

Towergate Lloyd & Whyte Winter Newsletter 2007

Welcome to Towergate Lloyd & Whyte's winter 2007 newsletter. The newsletter has been designed to provide you with useful information relating to the agricultural industry.

Nick Hatch - Managing Director Towergate Lloyd & Whyte

Grain Prices Increase

The poor weather conditions earlier in the summer and world demand for food and bio fuels has seen a considerable increase in the cost of arable crops and animal feed. Grain prices have all but doubled this year and hay and straw prices have rocketed in view of the anticipated shortages, leaving many farmers feeling the pinch once again.

On a positive note farmers involved in the production of crops who have managed to escape the impact of the poor weather conditions should find themselves in a healthier position and possibly benefiting from better than expected returns.

As a consequence of this increase in values, it is very likely that sums insured for crops, feed etc. under a farm insurance policy will be out of step with the sums agreed during the previous farm insurance review. This could impact on the level of cover arranged should a claim arise, for example if stored feed or crops were lost in a fire at one of your storage barns or outbuildings. The repercussions that a claim of this nature generates inevitably knock on to replacement of any crops or feed lost.

Towergate Lloyd & Whyte urge farmers to check the effect of these price increases against the adequacy of sums insured for policies covering both the Material Damage section (consumables for feed) and under the Consequential Loss Revenue section (crops for sale).

It may be comforting to know that the cost of increasing sums insured for these items is minimal compared with the effects of under-insurance in the event of a serious fire. Towergate Lloyd & Whyte is happy to provide a review and advice to clients or prospective customers who may have concerns that they may be affected by this development.

Disaster Planning

The state of the weather in the UK during 2007 has been a constant topic of debate amongst the agricultural community and the only thing that seems certain now is that we can expect more of the same over the coming years.

But what exactly can be done about this if you are a farmer and have the headache of trying to manage land, crops and livestock in an increasingly unpredictable climate.

It is possibly too easy to suggest that farmers learn from past or recent weather events, however this is a good starting point. Understanding your chances of being flooded for example, will assist in preparing and planning for when the worst happens by being able to make decisions on future use of land or where to erect new buildings.

Farmers do not normally have the benefit of storm or flood cover in respect of livestock and the same applies to grain and crops in store unless the buildings are specially constructed. In the recent floods even small bridges have been washed away and it is not standard practice for insurers to include cover without a specific extension in the policy wording.

Grain and other arable crops can be insured against hail damage but there is a seven day deferred period so cover cannot be taken out based on today's weather forecast for tomorrow.

The Environment Agency and or Local Authority should be able to assist if you have concerns over drains, watercourses, streams and rivers. Heightened awareness following the nationwide flooding in July makes it an apt time to call your local representative to find out what they are doing in your area and to report any concerns that you have.

Another area to consider is disaster planning. Whilst you may not wish to consider the multitude of things that could go wrong with your farm, it is generally accepted that a commercial business should have some form of business continuity plan to cover disaster recovery. The reality is that many businesses simply never recover following a major loss, many going out of business due to unforeseen additional expenses.

The agriculture industry has been blighted by several major events in the last few years, including Foot and Mouth, BSE and extreme weather conditions to name but a few, so is it really that much to ask farmers to start to think about and plan for similar events over the coming years?

Towergate Lloyd & Whyte is happy to help with your risk review process, please contact us should you have any concerns that you would like to discuss in more detail.



Win A Luxury Hamper*

Towergate Lloyd & Whyte are offering you the chance to win a luxury hamper.

Simply ask for a FREE no obligation quote for your Farm or Motor Fleet insurance by completing your name, address and insurance details below. Then return by FREEPOST or hand it in at one of the Farm Shows.

* Terms and conditions apply

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For your chance to win a Luxury Hamper simply fill in the form below:

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Address: _____

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Where did you hear about us? _____

Please indicate the insurance cover you would like a FREE no obligation review for:

Insurance Type	Renewal Date	Insurance Type	Renewal Date
Farm Combined	_____	Commercial	_____
Motor Fleet	_____	Motor	_____
Engineering	_____	Household	_____
Disease Risk	_____	High Value Property	_____
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Name: _____

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If you would like to recommend more than one person then please call us 01823 625503

Contact us on:

Tel: 01823 625501 Fax: 01823 625575

E-mail: lloyd&whyte@towergate.co.uk Web: www.towergatelloyd&whyte.co.uk

Terms and Conditions

- No purchase necessary.
- The free prize draw is open to all UK-Residents aged 18 or over excluding employees and family of Towergate Lloyd & Whyte and Whyte Farm Insurance or Towergate Underwriting Group Limited and other parties administratively involved in this promotion.
- Entries must be on the form provided and handed to a representative of Lloyd & Whyte Farm Insurance at the show or returned by FREEPOST.
- Only one entry per person.
- The winner will be the first name selected on 30/05/08 and will be notified by post within 7 days.
- The winners name will be disclosed on application to Towergate Lloyd & Whyte Farm Insurance.
- The prize is a Fortnum & Mason Hamper.
- No cash or other alternative will be offered.
- The Judge's decision is final, no correspondence will be entered into
- The winner must agree to their name and photograph being used for promotional purposes.
- The hamper image is for display purposes only and may not match the actual prize.

