

Spring 2019

Weatherbys Hamilton Rural Newsletter

theSpecialist

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Providing
Exceptional
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WEATHERBYS
HAMILTON

Outlook

Understanding the
changes to farming
and estate practices

Welcome to our Spring 19 edition of *The Specialist*.

In the last six months the insurance market has continued to see consolidation, with the Marsh acquisition of JLT creating another huge broker to sit alongside Aon and Willis as the leviathans of the market. This activity has a trickle-down effect and as a specialist broker we continue to see the virtues of independence and the value of being able to provide a very close, attentive service to our clients, unhindered by shareholder considerations.

If you find anything of interest in this newsletter that you would like to discuss further, please do not hesitate to contact any of our partners or staff.

A handwritten signature in dark green ink that reads "Charles Hamilton". The script is fluid and cursive, with the first letters of "Charles" and "Hamilton" being capitalized and prominent.

Charles Hamilton
Chief executive



Weatherbys Hamilton Farm & Estate Policy

in association with



We are absolutely delighted to announce the launch of our own Farm & Estate policy in association with Aviva, one of the UK's leading insurance companies. This is groundbreaking for Weatherbys Hamilton and a significant development in this sector.

This policy is exclusive to Weatherbys Hamilton. The alliance of our own expertise with an insurer of Aviva's quality and financial strength puts us in a unique position to supply a high class product which is appropriate, competitive and reactive to our clients.

We can now combine both the underwriting and the servicing of our clients within our own offices, bringing greater efficiencies and quicker decision making. From our significant experience in the farming and estate management sector, we already have a specialist

understanding of its insurance requirements and we can now make the policies more bespoke than ever.

One of our strengths is that we have always taken the greatest care to understand our clients' businesses, carry out a thorough review, listen to their requirements and provide the best advice. With the arrival of the Weatherbys Hamilton Farm & Estate Policy we are in a position to take this to a significant new level.

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Employing the young

Encouraging young people to take their first steps towards a career in farming is critical for the health of the industry.

The employment of children obviously carries added responsibility and means that very specific rules have to be followed. We are regularly contacted to provide advice and it is important to adhere strictly to the regulations.

The general rule is that a child under the age of 14 may not be employed. However, in some cases there may be local by-laws that relax this stipulation and certain jobs that can be done by a 13 year old. In the first instance farmers must apply to a Local Authority's education welfare

service or education department to find out if a child employment permit is required, and it almost certainly will be. You must also ensure that a risk assessment is carried out before employment begins or you risk not being insured for an accident that involves a child.

The National Minimum Wage and National Insurance contributions do not apply before the age of 16, but there are strict rules on when and where children are allowed to work. They are not allowed to work before 7am or after 7pm; for more than one hour before school; or for more than four hours without at least a one hour break. During school holidays 13 to 14 year olds are only allowed to work 25 hours a week and 15 to 16 year olds 35 hours a week. During term time, children can only work a maximum of 12 hours a week.

In other areas of interest, a number of riding establishments open their doors to children as young as 5 or 6 so that they can learn to ride. Charities who work with horses will also have a relationship with social services and the local authority to provide a safe haven and a limited form of training for children as young as 10. Provided that all legal requirements are complied with and full risk assessments are carried out, then insurers will provide cover.

As ever we recommend that you make certain that your insurer is fully aware of what your intentions are. Some insurers may place restrictions on cover and it is important to understand what these are before embarking on providing opportunities for young people.



Woodland liability

From an insurance perspective woodlands are often forgotten, or at least dismissed, by an owner, particularly if they only form a very small part of the estate turnover. But inescapably there are implications from an insurance and risk management point of view.

First and foremost it is imperative to have the correct public liability cover in place to ensure that there is insurance for damage inflicted by a falling tree or branch on a third party or their property. Particular exposures are where woodland runs alongside a road or footpath, or an estate holds events in and around woodland such as fun runs, farm walks or mountain biking.

