

# How to fill out your turnover declaration

Your insurance premium is based on the estimate you provide us for the value of insurable sales over 12 months.

However, at the end of the policy period it's likely that your predicted and your actual insurable sales are two different numbers. In a Turnover Declaration, you tell us the true value of your insurable sales and we use this to calculate the exact premium due for the previous year.

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## Why is it important?

At the beginning of your Policy, we charge a premium based on your expectations for business in the coming year. But your actual sales could be more or less, depending on how the business has performed in that time.

If your sales are higher than expected, we will have covered a greater value than forecasted and we will send you an invoice for additional premium. If your sales are lower, then we will have covered less than expected and will reimburse part of your premium, capped at the minimum premium specified in your Policy Schedule (usually 90% of expected premium).

## Example

Let's say your expectations for business next year are £20 million and your premium rate is 0.2%, so your premium is £40,000 premium. Your minimum premium would be: £40,000 x 90% = £36,000.

### Scenario A

Sales higher than expected  
You end the year with a  
turnover of **£25 MILLION**

**£25 MILLION X 0.2% = £50,000**

50,000 is higher than your  
premium of £40,000 so you will  
pay additional premium.

### Scenario B

Sales lower than expected  
and above minimum premium  
You end the year with a  
turnover of **£19 MILLION**

**£19 MILLION X 0.2% = £38,000**

£38,000 is below your premium  
of £40,000 but higher than your  
minimum premium of £36,000  
so we will reimburse  
£40,000 - £38,000 = **£2,000.**

### Scenario C

Sales lower than expected  
and below minimum premium  
You end the year with a  
turnover of **£15 MILLION**

**£15 MILLION X 0.2% = £30,000**

£30,000 is lower than £36,000  
so we will reimburse  
£40,000 - £36,000 = **£4,000.**

A Turnover Declaration is important because it helps us calculate the true value of your Policy, so you pay a fair price for cover. Because of this we must receive completed declarations in order to continue providing credit limits and settling any claims.

**2****Who must fill out a turnover declaration?**

Your Policy Schedule will tell you if you need to complete a form and we will send it to you when it's time to do that. Not all businesses have to complete a Turnover Declaration: For example, companies on fixed premiums don't. These are generally smaller businesses that do not trade in international territories.

**3****What do I have to do?**

Towards the end of your policy period, you will be sent a [Turnover Declaration form](#). You will need to return this within 60 days (or 90 days for a Contractor policy). Your Policy is at risk if declarations are not provided.

The form is relatively simple, but it's important to complete it properly with all required information.

You just need to enter the insured turnover you have achieved against each country you do business with. Insured turnover refers to sales covered by your premium. It's not necessary to include uninsured sales such as cleared funds on or before delivery, government contracts or business with organisations we haven't covered.

**4****What information should I include?****The value of goods and/or services supplied**

This should be for any business conducted between the dates shown on your form (inclusive). It should be the full insurable turnover of your company and joint insureds on your Policy. Please don't reduce the figure by adding credit notes or rebates as we covered the full amount when the invoice was raised.

**Currency**

You need to write the amounts in the currency shown on the form.

**Countries**

You should declare turnover for every country that is endorsed to your Policy. Conversely, please don't add countries that are not covered by your Policy with us. If you'd like to insure new countries, contact Customer line.

**How the figures break down**

UK sales should be separated according to UK local sales and UK indirect export. UK indirect export means sales where the goods, once sold, are immediately exported and treated as exports for the purposes of insurance premium tax (IPT). For example, you are selling to a UK customer but shipping products overseas.

This information is important as it helps us charge the correct amount of IPT.

If you or your joint insureds have a trading presence in EU countries, your final declaration will appear in two parts. In the second part, we ask you to break down insurable turnover for each location for IPT purposes.

The form includes a section for each country in which you have reported a trading presence. By trading presence, we mean an "Establishment", widely defined as any Head Office, subsidiary, branch, agency or permanent presence. An example of a "permanent presence" is a representative office which is managed by your own staff or by a person who is independent but has permanent authority to act for you as an agency would.

**5****What do I leave out?****Sales not covered by us**

That's any sales not falling under your Policy; for example non-credit transactions, sales to your subsidiary or associate companies, business with the UK government and sales to other public customers (unless we have expressly covered these).

You can also leave out sales made to an insured customer after your cover has been refused or withdrawn.

VAT should not be included unless specifically covered under your Policy, and you can leave out sales secured by a Confirmed Irrevocable Letter of Credit. If your Policy does not include political risk cover, you may also omit unconfirmed Irrevocable Letter of Credit business.

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### Common mistakes

We all make mistakes, and while we have taken great pains to make our Turnover Declaration forms as simple as possible, there's always a margin for error. To help you avoid mistakes, here's a list of the most common errors we see in returned forms:

#### The wrong kind of turnover

Probably the most regular error we see is when total turnover is quoted instead of insured turnover. Remember that your declaration should only include sales covered under your Policy.

#### Missing figures

When you complete the form, check that you haven't added a zero off your insurable turnover, for example, or forgot to write the total sales figure on the final page of the form.

#### Multiple sections

You may need to complete a Turnover Declaration that is composed of more than one part. For example, in cases where you have declared establishments in other countries. Don't copy the information of the first part into the second or leave the second part blank (see above 'What information should I include').

#### Unendorsed countries

Only include countries that are endorsed to your Policy.

### Any questions?



#### Customer Line

UK 0844 893 0000

Ireland 01 525 5555

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