



INSURANCE & RISK MANAGEMENT

COVERNOTES

Summer 2010



EVERY CLOUD...

Not every cloud has a silver lining as the recent eruptions of Volcano Eyjafjallajokull have proved. This Icelandic landmark has caused substantial delays and disruption to business and leisure travellers alike. The length of time the ash cloud will disrupt the air routes across Europe is unknown, but some experts suggest that activity may continue through the summer months and possibly beyond.

While the volcano remains active and continues to pour we seem to be at the mercy of the prevailing weather systems. Those that were affected simply had to wait for the weather patterns to change or attempt to find an alternative method of travel. Both routes proved costly and expenses soon mounted up, with many travellers hoping that their travel insurance would cover them.

Insurance generally evolves in response to specific events where society suffers a fortuitous loss as a consequence of the event. For example the universal availability of fire insurance in the U.K. came about as a consequence of the Great Fire of London. Unfortunately, in this case, underwriters had not contemplated volcanic ash causing such wide spread disruption.

While travel insurance policies are not intended to cover 'all risks' the extent of cover does vary between insurers, and indeed, between those policies specifically designed for the business policyholder and its travelling staff and those 'off the shelf' policies designed for travellers who buy cover via the Travel Industry and elsewhere.

It is well reported that many travellers did not get their claims paid principally because many 'off the shelf' policies do not include 'adverse weather conditions' or 'natural disasters' as one of the insured events. For others, certain insurers liberally applied the usual exclusion of 'Orders or Regulations made by any Public Authority or Government' (i.e. the Civil Aviation Authority banning flights), and in circumstances where the traveller did not even book in at the airport, the 'Disinclination to Travel' exclusion, as a way of avoiding claims. Many of the policies that did pay claims were arranged for business travellers by their employers.

To remove doubt, some insurers are looking to include 'volcanic eruption' as a specified 'insured event'. But if ash clouds from Eyjafjallajokull continue disrupting air travel all insurers' positions may change; we cannot guarantee that even those insurers who currently apply a generous interpretation to their policies will not withdraw this on the grounds that subsequent losses are a consequence of an inevitable event. Currently some aspects of the claim may be subject to insurers' scrutiny so each claim is being examined on its own merit.

As many 'off the shelf' policies have been shown to provide inadequate cover we are ideally placed to advise on the best policies available to business travellers, and though premium levels may be higher than for basic products, we are confident that our recommended policy will provide far wider cover.

What is clear is that there is little agreement between travel insurers on claims payments and approach. Speak with us and we can keep you updated on the best policies and insurers' positions.

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NEW ROAD TRAFFIC ACT

The Ministry of Justice (MoJ) has introduced a fast track process for road traffic personal injury claims, valued between £1,000 to £10,000, arising from accidents occurring on or after 30 April 2010 in England and Wales.

The reforms to the Road Traffic Act aim to ensure that the process delivers compensation to the claimant as soon as possible and reduce legal fees inherent in prolonged negotiation. Insurers will have 15 days to accept or deny liability (previously 90 days) and once liability has been agreed, further strict timescales will apply throughout the claim process.

One leading motor insurer estimates the fast track process will affect 85% of motor personal injury claims*, mainly whiplash incidents.

The success of the reforms will of course be dependant on accurate and timely information being recorded at the scene of the accident, so what can you do to help?

- Report any road accident the day it occurs or within 24 hours.
- Gather as much evidence as possible at the time of the accident including photos of the vehicle positions, if possible.
- If you manage a motor fleet ensure processes are in place to update the Motor Insurance Database (MID). This will help to avoid the claim being sent to the wrong insurer, potentially delaying resolution.

* Allianz 2010

FREE SECURITY SYSTEM INSTALLATION



Every year the police struggle to control crime against businesses, a battle they find hard to win, particularly due to the lack of security protection installed by many companies.