As woodland is low risk the premiums are also low, but it is imperative to inform your insurer of the acreage that it encompasses so that it is fully aware of the risks that it is being asked to cover.

Insurance though is one thing, risk management is another. Every landowner has a duty of care to the public to ensure their safety whilst they are on their property. It is obviously not feasible to check every single tree, every single day, but there is a best practice. All roads and footpaths should be checked at least every two years and considerably more often if they are frequently used by the public or if



there have been high winds or storms. As with an accident book, do ensure that these checks are recorded. Accidents will always happen but it is the responsibility of the landowner to take all reasonable precautions to prevent them. The value of good record keeping should never be underestimated as a defence to accusations of negligence.

It sounds obvious but if there are trees that need attention, then do attend to them straightaway. Leaving a tree in a dangerous state runs a needless risk. If employing contractors or surveyors to help with the work, then ensure that they also have the appropriate public liability or professional indemnity insurance. A mistake on their part can also have consequences.

Farm vehicle use

Farmers and estate owners risk vehicle insurance claims being denied unless insurers are provided with full details of what they are insuring.

Obviously your broker should clearly explain the terms and conditions of the policy, highlighting the cover and any relevant exclusions, but unfortunately it is also important for the vehicle owner to be aware of the small print.

Some key points worth remembering are:

- **Consider where a vehicle is actually being used.** A tractor lent to a neighbouring farmer will not be covered and so the neighbour will need to add the vehicle to his own policy. Additionally, any vehicles that are co-owned must be brought to the insurer's attention.
- **Ensure that you have adequate third party liability insurance.** This is important even if you consider that your vehicle is only being used on private property. Third party liability insurance covers any incidents with third parties, such as an encounter with a walker on a right of way or where movement from one field to another involves crossing a public highway.
- **Disclose all vehicles and clearly notify your insurer of the purpose for which they are being used.** Will, for example, a tractor or digger be used to clear ditches on a neighbouring farm for ground works or for tree lopping? Sometimes these activities can fall outside the definition of normal agricultural use and in these cases your policy would need to be extended.
- **Trailers and implements are normally specified in a policy as being insured up to a maximum amount** and benefit from the same cover as the vehicle which is towing them. However, issues can arise if that vehicle is only insured for third party, fire and theft as the cover on the attachment will be similarly limited. That may be fine for a normal farm trailer but not satisfactory if it happens to be an expensive baler that is damaged.
- **Inform your insurer if members of your family are using a vehicle for their own personal use,** such as commuting to work or in the course of an unrelated business.

The premium implication of disclosing the correct use of a farm vehicle is very often negligible but the cost associated with a repudiated claim may easily not be. It only takes a telephone call to get it right.



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The Art of Thatching

Catherine Lewis, *Director*
The Thatching and Building Company

Few things conjure up a rural idyll more than the image of a thatched cottage. However, once you start looking closely you will discover that not all thatched roofs are the same. Indeed, compare the low pitched roofs of Cornwall and Devon with the steep roofs of East Anglia and you will begin to discern the distinctiveness and versatility of thatch.

Broadly speaking, there are three types of thatching material. Each has its own place in the history of thatch and became popular for practical as well as ease of supply reasons.

As an abundant by-product of corn production, straw has been the most widespread material for thatching and is still in common use today. However, modern wheat varieties are unsuitable for thatching and the need for long, hollow stemmed varieties means some thatchers now grow their own. You will not be surprised to learn that the name given to this material is 'longstraw', with longstraw thatching practised predominantly in East Anglia. Labour intensive and with an inordinate amount of work involved on the ground before a bundle of longstraw even reaches the roof, it is a method of thatching not for the faint hearted.

Water Reed (sometimes known as Norfolk Reed) grows in wetlands across the world. King of thatching materials, its robust structure and solid integrity make it virtually indestructible. Cut and tied into bundles, it goes on to the roof as it left the reed bed and makes the thatcher's job relatively straightforward. Historically used only close to where it grew, it has gained favour due to its ease of application and supply. It is always used today for new thatched housing.

