Dear Joan,

Thank you for your letter of 22 May outlining the Culture, Tourism, Europe and External Affairs Committee’s recent discussions on how the coronavirus crisis has impacted Scottish tourism.

We recognise the extremely difficult circumstances which tourism businesses are currently facing. The UK Government is closely monitoring the situation across the UK and I remain in regular contact with the Scottish Government’s Cabinet Secretary for Rural Economy and Tourism.

We are also aware of the issues around business interruption insurance - not just for tourism businesses, but for organisations across the whole of the UK economy. Most commercial insurance policies are unlikely to cover pandemics or unspecified notifiable diseases, such as Covid-19. However, those businesses which have an insurance policy that covers government ordered closure and pandemics or government ordered closure and unspecified notifiable disease should be able to make a claim (subject to the terms and conditions of their policy).

The government recognises that businesses who do not have appropriate insurance cover will require support from elsewhere. As such, businesses should explore the full package of support set out by the Chancellor. This includes the Self-Employed Income Support Scheme, the Coronavirus Job Retention Scheme, VAT payment deferrals for firms and £330 billion worth of government backed and guaranteed loans to support businesses. The Chancellor has also announced a Bounce Back Loan scheme to help small businesses access loans of up to £50,000, with a 100% government-backed guarantee for lenders.

Thank you for sending a copy of your letter to the Financial Conduct Authority (FCA). For tourism businesses who believe they have the appropriate insurance but are being declined, we advise that they first consult the FCA’s pages on insurance and Covid-19. These can be found here [https://www.fca.org.uk/firms/insurance-and-coronavirus-our-expectations](https://www.fca.org.uk/firms/insurance-and-coronavirus-our-expectations). The FCA rules require insurers to handle claims fairly and promptly; provide reasonable guidance to help a policyholder make a claim; not reject a claim unreasonably; and settle claims promptly once settlement terms are agreed.

In addition, the FCA has said that, in light of Covid-19, insurers must consider very carefully the needs of their customers and show flexibility in their treatment of them. The government is working closely with the FCA to ensure that the rules are being upheld during this crisis. If
individuals feel that they have not been treated fairly - for example, that their claim has been rejected unreasonably - they should first make a formal complaint to their insurer.

If they then feel that their complaint has not been dealt with satisfactorily, they can refer the matter to the Financial Ombudsman Service (FOS), an independent body set up to provide arbitration in such cases. The FOS can help micro-enterprises with annual turnover sheets that do not exceed €2 million, and small businesses with turnover that does not exceed £6.5 million. The decision of the FOS is binding on insurers up to £350,000.

Thank you again for raising this issue with me.

Nigel Huddleston MP
Parliamentary Under Secretary of State for Sport, Tourism and Heritage