Last year over half of all burglary offences were non-domestic, with over 280,000 incidents in England and Wales *. It is a sad fact that many businesses do not have adequate security to protect themselves against these burglaries, the price of which may be perceived to be out of reach. It is also recognised that 'bells only' security, the cheaper option, is restricted in its effectiveness, as it only offers a noise deterrent.

To exacerbate the problem, should a theft occur, many businesses don't have adequate insurance to protect themselves. Unfortunately this is a vicious circle as typically insurers only offer the best products and premiums to those that have a police response security system. Those that can afford to install this type of protection have reaped the benefits of reduced insurance premiums and increased cover, due to the risk reduction benefits they offer.

In recognition of this problem, and to help businesses become more secure, the Business Crime Reduction Unit (BCRU) has launched a security campaign. Its remit is to provide high quality affordable security and business monitoring systems to sole traders, micro businesses and small to medium enterprises in England, Wales and Northern Ireland.* *

The BCRU has made its entire monitored range of security systems free to install, which means that good quality monitored security has become more affordable. Installing better security should also mean that the insurance you need and want will become more easily available to you, as insurers will offer better protected businesses wider cover at more affordable premiums.

For further information about the BCRU Security Initiative and to apply please contact us or visit www.bcru.org.

*Home office Statistical Bulletin December 2009

**The Business Crime Reduction Unit (BCRU), was originally formed to work alongside Action Against Business Crime (AABC), originally formed as a partnership between the Home Office and the British Retail Consortium now an independent not for profit company. The free security system installation is available to all micro and SME businesses in England, Wales and Northern Ireland.

FIRE RISK INSPECTORS IN YOUR AREA

Local Fire Authority Inspectors are currently making visits to businesses in your area to check your Fire Safety Risk Assessments and compliance with legislation such as the Regulatory Reform Fire Safety Order 2005 (FSO).

A Fire Safety Risk Assessment helps determine the chances of a fire starting and the danger, in the event of a fire, that your premises present to your staff and the public. The Inspectors are concerned with ensuring that there are adequate means of escape and that warning systems are in place to alert those on the property. They are also concerned with the storage of chemicals and process machinery.

The FSO places a duty on a 'responsible person', usually the owner, employer or occupier of business or industrial premises, to carry out a fire risk assessment. If you are a tenant you should get your landlord involved in any remedial work, particularly if there are cost implications for improving or amending current alarms or replacing doors to meet fire break requirements. The installation of fire extinguishers and who carries this cost is a subject of debate. You will need to establish who is responsible for installing and maintaining these.

You may be responsible for the following aspects of fire safety:

- Carrying out weekly fire alarm and fire panel tests.
- Testing that the smoke alarms you have fitted on every floor are working.
- Completing an annual sprinkler alarm bell and water supply test.

An assessment template is available on the Health and Safety Executive (HSE) Website and it should form part of the general Health and Safety regime of any business.

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In addition, many insurers now require information on whether such risk assessments are carried out. This information may be crucial to renewing your insurance or searching for a better deal for you.

For practical advice and guidance please contact the HSE website or your local fire authority.



NETWORK OF THEFT

The increase in popularity of social networking sites such as Twitter, the Facebook® Platform and LinkedIn presents new opportunities for criminals misusing those sites.

A happy post sent from that beach bar in The Med or those holiday snaps posted to Facebook from the golf course in the Algarve can alert thieves that you are away from your home or business. Frequently, additional information posted on or available from the same sites can then assist in identifying the location of an empty property, making the target easy pickings for crime. So much so, that some insurers have started taking social networking activity into account when assessing claims.

The risk can be reduced by following some basic, common sense rules:

- Check your security settings on social networking sites so that only known friends or followers can access your updates.
- Tempting as it may be, try not to reveal your whereabouts in your posts particularly if you are away for an extended period of time.
- Limit the information that would enable someone to identify your place of residence, although this is less practical for a business where the purpose of networking is likely to be to attract trade.
- Review your security arrangements and systems, to deter or prevent crime as far as possible.