The third material springs from an innovation in agriculture. With straw fundamentally important to a traditional farm's existence, an adaptation to the threshing process in the West Country saw a more uniform bundle of straw being produced. This gave a great advantage to the thatcher who was able to use the straw in a similar fashion to Water Reed – where all the butt ends face one direction. This material became known as 'Devon Reed' or 'Combed Wheat Reed'.

Whilst it was once the most common form of roofing, thatch is now largely confined to rural areas. With around 50,000 thatched properties in the country, mostly protected through Listed Building legislation, perhaps it is a surprise to learn that preserving their uniqueness is arguably more difficult today than it has ever been. With most thatched buildings being listed, it is usually an imperative that the existing material is replaced on a like-for-like basis. A longstraw roof will generally last around 30 years, with Combed Wheat Reed only faring slightly better. A roof that is simple in design, orientated away from the South and thatched with best quality Water Reed by an expert thatcher may endure for a lifetime.

Regardless of the material with which the main roof is thatched, the ridge at the apex of a roof will need replacing every 12-15 years. The simple reason for this is that the hazel fixings which hold the ridge material in place are exposed on the surface and are therefore vulnerable to erosion. A good thatcher will try to ensure that any works required to the main roof are carried out broadly in line with when a new ridge is required. It would not be prudent to spend money patching a roof only for it to fail completely after 3 or 4 years. However, judicious repairs can prolong the life of some roofs and push them on through another 10-12 year cycle before re-thatching or ridding is required.

The complexities of thatch are vast. Each facet of the craft is a subject in itself and it is therefore unsurprising that when looking to buy a thatched property, a general survey will be very limited in its scope. Those serious about buying such buildings should seek out a reputable thatcher and ask him for a survey. Having knowledge of the issues affecting a particular roof and its likely longevity, as well as an understanding of its susceptibility to fire, can make all the difference to the new thatch owner.

Those wishing to build a new house might like to consider our Dutch cousins who have always used thatch but have more recently democratised it and use it extensively for new housing estates. The Dutch recognise that the beauty of thatch is not only in how pleasing it is on the eye; it is also the only truly sustainable form of roofing. Add this to the fact that it comes with its own natural in-built insulation, can be used to cover any shape, copes far better in windy conditions than conventional roofing – oh, and just to prove it is not a fire hazard, the Dutch built a fire station with it – walls and all!



Subsidence

As you would expect, last year's exceptional summer led to a huge surge in subsidence problems as buildings wilted in the high temperatures.

Claims notified between July and September were at their highest level for 12 years, reaching numbers last seen in the heatwaves of 2006 and 2003. The worst hit area was south-eastern England, where buildings are well-known for being constructed on subsidence-prone clay soil.

Subsidence occurs when the ground beneath a building loses moisture and shrinks, stressing the structure above it. Common reasons for this are:

- Clay soil, with its high moisture content, is more likely to contract and shift during weather changes than other soil types.
- Trees and large shrubs with expansive root networks can be a problem if they are close to a property as they need to extract moisture from the soil.
- Older properties often have shallower, less sturdy foundations. However, these characteristics can also make them more resilient by giving them the flexibility to cope with a change in ground conditions.
- Nearby mining activity, both past and present, can cause subsidence.
- Leaking water pipes can wash away soil beneath a house, with sandy or gravel based soil being particularly susceptible to this.

As a rule of thumb, subsidence cracks tend to appear very suddenly, rather than gradually, and are usually diagonal and wider at the top than the bottom. They often appear around door and window frames. Another tell tale sign is if wallpaper starts to rip or crinkle.

