this agreement to avoid legal action being taken against them to recover possession of the property if they fail to do so.

You should note that a key condition of the Legal Expenses policy is that you must have a 51% or greater chance of winning the case and achieving a positive outcome, which is known as 'Prospects of Success'. The prospects of a Tenant Eviction claim being successful will depend on whether you can prove that you have made attempts at reaching a compromise with your tenant, in accordance with government guidance.

### **Stage 2 – submitting your claim to us**

If you have made all practical attempts to reach an agreement with your tenant, but have been unable to do so, you must now submit a claim under your Legal Expenses & Rent Guarantee policy. The quickest way to do this is by submitting your claim details to us using our online claim system, which can be found [here](#).

As part of this submission, and alongside the other documents requested, we will require evidence that the following actions have taken place:

- a. Contact with the tenant was made within 7 days following a non-payment of rent to establish why the tenant did not pay and understand their situation.
- b. Active engagement to create and agree an alternative arrangement within a month from the first non-payment of rent, which could include a payment plan, a rental holiday, or a reduced rent.

You must ensure that this is included in the 'Documentary Evidence' part of the claim submission.

Once we have received your claim submission, and after we have completed an initial insurance assessment, we will arrange for a specialist mediation service provider to take over all negotiation with the tenant and attempt to reach an agreement. This is a further step we have introduced to the process to help reach an agreement with the tenant and avoid the need for formal legal action.

Mediation is a mandatory part of the claims process. Please ensure you include a completed copy of the mediation form, which is available as you enter your claim details on the online claim system. If you do not provide a completed copy of this form, your claim will be delayed.

You must ensure that you submit a claim to us with all required documents within the time frame referred to in your policy booklet, otherwise your claim may be declined.

### **Stage 3 – initiation of the eviction process**

If the formal mediation service is unable to reach an agreement with the tenant, we will instruct a specialist law firm to initiate the eviction process by issuing a notice for possession. You should not attempt to issue your own notices at any point, as this may prejudice your position.

If the tenant does not vacate the property once the notice period has expired, legal proceedings to regain possession of your property can begin.

Please note however that the Master of the Rolls, with the Lord Chancellor's agreement, has suspended all ongoing housing possession action. This means that it will take longer to take back possession of the property as neither cases in, or about to go into the court system, can progress to a stage where a tenant can be evicted. This suspension is applicable from the 25<sup>th</sup> March 2020, for a period of at least 90 days.

Rent Guarantee payments can only be made if you have followed the guidance above, as summarised below:

- You have actively engaged with your tenant to agree a temporary arrangement, if the tenant is unable to make their rent payments, either full or in part
- You have been unable to reach an agreement with the tenant, and you therefore submit a claim to us under your Legal Expenses & Rent Guarantee policy
- Our formal mediation service is unable to reach an agreement with the tenant, and we have therefore issued notice for possession to the tenant

If these steps are taken, rent payments will be made to you, subject to the limits of indemnity stated in your policy documents, and subject to your claim meeting all other terms and conditions of the policy.

### **What does this all look like in practice?**

The following is a simple example of a tenant who is struggling financially as a result of COVID-19, and some scenarios as to what might happen next.

The tenant contacts you to let you know that they are in financial difficulty and cannot pay their rent this month of £1,000. After establishing the tenant's situation and what they can afford to pay, you agree a payment plan.

This allows the tenant to pay a reduced rent payment of £500, for a 3-month period, with the underpayment of £1,500 owed by the tenant being spread across the following 6 months of the tenancy agreement. So, for 3 months the tenant is required to pay £500 per month, and then a monthly amount of £1,250 for the 6 months that follow.

#### *Example 1*

The tenant pays the reduced amount for 2 months, however defaults on the payment plan on month 3. A claim is made to Arc Legal and the eviction process is initiated.

The first rent payment made under the policy pays out £500, which is the last month of the 3-month payment plan agreed. Every month thereafter, and subject to the policy indemnity, a rent payment of £1,250 is made under the policy, which includes the underpayment owed by the tenant, for 6 months, after which the rent payment will revert to the original amount of £1,000.

#### *Example 2*

The tenant pays the reduced rent of £500 for 3 months. From month 4 onwards, as per the agreement, they are due to pay their usual monthly rent of £1,000, plus the additional £250 to cover the underpayment. However, in month 4, the tenant can only afford £1,100 which they pay to you. A claim is made to Arc Legal and the eviction process is initiated. Note, there are limits to the insurance policy and court eviction process where rent arrears are less than one month.

In addition to the above, you may also find the following Q&A's useful:

#### **I don't want to evict my tenant; will my policy pay my rent?**

No, the policy will only provide Rent Guarantee cover if we have accepted a claim under the Tenant Eviction section of cover, as per the process outlined above.

#### **If I do agree a temporary arrangement with my tenant, does this impact my insurance?**

If you and the tenant agree a temporary arrangement, such as a payment holiday or reduced rental amount, this is not an insured event and does not need to be notified to us. Please ensure however that you put in place the addendum to the Tenancy Agreement and Payment Plan letter where appropriate, as outlined above.

As notified above, you should only submit a claim to us, if you are unable to reach an agreement with your tenant.

Please note that the policy will not cover any shortfall in rent arising for a payment holiday or an agreement for the tenant to pay a reduced rent amount on a temporary basis.

#### **I still need to pay my mortgage. Is there anything I can do?**

Several mortgage lenders have agreed to offer payment holidays, where needed, due to COVID-19 financial difficulties, including buy-to-let mortgages. You should contact your mortgage lender for further information.

If you can organise a mortgage payment holiday, it is expected that the benefit of doing so will be reflected in a temporary agreement with your tenant, for example agreeing a rent payment holiday.

#### **What other changes might come into force?**

The Coronavirus Act and other guidance issued has all happened very quickly and is subject to extension and change over the coming weeks and months. We could see the extension of the Act beyond its current expiry of 30<sup>th</sup> September 2020, as well as the introduction of further Government guidance.

It is important therefore that you continue to monitor the situation to keep on top of any changes. You can also contact the Legal Helpline if you need some advice.

#### **Do I still need to carry out repairs to my property?**

Yes, you still need to meet the requirements of the tenancy agreement, which includes making sufficient repairs, where it is safe and reasonable to do so, and in line with government guidance, which can found [here](#).

However, the government is urging that landlords and tenants take a pragmatic common-sense approach to non-urgent matters that are affected by the restrictions put into place due to COVID-19.

#### **What about my legal obligations to provide regular gas and electrical safety inspections?**

Landlords should continue to carry out all scheduled inspections and tests where required, and again, where safe and reasonable to do so.

If an inspection does take place, you are still required to issue documentation to the tenant, either by post or email where appropriate (and available).

You need to make every effort to comply with existing gas safety regulations and electrical safety regulations. You must be able to demonstrate that you have taken all reasonable steps to comply with the law, so ensure you keep copies of all correspondence with tenants and contractors.

You can read the latest guidance for landlords and Gas Safe engineers and inspectors from the Health and Safety Executive [here](#).

This guidance has been prepared by Arc Legal Assistance in partnership with Shoosmiths Solicitors. It is for information purposes only and does not constitute legal advice. You should contact the Legal Helpline for legal advice that is specific to your circumstances.

**Thank you.**