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Covernotes

It is not just the extreme weather patterns which affect homes and businesses. Other external factors which threaten the survival of Small and Medium Sized Enterprises (SMEs) include: foot and mouth disease, avian influenza, petrol shortages, industrial accidents/incidents, industrial disputes.

How prepared are you in the event of having to close your businesses unexpectedly for 24 hours or more?

Research carried out by a UK insurer showed that:

- 60% of SMEs (between 1 and 5 employees) believe that closure for 24 hours would have an effect on their business
- 72% of companies (200+ employees) believe closure for 24 hours would have an effect on their business
- 74% of SMEs (between 1 and 5 employees) have a business continuity plan
- 31% of businesses (200+ employees) do not have a business continuity plan

Source: Professional Broking February 2006

Businesses believe that a closure of just one day would have an impact on their business. They need to do more to prepare against the threat posed by external events by preparing a Business Continuity plan and arranging Business Interruption insurance. While fire is the most common cause of business interruption, you need to realise that the risks you face are not just confined to bricks and mortar.

Closing your business can lead to loss of reputation, loss of staff, failure to meet regulatory requirements and most importantly, the long term loss of customers.

Think the unthinkable and make intelligent and realistic business continuity plans

Thinking about how your own business would operate if you could not use your normal premises, could be time well spent in the long run.

All businesses should review the issue of Business Continuity as part of identifying gaps in their risk management.

Case Study

Many of the victims of the Buncefield oil depot blasts have taken their battle for compensation to the High Court and some 2,700 claims that could be worth millions of pounds have been filed by residents, businesses and insurers.

A courier business suffered a 20% drop in turnover because of the explosions, resulting in losses of between £300,000 to £400,000. The company was located in offices on an industrial estate 400m from the depot. The company had to move premises after the blasts, as did many other businesses that were clients of the company. Some clients have since left the region, causing a slowdown in trade for many local businesses.

Source: BBC News 17th March 2006

Contact us to help you review your business continuity exposures.

Do You Know What You Are Covered For?

Since October 2005, a major initiative has been underway. The UK insurance industry launched the **Contract Certainty Code of Practice**, which sets out the principles for ensuring that all parties to the insurance contract have clarity over the detail of the coverage. The Code also sets out the timescales for the dispatch of formal "evidence of cover", such as the insurance policy. In brief, it means that there will be:

"complete and final agreement of all terms between the insured and insurers before inception of cover".

This industry Code has been jointly compiled by the Association of British Insurers (ABI), The British Insurance Brokers Association (BIBA) and the Institute of Insurance Brokers (IIB). Whilst the Code took effect in October 2005, full compliance by the industry is not anticipated until December 2006. Therefore you will see the impact of this new Code become clear over the next few months as the industry gears up to this.

How will you benefit

The process of arranging correct cover has already been subject to some change, as the requirements of the Financial Services Authority mean that you are now provided with greater details regarding our status as your broker, and the cover we arrange for you. The industry Code of Practice builds on these mandatory provisions by ensuring you will be provided with full information regarding the policy coverage before your policy comes into force. The practice of arranging the finer details of cover after inception for some cover programmes will no longer continue. This means there can be no doubt over the cover you have in place. Any amendments to the cover after inception will be agreed as separate adjustments to cover.

As a result of these changes you will also receive your insurance documents faster than previously. The Code of Practice requires that your full evidence of cover be dispatched to you within 30 days of inception or renewal, where your insurance contract relates to commercial cover. Where you require cover in your capacity as a private individual, (the most common examples of these would be personal

household or motor cover), the evidence of cover will be dispatched to you within five working days of inception or renewal.

The requirement for the industry to implement the Code of Practice will bring about fundamental changes in the way that your insurance cover will be processed by us, your broker, and the insurers we arrange cover with on your behalf. For example, new IT systems have been developed and implemented to track and monitor performance in achieving the standards set out in the Code of Practice.