Unless a house has suffered from subsidence in the past, a home insurance policy should provide satisfactory subsidence cover. However, it is worth noting that many farm & estate policies do not automatically include this cover for let residential properties. Due to the big spike in claims last year it is an appropriate time to review this with your broker or insurer. Many insurers now have access to highly sophisticated mapping systems which will pinpoint whether properties are in high subsidence areas which put them particularly at risk. In these cases cover will hopefully still be obtainable but the insurer may well require additional information and impose a higher excess than normal.

The importance of risk management

As the emphasis on risk management becomes an increasing part of an insurer's evaluation of the risks they underwrite, landowners invariably look to their insurance broker to advise them in this area as well.

When presenting a case to the insurers, we need to provide them with full details of the farming and estate operations and its owner's approach to risk management. That is why we like to visit our clients and get to understand as much as we can about what is involved before we approach the market for terms. It is a key requirement of the Insurance Act 2015 for us to ensure that clients make a thorough declaration of all aspects of the risks that they wish to have insured and this is an area that we take very seriously. We cannot encourage farm and estate owners enough to ensure that their risk management procedures stand close scrutiny.



In the coming year there will be a new swathe of Health and Safety Executive ("HSE") visits made to farms and estates. These are unannounced audits and follow on from a series of "compliance events" which were held across the country last year. As in previous years, it is expected that those farms and estates which were invited, but did not attend, may be the most likely to receive a HSE Inspector's visit. The visit will investigate and highlight those areas that are currently considered a priority, such as the potential for falls from height, livestock and machinery exposures, and any risks involving children on farms.

Unfortunately there are grim statistics to substantiate the agricultural sector's poor health and safety record. In 2017/18 33 people lost their lives in farming, which is 18 times higher than in equivalent industries. We suggest all farm and estate owners and managers take a quick look at the HSE's What a Good Farm Looks Like publication at www.hse.gov.uk/agriculture/resources/good-farm.htm. It is time well spent.

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An Insurer's View

The Internet of Things is transforming risk management

The internet has radically changed our lives since the first computer-to-computer link was established 40 years ago. Today, our cars, televisions and watches are able to connect online and communicate with a myriad of other devices. This network of devices is known as the Internet of Things, or IoT, and it is estimated that there are going to be 50 billion connected devices by 2020, equating to six devices for every person on the planet.

IoT offers insurers and their clients exciting possibilities and opportunities to change traditional risk management. Devices in the home are able to predict accidents before they happen and as a result prevent damage. The world is moving on rapidly from traditional motion sensors which detect intruders and trigger an alarm, to smart fire alarms which can predict a fire by monitoring changes in temperature and humidity and send out alerts. Nanotechnology is enabling huge advances to be made. An intriguing example is the chewing gum like strip that is being trialled for fuse boxes and switches, and which releases a fire suppressant vapor out of all proportion to its size when a given temperature is reached.

Detecting escape of water

The introduction of smart technology in a building radically reduces the distress and disruption that invariably follows an incident. Escape of water is a major inconvenience for homeowners and the source of frequent claims for insurers. They are on the rise thanks in part to an increase in en-suite bathrooms and downstairs loos, more complex plumbing systems and the use of less damage-resilient materials in house building.

To help detect and prevent major disruption from escape of water, Ecclesiastical Insurance is trialling a smart leak detection device called LeakBot which has been created by HomeServe Labs. LeakBot works 24/7, monitoring a home for hidden leaks and bursts and instant alerts are sent to a smartphone if there is a problem. It's easy to set up and takes less than five minutes to fit. You just need to download the app, activate your account and clip LeakBot to your pipe.

Preventing electrical fires

We are also using infrared thermography which helps to detect overheating and prevents electrical fires. Electrical overheating

Nicholas Hartley, Head of Business Improvement and Innovation
Ecclesiastical Insurance



is one of the most common causes of fire and can be a hugely destructive event. Even a small incident often causes catastrophic smoke damage. Excessive current, poor connections and insulation breakdown are the most common culprits. A trained inspector with a specialist camera can monitor the levels of heat being emitted within a building's electrical circuits, which is potentially game changing in preventing a disaster from occurring.