With a few sensible precautions, social networking can be a valuable business tool that need not put your business at increased risk.

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COME RAIN OR SHINE

Summer is here, the weather is predictable only in its unpredictability, and with true British optimism the corporate events have been organised.

Whether the event is as simple as a summer barbecue for clients or as complicated as a concert, it is worth considering the implications if things don't quite go to plan due to matters outside of your control:

- Non-availability of a venue or failure of key facilities such as toilets or safety equipment may mean that your event has to be cancelled.
- Adverse weather or disruption to travel services may affect guest attendance, reducing the impact of the event.
- Guest speakers or entertainers may let you down, requiring a last minute replacement.

The good news is that should the worst happen insurance is available to protect your business. Three key areas of insurance cover to consider are: **Cancellation** - if your event is cancelled due to something beyond your control, you will be covered for irrecoverable expenses to a pre-agreed limit. This can also be extended to include cancellation due to terrorism related events.

Property damage - covers for any loss of or damage to your property (or property you are responsible for) either at your event or travelling to and from it. Loss of or damage to the venue's buildings, fixtures, fittings and machinery can also be included.

Legal liabilities - provides cover if you have to pay compensation to a third party following accidental bodily injury or damage to their property for incidents happening during your event. Cover can also include injuries from food poisoning caused by food or drink served as hospitality by you. Insurance can also be placed for your legal liability for injury to your own and casual staff.

In addition to the above, extensions are available for adverse weather or entertainer's non-attendance. So while we can't guarantee the success of your next corporate event, we can help you to mitigate the cost if it does not go to plan. To find out more about event insurance, please contact us.

This newsletter offers a general overview of its subject matter. It does not necessarily address every aspect of its subject or every product available in the market. It is not intended to be, and should not be, used to replace specific advice relating to individual situations and we do not offer, and this should not be seen as, legal, accounting or tax advice. If you intend to take any action or make any decision on the basis of the content of this publication you should first seek specific advice from an appropriate professional.

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THE SUN HAS GOT HIS HAT ON



Many of us hope for a long hot summer but for companies that employ outdoor workers there are particular responsibilities that accompany the sunshine.

The weather can affect an individual's effectiveness and in extreme cases lead to health issues, so the Health and Safety Executive advise that a full risk assessment is carried out and suitable controls put in place.

EMPLOYERS CAN CONSIDER SIMPLE CONTROLS, SUCH AS:

- Rescheduling work to cooler times of the day.
- Providing more frequent rest breaks and shade for the rest areas.
- Providing free access to cool drinking water.
- Encouraging removal of PPE (Personal Protective Equipment) when resting, to assist in heat loss.
- Educating workers about recognising early symptoms of heat stress and changes to their skin.

Where appropriate, the use of PPE may be necessary. The use of PPE should only be used as a last resort and when consideration of all other controls have been exhausted.

PPE should be assessed to ensure it's suitable and is used correctly by employees. It should be used at all times employees are exposed to risk.

Of course, employees also need to take responsibility and recognise the risks. For those who work outside for long periods, their skin is exposed to more sun than is healthy, exposing them to harmful Ultraviolet (UV) rays.

Particular care is needed if skin is fair, freckled, burns easily or has a large number of moles. At the very least, too much sun speeds up the ageing of skin; at worst, it increases the chance of developing skin cancer.

TO PROTECT THEMSELVES, WORKERS SHOULD:

- Keep covered with suitable clothing. Wearing a close woven fabric, long sleeved top and jeans, or similar, will stop most UV rays.
- Wear a hat with a brim or flap that covers the ears and back of the neck.
- Stay in the shade when possible, especially at break times.
- Use a high factor sunscreen of at least SPF15 on exposed areas of skin
- Drink plenty of water to avoid dehydration.
- Check skin regularly for unusual moles or spots and refer to a doctor if anything changes.

These simple steps will ensure that outdoor workers remain safe in the sun.

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