Data controller for your personal data is Towergate Lloyd & Whyte Farm Insurance, part of Towergate Underwriting Group Limited.

If you do not wish to receive further information on Towergate products or services, please tick



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TOWERGATE LLOYD & WHYTE
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Show Wash Out

One of the really disappointing side effects of this year's poor weather and other major events has been the cancellation of several major farm shows.

Normally we use the shows as an opportunity to meet clients face to face and offer a welcome break from the hustle and bustle with some light refreshments.

This year we have missed out on the South West Dairy event, The National Dairy Event, The Royal Smithfield Show and The Okehampton Show.

It's especially disappointing for us as this would have been the largest number of shows that we would have attended in a year. We always find that the shows offer a great chance to farmers and related trades to meet up and share news and the loss of these events is a major blow.

The Dairy Show has been reorganised for 30th January and we intend to send out details of where our stand will be nearer the time.

Other shows that did go ahead, proved to be a major test of resolve with the Honiton show in particular ending up as a mud bath with many people being towed out of the car park facilities at the end of the day. Despite this it was great to see so many clients at this show and a great sign of the resilience that exists in the agricultural industry.

We look forward to catching up with those of you who missed us this year sometime in 2008 – let's keep our fingers crossed for better weather!

The Tenant Farmers Association

I am pleased to advise that our long standing relationship with the TFA continues and one lucky member – Mr R Smith from Yorkshire, has just won a year's free insurance paid for by Towergate Lloyd & Whyte as part of our joint 2007 prize draw.

Anyone interested in becoming a TFA member should speak to the membership co-ordinator on 0118 930 6130 or if you are an existing member with a query or concern, please call George Dunn on 0118 930 6130.

The TFA's longstanding chairman – Reg Haydon OBE will be standing down shortly after many years successfully lobbying the government and other bodies on farming issues on behalf of not just tenant farmers but the agricultural industry as a whole. We would like to wish him a happy retirement and thank him for his hard work during his time as chairman.

Prize Draws

This year we have had several prize giveaways which you have entered in your numbers either whilst at the shows we have attended or by simply sending our prize draw leaflet back in the post. We're pleased to announce the winners as follows:

Motocoemi Quad Bike – Mr K Parris, Honiton
Sheep Feeder – Mr M Coates, Saltash
Champagne (provided by Clydesdale Bank) –
Mr M Trim, Gillingham & Mr C Spiller, Cullompton



Mr M Trim, Gillingham
Winner of the Champagne



Mr M Coates, Saltash
Winner of the Sheep Feeder



Mr K Parris, Honiton
Winner of the Quad Bike

Can you protect your assets against Capital Gains Tax increases?

The proposed Capital Gains tax changes mean that after 5 April 2008, Business Asset Taper relief which reduced Capital Gains by up to 75% will be abolished. Although the tax rate for Capital Gains is being reduced to 18%, this is much greater than the effective tax rate of 10% for business assets. In addition to this, indexation which previously gave relief for inflation is to be abolished, so land that has only increased in line with inflation, and has not increased in value in real terms, will now give rise to a Capital Gain if sold after 5 April 2008.

Many people are considering ways to "bank" indexation and the reduced rates now, before the rules change in April 2008. While there are several solutions, a particularly tax effective route is to use a pension scheme, such as a Self Invested Personal Pension (SIPP) or a Small Self Administered Scheme (SSAS). Assets such as commercial property and land can be owned by pension funds, and they can be transferred to a pension fund as a contribution "in specie". This transfer will trigger any capital gain on the asset, but indexation and Business Asset Taper relief will reduce the gain. If your Annual Exemption has not been utilised elsewhere, this can also be offset against the gain to reduce the tax further.

The asset is transferred into the pension fund, and treated as the net contribution. You are then able to claim higher rate tax relief (which could be used to fund any capital gains tax on the asset), and any future growth in the value of the asset is tax free within the pension fund. Your business then rents the asset back from the pension fund, which is fully tax deductible for the business, and tax free in the pension scheme. When you come to retire, you can take 25% of the pension fund as a tax free lump sum, which could potentially be the original asset that was transferred in, and the remainder can be used to provide you with an income in your retirement.

Old Mill Financial Services have a specialist pensions team who can assist with the setting up of a pension scheme, and work with our tax planning team to make the most of the tax reliefs on offer. However if you are looking to make the most of existing rules, you will need to act quickly, as all transactions will need to be completed by 5 April 2008. For more details please contact Catherine Vickery, Rural Tax Specialist at Old Mill on 01935 709381.

Employee Profile

Name: Sharon Newton

Title: Account Handler

Contact Details:
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Sharon.newton@towergate.co.uk

History:

Sharon has 25 years insurance experience. She previously worked for Hill House Hammond as a Personal Lines Account Handler before deciding to further her career by joining Towergate Lloyd & Whyte in 2004.

Out of the office Sharon enjoys swimming, keeping fit and spending time with her family.