As an insurer of many historic buildings in this country, we are determined to remain in the forefront of understanding how new technology can help our clients. It continues to evolve at a rapid pace and services like LeakBot and infrared thermography are enhancing our understanding of the buildings we insure and transforming the way that major threats can be detected and prevented before they happen.

Opening to the Public

Spring is here and for many of us it is the best time of the year. Not only do we have more daylight and improving weather but the countryside is energised.

The burst of new life, the astonishing palette of colours and the clamour of birdsong all present a compelling backdrop to one of our greatest assets.

It is a very busy time of year for farms and estates as many will be throwing their doors, gardens and land open to the public. It is a strange relationship as the paying customers are a vital element in the business model of many rural enterprises, whilst at the same time presenting one of their biggest headaches.

Whether an estate has been providing a service to the public for the past twenty years or only now for the first time, it is vital that preparations are attended to thoroughly as the 'slips and trips' culture is only going in one direction. Insurers need to be prepared in just the same way. The more information that we can provide to them about the activities involved, the fewer questions there will be in the event of a claim. Whether it

is a house or garden opening, a wedding venue, a petting farm, café or shop the information needed by the insurer falls into the same categories, and the importance of providing it doesn't change either.

- Turnover of each individual activity.
- The number of events e.g. how many weddings are held, how often are the house and gardens open to the public?
- How many people attend each of the events?
- Are the events organised by you or third parties?
- Do third parties have the requisite level of insurance?
- Is the provision and preparation of food in-house or outsourced?

It is relatively straightforward to remember all this when an event or opening is new and to make sure that all the relevant safety and security measures are complied with. It is invariably when an event has been staged year after year without any incidents that errors can creep in.

Events should be great fun for the public and a valuable source of income to an estate, but if corners are cut it can all too quickly become a nightmare.



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Return of the Million



In winning the inaugural Weatherbys Hamilton Stayers' Million in 2018 Stradivarius not only showed himself to be an exceptional horse but promoted the Stayers in a way that we could only have dreamed of 12 months ago.

The narrative that Stradivarius created by winning his prep race in May, the Betway Yorkshire Cup, before embarking on his epic sequence at Ascot, Goodwood and York attracted huge media attention. By featuring as a headline on the main ITV news in the aftermath of the Weatherbys Hamilton Lonsdale Cup, racing and the Stayers reached a far wider audience than normal and showcased the heroic qualities of these Trojans of The Turf in an unforgettable way.

We remain passionately committed to supporting the Stayers and are delighted to be continuing with the Million in 2019. In order to generate even more interest and to extend the Million's reach, we have introduced four additional prep races in Dubai, Ireland, Germany and France to make eight in total. All are Group races and the Dubai Gold Cup at Meydan kicked off the series on 30th March. The Melbourne Cup winner Cross Counter won in impressive fashion and thus becomes the first to lay down the gauntlet to Stradivarius. In the course of April and May he will be joined by up to seven others who will then have a chance of the Million by lining

up for the Gold Cup at Ascot in June and continuing the winning sequence at Goodwood in July and York in August.

We launched the 2019 Million at John Gosden's Clarehaven Stables in March in front of a large press and industry contingent. Stradivarius looked magnificent and ready to take on all challengers. It will take a seriously good horse to beat him but formidable challenges are promised from horses such as Aidan O'Brien's Capri, Charlie Appleby's Cross Counter and Mark Johnston's Dee Ex Bee, to name only a few. It promises to be quite a summer!

We are seeing a concerted effort in Europe to support the Stayers and there is a very welcome strengthening of their programme. The importance of retaining their bloodlines is now widely accepted if European racing is to retain its unique diversity and attraction. As a leading participant in the bloodstock industry, Weatherbys Hamilton is very proud to be playing its part and for the Stayers' Million to have become a talisman for these wonderful horses.

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