How will you be affected

Some things, such as the IT developments, will be invisible to you. However, you will notice that we will need to have our discussion with you earlier than had perhaps previously been the case. The reason for this is that, in order to meet the requirement to ensure there is full clarity regarding the nature of cover you require prior to inception, we need to ensure that we present the insurer with the complete picture regarding your business and the type of insurance protection you require. This means that we need to provide this

information to insurers earlier in order for them to provide clarity of what their policies will cover. Previously we may have obtained basic details about your risks from you prior to the start of cover and followed up with further information requests from insurers at a later date.

What part can you play

You have an important part to play in the process. By engaging with us sooner, we can capture the full set of information required to enable us to provide you with the details of cover at the quote stage, before inception. Those details will allow you to make an informed choice about the different options and covers available to you. Juggling the insurance review with the demands of your business is always going to be a challenge but by working with us to these new timescales, you will be making an important contribution to the increased efficiency in the risk protection of your business.

If you would like to know any more about Contract Certainty, please contact us.

Staff: your most valuable asset?

People - It may be a cliché, but a business' most valuable assets really are its people. What if an accident caused serious injury, or even death, and key personnel were unable to contribute to your business's success?

Without your people, you may have no manufacturing, sales or admin support, no revenue and potential loss of new and existing orders - a recipe for disaster!

Employees can be protected

There is a specific insurance cover which can be taken out by a business or individual to cover the loss of life and limb. It can act as a safety net if a member of staff has an accident or illness.



If an employee is killed or seriously injured, Personal Accident insurance can cover the costs incurred to keep the business running. It can also satisfy obligations that may be part of an employment contract and can be an attractive addition to a competitive benefits package when recruiting staff.

We can also provide cover for key personnel and offer you advice on the best insurance and risk management programme for your business.

Truck Cargo Crime



Below is a list of 5 tricks of the trade taken from actual crime reports of UK and European police forces.

If you are connected with the movement of freight in the UK and Europe, be on your guard.

1. The Insider Trader

Approximately 10% of cargo theft is in some way connected to 'organised crime', the majority of which involves information being supplied by employees. Information regarding shipments, values and commodities should not be left unattended. Employees should be warned about discussing business outside work regarding assignments and routes.

2. The Barn Door Scam

A truck driver stops at traffic lights and is signalled by a passenger in an adjacent car that his trailer door is open. Acting on instinct the driver jumps out of his cab leaving the engine running, to check the rear doors. The passenger from the car gets into the cab and drives off.

3. The Sleeping Beauty

Drivers are often under the misapprehension that their load is secure when they are parked in lay-bys or secure lorry parks to sleep. In a recent case, 44 fridge freezers were removed without the driver awakening. An alarming trend is where robbers spray a commercially available aerosol gas into the air intakes which has a narcotic effect causing the driver to sleep soundly.

4. The 'Round the Corner' Game

This is an old one, mostly used in the London area but also with some incidents elsewhere in the UK.

The 'Round the Corner' game is a simple theft by deception. There are a number of variations on this theme. For example, a consignment arrives at a planned destination and is met close to the drop location by staff dressed in the receiving company uniform or simply in a yellow reflective tabard and clipboard. The driver is asked to identify himself, and produce his documentation. He is told that there will be no docks free to off load for several hours, and that the load is to be cross docked to another vehicle as a temporary arrangement to avoid delays. The driver is persuaded by the idea of a quick turnaround and the friendly and thoughtfulness of the contact. The imposter has even been known to take the driver for a cup of coffee at a burger van whilst the transfer of cargo is taking place by accomplices.

Of course, the driver heads home and the cargo is never seen again.

5. The Careless Key Club

This alarmingly negligent trend, often appears on police truck theft reports. These are some examples:

- Driver leaves keys in the ignition whilst away from the cab,
- Driver leaves keys in jacket pocket and hangs jacket over the back of a chair or on a wall peg whilst stopping for a meal break.
- Depot staff leave keys hung up in the office for early collection of vehicle by driver the following day.
- Driver leaves keys in a 'hiding' place within the cab

Relying on your hauliers or suppliers insurance may not cover the full value of your goods. For details of insurance options available please speak to us.

Source:

CNA Insurance, Truck Cargo Crime Flyer 2006



New Laws Could Catch You Out!

