

# Personal Guarantee Insurance

An innovative insurance product designed to protect your clients' personal interests in the event their business fails



## A Personal Guarantee

Personal Guarantee Insurance is an annual insurance policy that provides Directors with insurance cover in the event the business lender calls on their Personal Guarantee following insolvency.

### What is a Personal Guarantee?

**Personal Guarantees are very common in the SME marketplace. Directors are often required, as a condition of raising business finance, to provide additional security to the lender by signing a Personal Guarantee.** By signing a Personal Guarantee, the Director (guarantor) provides their lender with access to his or her personal estate should the business fail on its loan obligations. By signing a Personal Guarantee, the guarantor may be putting at risk all of their assets, including their family home. This is determined by the size of the loan and the amount personally guaranteed.

### Scope of cover:

Personal Guarantee Insurance is available for Personal Guarantees provided against a wide range of business loans:

**Secured loans** (where the lender has a charge, debenture or right of title against business assets) which typically include:

- Asset finance
- Commercial mortgages
- Invoice finance
- Other secured loans

**Unsecured loans** (where the lender does not have a charge, debenture or right or title against business assets) which typically include:

- Credit cards
- Overdrafts
- Peer to peer loans
- Short-term working capital loans
- Other unsecured loans

### Are you fully reviewing your clients risk exposure?

**Is: 'Do you have any Personal Guarantees in place?' a standard question in your new business and annual reviews?** You will need to make sure that you ask your clients about their Personal Guarantees to ensure you have completed a thorough risk review.

### What does Personal Guarantee Insurance protect?

Despite the best intentions of Directors, things can sometimes go wrong and these are often outside of their control such as default of customers or suppliers, regulatory changes or macroeconomic factors.

In the unfortunate event the business becomes insolvent, the lender can call on the Personal Guarantee to recover some **or all** of the shortfalls due on the outstanding finance obligations that the business owes to the lender.

Personal Guarantee Insurance provides insurance cover to the Director in the event there is a formal call on the Personal Guarantee by the lender.

### Things to look out for:

It is a simple process to ascertain whether your client has a Personal Guarantee in place – the following questions could be included within your annual client account review fact find:

- **Does your client have any business funding in place, recent or old?**
- **Does your client have any of the following commercial funding facilities in place?**
  - Asset finance
  - Commercial mortgage
  - Commercial vehicle finance
  - Invoice finance
  - Overdraft
  - Peer-to-peer finance
  - Property finance
  - Unsecured loans

**If the answer is YES to any of the above, then it is very likely that the Director has signed a Personal Guarantee.**





### How can you work with Purbeck Insurance Services?

There are two ways to transact with Purbeck Insurance Services.

- 1) **Introducer**; and
- 2) **Administrator** (arranging your clients insurance needs)

The differences between each method are shown on the right.

**We are able to offer a bespoke, flexible service based on a combination of these features.**

	Introducer	Administrator
Overview	Provide marketing support and the client is introduced to Purbeck Insurance who arranges their insurance requirements	Access to the Personal Guarantee Insurance application portal to administer policies on the client's behalf or provide completed "offline" application forms to Purbeck Insurance
Training	Optional	Yes
Marketing brochures	Yes	Yes
Unique broker URLs	Yes	Yes
Marketing support	Yes	Yes
Application forms	Online	Online
Dedicated account manager	Yes	Yes
Underwriting guide	No	Yes
Rating guide	No	Yes
Access to the online portal	No	Yes
Commissions	<b>Yes</b>	<b>Yes</b>



### Policy details:

	Personal Guarantees provided against:	
	Secured loans	Unsecured loans
Policy term	Annual policy	Annual policy
Details of cover	Cover is based on a fixed percentage: <ul style="list-style-type: none"> <li>Year one and thereafter: 80%</li> </ul>	Cover is based on a fixed percentage: <ul style="list-style-type: none"> <li>Year one: 60%</li> <li>Year two: 70%</li> <li>Year three and thereafter: 80%</li> </ul>
Payment terms	Annual or monthly payment options available	Annual or monthly payment options available
Maximum level of cover	£400,000	£300,000
Access to Business Support Services	Yes - unlimited	Yes - unlimited
Time to quotation	Online quotation available in minutes. Where applications are referred to underwriter, target response within 24 hours.	Online quotation available in minutes. Where applications are referred to underwriter, target response within 24 hours.



### Multiple guarantees?

We can include multiple guarantees on a policy if your client has two or more guarantees in place.



### More than one guarantor?

Where the Personal Guarantee has been signed by two or more Directors "jointly & severally" we can include additional Directors on the policy.



### Legacy Personal Guarantees?

Personal Guarantee Insurance is available for historical Personal Guarantees.



### Who insures Personal Guarantee Insurance?

**Personal Guarantee Insurance is brought to you by Purbeck Insurance**, a Managing General Agent which has contractual authority to administer and enter into contracts of insurance on behalf of Markel International.

Personal Guarantee Insurance is insured by Markel International Insurance Company Limited ("Markel International"). Markel is an A-rated, leading insurer that is authorised and regulated by the Financial Conduct Authority and the Prudential Regulatory Authority.

Purbeck Insurance is a specialist Personal Guarantee Insurance underwriter, authorised and regulated by the Financial Conduct Authority.

## Contact us

If you would like more information,  
please get in touch with us:

Tel: **+44 (0) 208 004 7250**

Email: **[contact@purbeckinsurance.co.uk](mailto:contact@purbeckinsurance.co.uk)**

Visit: **[www.purbeckinsurance.co.uk](http://www.purbeckinsurance.co.uk)**

Purbeck Insurance Services is a trading style of Purbeck UK Limited. Purbeck UK Limited specialise in providing Personal Guarantee Insurance to Directors and Shareholders of UK businesses. Purbeck UK Limited is a Managing General Agent and has a Binding Authority in place to enter into and administer contracts of insurance on behalf of Markel International Insurance Company Limited. Purbeck UK Limited is a Limited Company registered in England and Wales under company number 10345620 and has its registered office at 20 – 22 Wenlock Road, London, N1 7GU. Purbeck UK Limited is authorised and regulated by the Financial Conduct Authority in respect of Insurance Mediation Activities. For full regulatory details, please refer to [www.purbeckinsurance.co.uk](http://www.purbeckinsurance.co.uk)

Markel International Insurance Company Limited is authorised by the Prudential Regulation Authority and is regulated by the Financial Conduct Authority and the Prudential Regulation Authority. Markel International Insurance Company Limited is a Limited Company registered in England and Wales under company number 00966670 and has its registered office at 20 Fenchurch Street, London, EC3M 3AZ.