

Coronavirus and Small Businesses

According to a survey, 67% of small businesses have had to close temporarily due to the COVID-19 pandemic. It is estimated that, on average, a small business owner will face a loss of £11,799. Although the impact seems to be severe, small businesses have shown great resilience and due to this, all hope is not lost. For example, some businesses continue to function with the staff working from home.

However, serious questions arise about businesses that need an on-site staff and customers walking in through the door. These include pubs, restaurants, and hairdressers.

Do such businesses have no other option but to suffer damage?

Will business insurance cover the costs incurred due to closures?

Can you claim for the business interruption caused by coronavirus?

Insurers say that coronavirus is not covered in their policies. So, they have rejected business interruption insurance claims of some 370,000 businesses in the UK.

Did you own a business that had to close suddenly? If yes, your insurance policy may cover the losses, provided the policy includes business interruption insurance. But even so, getting a cover may not be all that simple since a few conditions apply.

According to the government, if a business insurance includes pandemics and government-ordered closures, the losses must be covered by the insurance company. The fact that the government had advised people to avoid pubs and theatres is sufficient to make a claim. This was confirmed by the government and insurance industry on 17th March.

Please ensure to read the terms and conditions of your insurance policy before claiming for a cover. Also, note that a standard business interruption insurance policy may not include pandemics. Most times, it only covers damage to property.

Business Interruption Insurance

Business Interruption Insurance or BI Insurance is a type of cover that protects your business if it is unable to operate normally due to a disaster or another event. Generally, businesses like salons, pubs, restaurants etc have BI Insurance included in their policies. As a business owner, you must read your policy carefully to check if you have BI Insurance and to what level it is included in your cover.

How to find out if your Business Insurance covers you for Coronavirus

To determine if your BI insurance covers you for coronavirus, you must take 3 simple steps:

1. Find out if you have Business Interruption Cover
2. Read the policy carefully to check if your cover includes coronavirus COVID -19
3. If it does not include coronavirus, read the policy to check how broad the cover is and what it includes.

[Read more \(Different page link\)](#)

Other financial aids from the government

1. The government has offered a one-off top up grant for retail, hospitality and leisure businesses. It is based upon the rateable value of the business. Here's a breakdown:

- £4,000 for businesses with a rateable value of £15,000 or under
- £6,000 for businesses with a rateable value between £15,000 and £51,000
- £9,000 for businesses with a rateable value of over £51,000

The one-off grant offered by the government is in addition to the Local Restriction Support Grants.

2. The Coronavirus Job Retention Scheme (furlough) has been extended until the end of April and thus, covers the latest lockdown.
3. The government is also providing the following financial aids to small businesses:
 - Through the Local Restriction Support Grant, local authorities will receive £1.1 billion to help businesses in their area. Under this scheme, a business owner who is forced to close business will be provided **£3,000 per month**.
 - The Kickstart scheme will provide **£1,500** for training youngsters between the ages 16 and 24 (who are on Universal Credit) for a six-month work placement.
 - If you hire an apprentice who starts working with you between August 1, 2020 and January 31, 2021, you can claim up to **£2,000** as incentive payment.
 - **"Bounce Back Loans"** scheme has been extended until March 31, 2021. Firms can also top-up existing Bounce Back Loans in case they need additional finance.
 - **Future Fund** has been extended until March 31, 2021.
 - **Application for CBILS and CLBILS** has been extended until **March 31, 2021**.

How Aristone Solicitors can help your business through lockdown 3?

While it's true that lockdown restrictions are being relaxed in certain areas, many businesses are still unable to operate in full capacity. And since support schemes from the government will end shortly, small businesses may begin to experience more pressure.

If you haven't applied for any of the government support schemes, please check the government website for details on how to apply.

Aristone Solicitors will offer you the following help:

1. Help with your business insurance

If you have moved out of your business premises or changed the way you operate due to the lockdown, inform your insurer about the change in circumstances.

2. Help with accessing financial support from the government

3. Help with business litigation and disputes

4. Help if you can't pay your commercial rent

The government has extended the ban on business evictions until March 2021. Therefore, businesses that are unable to pay commercial rent due to reasons associated with COVID-19 will be protected from eviction. However, since this provision is for businesses that are truly struggling, other businesses must continue to pay rent if they are able to do so.

5. Looking after your business's greatest asset

Your business's greatest asset is YOU. Due to the pandemic, people all around the world have experienced increased anxiety, stress, or depression. If you are experiencing these problems, we could help you to reach a fair and amicable solution through our mediation service.

A checklist for small businesses

The NHS has provided the following checklist for businesses that choose to keep running:

- ✓ Ensure that the staff's emergency contact details are up-to-date
- ✓ Follow advice of NHS regarding prevention
- ✓ Stay updated with the official guidelines of the government
- ✓ Determine who needs to self-isolate

- ✓ Make your pay and absence policies clear to the staff

If you are a business owner, please make sure to use this checklist as a guide while running your business.

Useful links for government-backed finance and grants

- **Cash Grant for Retail, Hospitality and Leisure** - <https://www.businesssupport.gov.uk/cash-grant-for-retail-hospitality-and-leisure/>
- **Small Business Grant Funding** - <https://www.businesssupport.gov.uk/small-business-grant-funding/>
- **Coronavirus Business Interruption Loan Scheme** - <https://www.businesssupport.gov.uk/coronavirus-business-interruption-loan-scheme/>
- **Time to Pay from HMRC** - <https://www.businesssupport.gov.uk/time-to-pay/>
- **Income Tax Deferral for the Self-Employed** - <https://www.businesssupport.gov.uk/income-tax-deferral-for-the-self-employed/>
- **VAT deferral** - <https://www.businesssupport.gov.uk/vat-deferral/>
- **Business Rates Holiday for Retail, Hospitality and Leisure** - <https://www.businesssupport.gov.uk/business-rates-holiday-for-retail-hospitality-and-leisure/>
- **Statutory Sick Pay Rebate Scheme** - <https://www.businesssupport.gov.uk/statutory-sick-pay-rebate/>
- **Coronavirus Job Retention Scheme** - <https://www.businesssupport.gov.uk/coronavirus-job-retention-scheme/>
- **Covid-19 Corporate Financing Facility** - <https://www.businesssupport.gov.uk/covid-19-corporate-financing-facility/>

Info sources:

<https://bionic.co.uk/blog/does-business-insurance-cover-coronavirus-COVID-19/>

<https://bionic.co.uk/business-insurance/guides/business-interruption-insurance/>

<https://www.simplybusiness.co.uk/knowledge/articles/2021/01/coronavirus-support-for-small-business/>