



## Protecting your business

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## Important Information



- **NFU Mutual is The National Farmers Union Mutual Insurance Society Limited (No. 111982).**
- **Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority**
- **Registered in England. Registered Office: Tiddington Road, Stratford upon Avon, Warwickshire CV37 7BJ.**
- **A member of the Association of British Insurers.**



## Liability Insurance



## Covers to discuss



- **Employers' Liability**
- **Public and Product Liability**
- **Directors and Officers**
- **Business Interruption**

With all of the various liability covers available there has to be a legal liability on the policyholder before any damages are paid to a third party. Insurers and their experts spend time investigating incidents and accidents to establish if there is a legal liability.

# Employers Liability Insurance



- **Cover required by law**
  - Injury or disease to employees arising from employment
  - £5m minimum level of indemnity
- **Who do you need to cover??**
  - Family members
  - Volunteers
  - Work experience students
  - Casual labour
- **Other benefits**
  - Access to rehabilitation
  - Minimise business disruption



All employers are required by law to insure against liability for injury or disease to their employees arising out of their employment. It is a compulsory insurance in the UK and the minimum level of indemnity is £5 million, including costs.

What is an employee? According to legislation, certain classes of workers don't need you to have employers' liability cover for example your spouse and children BUT they can still bring a claim against the business so it is advisable to have the cover. You may have volunteers helping out or may have some students on work experience – neither are paid but both need to be insured. Perhaps you bring in casual labour at certain times of the year. If you are directing what the worker is doing and providing equipment, they could be classed as your employee and could make a claim against the business if they are injured at work.

For serious accidents, both the business and injured party would want to be in a position to claim on the insurance, not least to access expertise such as a rehabilitation programme. Rehabilitation can help you keep your business profitable by getting your injured employees back to work and minimising disruption to your business.

## Public & Products Liability Insurance



- **Risk Assessments**
  - Slips, trips and falls
  - Fire risk assessment
  - Food safety (HACCP)



- **Improve or remove risks**
  - Unknown risks are transferred to your Insurer

- **Risks include**
  - Visitors hit by vehicles on busy sites
  - Guests falling over on uneven floors
  - Visitors injured by unprotected machinery
  - Children injured in Play Areas



If a person not connected with your business is injured or their property is damaged, the public liability insurance will provide cover if the accident was due to your negligence. As I explained before, the insurance company will investigate to establish if you were negligent and your policy includes these investigation costs.

A really important step for all businesses is the assessment of risks. Assessing risks to remove them where possible, or take action to improve them, means that the unknown risks are transferred to the Insurer.

Slips, trips and falls are one of the most common causes of injury and Risk Assessments are particularly important where visitors will have access to your premises.

## Products Liability Insurance



- **ANY product sold or supplied by your business**
- **Importance of risk assessments**
- **Not compulsory, however key benefits are:**
  - **Cover for investigation costs into defective products**
  - **Support should the worst happen**

Product liability relates to any product sold or supplied by you. Risk assessments are vitally important for food manufacturers.

If the product is defective and this causes injury to a third party or damages their property the insurance cover will provide an indemnity and cover the investigation costs. Incidents of large numbers of people having food poisoning for example is a risk that can be improved but the Insurer will still be available to help should the worst happen.

## Directors and Officers (D&O)



- **Who should have D&O cover?**
  - Limited companies, partnerships, limited liability partnerships
  - Senior employees - Director, Officer, Supervisor or Manager
- **What does it cover?**
  - Protects personal wealth
  - Financial protection for claims against decisions / errors in role
  - Additional to legal expenses cover

D&O cover provides financial protection for individuals where a claim is brought personally against them due to decisions taken or errors made in their role as Director, Officer, Supervisor or Manager. This cover is for senior employees in Limited Companies but it is also important for partnerships of all types, including limited liability partnerships. It protects the personal wealth of those responsible in running the partnership or company. This liability cover does not require a person or animal to be injured or for property to be damaged.

Claims that are covered under a D&O policy are not just made against large global plcs and corporate companies. Claims can be made in a variety of circumstances and the Insurer can react quickly for the most serious incidents, such as providing support to a Director being questioned under caution by the Police; following the death or serious injury of an employee.

Although many businesses have Legal Expenses insurances we always recommend D&O cover too. Faced with a career and lifestyle-changing crisis the senior managers may not want to rely on a legal expenses policy.



## Insurance Fraud in the UK



£2bn  
Annual cost of undetected general  
Insurance claims fraud

Adds £50 to the  
annual costs of  
insurance for the  
individual  
policyholder

Source ABI & Insurance Fraud Bureau Nov 2012

The Association of British Insurers (ABI) estimates undetected general insurance claims fraud totals £2bn a year. This adds on average £50 to the annual costs individual policyholders face, on average, each year.

Source IFB Website Q&A 22 Nov 2012

[http://www.insurancefraudbureau.org/files/misc\\_pdfs/ifb\\_crash\\_for\\_cash\\_report\\_online.pdf](http://www.insurancefraudbureau.org/files/misc_pdfs/ifb_crash_for_cash_report_online.pdf)



## **Business Interruption**



Business Interruption covers businesses against loss of profit or income that can occur following an insured loss to their property. A claim begins from the time of the loss and continues until the time that the business is back up and running at its pre loss state, subject to an adequate sum insured and maximum indemnity period.

## Business Interruption



### Considerations

- How long will the income take to recover
- Any specialist items of machinery
- Obvious risks - Fire, Storm and Flood
- What other types of catastrophic loss would affect your business?
  - Machinery breakdown
  - Computer breakdown
  - Cyber attack
  - What sum insured will be adequate

Business Interruption is possibly the most challenging cover to get right. It is easy to underestimate the time necessary to rebuild the business which will impact the length of time the income will be affected. Repairs and renovation can in some instances take over 12 months to complete after a serious fire.

It is important that the sum insured and indemnity period are sufficient to provide the protection you need following a major loss.

Being able to keep your employees on the payroll whilst the business recovers, relocating some aspects of the business to continue trading so existing customers are not lost are all benefits of the cover and often loss adjusters are instructed who will be able to provide practicable advice to keep the business "afloat!".

With the recent floods we have also found that businesses have underestimated the amount of time it takes to recover customers once the building/stock is dried out or replaced.

Machinery breakdown is often a risk that is overlooked and, as mentioned before, Cyber insurance is available which can be extended to include loss of profits due Business/Network Interruption as a result of a material interruption to the insured's network, after a denial of service attack or network security breach.

## Summary



- **Risk Assessments can improve liability risks**
- **Check with your insurance adviser**
  - **Indemnity limits for EL, PL and Products**
  - **D&O cover**
    - **for claims regardless of their prospects of success**
    - **protecting personal wealth of senior employees and partners**
  - **Cyber Insurance**
  - **Indemnity period and covers for Business Interruption**
- **Report claims as quickly as possible to get support and expertise from your Insurer**

Discussing your business needs with your insurance advisor is time well spent. If the worst happens you can be confident that the Insurer will step in and a review of your indemnity limit will give you peace of mind that the money won't run out.

There are a few things to check with your insurance adviser and also consider Risk Assessments to improve the liability risk particularly where the public have access.

And don't forget to report incidents as quickly as possible so that your Insurer can provide support and investigate liability matters quickly.