Age Discrimination legislation is set to come into force on 1 October 2006. Experience from previous anti-discrimination laws such as race and sex may lead us to expect that plenty of people both young and old will be looking to take advantage of their new rights.

In advance of the arrival of the new legislation it might be advisable to audit your employment practices to see whether they are discriminatory on the grounds of age. Additionally, you should ensure that your insurance arrangements cover your costs in the event that you need to defend a claim of age discrimination. Either a Directors and Officers or a Legal Expenses policy should do this, and you should discuss your current arrangements with your broker to ensure that you are properly protected.

Speed Cameras

According to Origin Technologies, manufacturers of the Origin b2 driver safety and information system:

During 2005:

- 622 new cameras were added to its database
- 267 were removed/deleted
- 113 camera locations changed in some way (usually a speed limit change)

During Q1 of 2006:

- 81 cameras were added
- 30 cameras were deleted
- 10 camera locations changed

Source: Origin Technologies 7th March 2006



Fleet Companies Beware!

Over one third of accidents on UK roads involve someone who is working at the time, which every week translates to 20 deaths and 250 serious incidents.

The Health & Safety Executive clearly states that employers, managers or supervisors with staff have the same duty of care when they are driving, or riding a cycle or motorcycle at work, as they do when an employee is on the premises. This duty of care should go above and beyond the simple road worthiness of vehicles and applies to on the road activities. Some employers believe, incorrectly, that complying with certain road traffic law requirements e.g. company vehicles have a valid MOT Certificate, and that drivers hold a valid driving licence is enough to ensure the safety of their employees, and others, when they are on the road.

You need to consider what steps you should take to ensure that your employees use the road as safely as possible.

For more information visit www.hse.gov.uk/pubns/indg382.pdf

Top 10 weirdest insurance claims received by a leading UK insurer in 2005:

- 1 A frozen squirrel fell out of a tree and crashed through the windscreen on to the passenger seat
- 2 The car was parked when a reindeer fell on the bonnet of my car
- 3 As I was driving round a bend, when one of the doors opened and a frozen kebab flew out, hitting and damaging a passing car
- 4 A herd of cows licked my car and caused damage to the paintwork
- 5 A zebra collided with my car when I was at a safari park
- 6 While I was waiting at traffic lights, a wasp went down my trouser leg which made me hit the accelerator and prang the car in front
- 7 I couldn't brake because a potato was lodged behind the brake
- 8 My parked car was hit by a bull which had escaped from an agricultural show
- 9 A cow jumped on my quad bike
- 10 As I came over a hill, I hit a cow in the middle of the road, which then hit the bonnet and shattered the windscreen with its rear end. (The cow survived).

Who owes you money?

In business getting paid is very important. The only 'good' client - so the phrase has it - is a paying client. However, a significant 40% of a company's assets, at any one time, are outside its direct control. This is because they reside in the sales ledger.

Credit insurance provides a business with protection against the risk of non-payment, or the failure of its customers to pay their trade credit debts. Such a debt can arise as a result of a customer becoming insolvent or because it fails to pay within an agreed credit period.

This type of insurance is suited to all manner of companies, regardless of whether they trade nationally or internationally, and in all sectors from manufacturing to services.

In terms of size cover is suitable for annual turnovers of £250,000 right through to the turnovers of the largest multinationals.

Credit insurance policies can also offer insurance cover before the credit period has begun. This is particularly valuable to those companies that have a lengthy manufacturing period or trade in bespoke goods.

When exporting, the political position of a country can be a very real threat to non payment or indeed can stop the goods reaching their intended destinations once they have left the UK. This is also insurable and sometimes even at a higher indemnity than the credit aspect of a policy, invaluable when seeking peace of mind.

Contact us for a quote.

This newsletter contains a general overview of the UK SME insurance market based on our understanding as insurance brokers and risk consultants. It is not intended that it be used, and should not be used, to replace specific advice relating to individual situations. In particular, we do not offer either legal or accounting advice.

Whilst we endeavour to provide accurate and up to date information, we cannot guarantee this and you should not rely on the information contained in this newsletter without seeking further more detailed advice to suit your particular needs.

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