

Insurance Guide For Business.

Protecting your business is an absolute necessity and in one or two areas a statutory obligation. It is essential that you choose the right policies and extent of cover to comply with legislation.

- What covers you are required to have by law?
- What covers should you carry as a minimum?
- What additional covers are available to ensure your piece of mind for all aspects of your business?

This guide will provide you with the basic facts and help you to decide what covers you want to apply for.

If you are new to setting up a business it is likely that your experience may only be limited to insuring the family home, car, pet and travel. Because each business is different the exposures and covers provided are more varied.

Huber Dixon Insurance Services Ltd is an independent insurance broker with access to all markets. We specialise in providing impartial advice on all aspects of your insurance requirements and would be happy to review your current arrangements and future needs.

Please contact us on 0845 430 5430 or email info@huberdixon.com to arrange an appointment or simply ask a question.

Section 1 : Cover Required by Law

1. Road Traffic Act

Most people are aware of the necessity under the Road Traffic Act to have a minimum of Third Party Liability cover, without which it is illegal to take a public vehicle onto the public highway.

- Third Party only covers the policyholder's liability for injury or property damage to a third party.
- Third Party Fire & Theft extends cover from above to include loss to the policyholder's vehicle as a result of fire and or theft.
- Comprehensive is the widest cover available with loss and or damage cover extended to provide all risks of physical loss or damage to the policyholder's vehicle.

2. Employers Liability Insurance

The Employers Liability Act 1969 makes it compulsory for an employer to provide Liability cover for work related accidents/illness to their staff or any person under their direction (e.g. freelance and sub-contractors). This act was updated in 1998 and states that a minimum indemnity limit of £5,000,000 any one event must be held, although the insurance industry generally grants a limit of £10,000,000. Although this is a compulsory insurance there are a couple of exemptions; If you are the sole employee of a limited company and own at least 50% of the share capital or if you are a sole trader and do not employ anyone except for close family members. We would however suggest you always seek advice on these in case the law changes.

Section 2 - Essential Covers

3. Public/Products Liability

Public Liability is an absolute essential for any business and in many industries it may be impossible to trade without it. It protects a company from claims made against it from any third party (other than an employee) be it an individual or corporate concern, following damage to property or bodily injury. Please note if you work from Home you will need to make sure your household policy covers anyone visiting your property in a business capacity. Products Liability is an extension to Public Liability and covers claims emanating from products produced or supplied. Without these covers a business is in a very vulnerable position as a claim could financially cripple a company. Standard limits vary from £2m to £5m depending on the work you do.

4. Business Contents/Equipment

This is the protection of your company assets from physical loss or damage. It can include the buildings (if owned) office furniture, computers and PC peripherals, machinery, plant, stock or any other tangible item owned by the business. Cover usually only applies to the business premises but can be extended to all risks anywhere for items such as laptops, projectors, video equipment, trade samples etc. If you ship or deliver stock on a regular basis you can also extend cover to include goods-in-transit or marine cargo. The property will usually be insured for replacement value and this will need to be reflected in the sums insured.

5. Business Interruption

This area can be overlooked as one of those "it won't happen to me" scenarios, but if your business premises suffers a catastrophic loss following a fire (for example) you will have to find another premises and may suffer a loss of profit as a result of any delay in getting the business running again. A written disaster recovery plan will assist greatly but there are still additional costs that will be incurred. You can purchase Increased Cost of Working cover which will make available funds to assist with the additional emergency expenditure. This is fine for an office based risk but if your business is in retail (for example) it may take longer and more expense to get your business back to it's full earning potential. For this you will need to consider taking a limit for loss of revenue or loss of profit which will ensure that you are in no worse a position if the event had never happened. In any event the policy is adaptable and can be tailored to your needs.

6. Professional Indemnity

This is either one of those must have or not policies and is entirely dependant on the nature of your business. It may be necessary to consider this cover where your business supplies any kind of advice, design or specification for a fee. This would normally be associated with consultants, designers, engineers, surveyors, architects, insurance brokers, etc. This insurance provides for any negligent advice which leads to a breach of a duty of care, unintentional infringement of copyright, loss of documents or data belonging to your clients and dishonesty. If something you have done results in a dispute with your client that is not able to be resolved by normal means the policy will pay for the defence of any legal liability claim made against you and if you lose will pay the damages you then become liable for.

7. Directors and Officers Liability

Over the years and with various amendments to the Companies Act company Directors and Senior Officers/Managers have been made more accountable for the decisions they make on behalf of the company and it has become increasingly difficult to seek protection behind a limited liability company status. The new Companies Act makes it easier for shareholders to sue directors personally for actions taken on behalf of the company. You should seriously consider protecting yourself in these circumstances as it's not just your business that may be at stake but your personal wealth too.

Section 3 : Other Covers Available

1. Personal Accident

Many businesses obtain this cover to provide an accident benefit for staff or to help cover the cost of a temporary replacement during the injured person's convalescence. Whilst an employee, who has suffered an accident at work, can claim against employers liability insurance this will only be successful if negligence can be proven against the employer and often (because of the process of law) settlement can take years to finalise. Personal Accident insurance gives an immediate benefit and covers accidents, regardless of the negligence of the employer, and can also be extended to apply on a 24-hour basis, thereby ensuring non-work related accidents are insured. Benefits can either be a multiple of salary, or a set amount and are payable for death or permanent disablement with a weekly sum to reimburse wages for temporary disablement.

2. Business Travel

If business travel is a necessity then this insurance can be a great benefit for a relatively low cost, depending on how often and to where travel is envisaged. The cover is very similar to a standard holiday insurance but more tailored to individual needs and on a blanket basis for all trips. Cover can be now be extended to include War and Kidnap & Ransom exposures.

3. Legal Expenses

This cover provides protection against prosecution and the ability to pursue certain legal matters. Appropriate cover is chosen, dependent on perceived exposure and is available for; employment disputes, property associated matters, contract disputes, prosecution defence, tax enquiries, statutory licence disputes and debt recovery. Invariably you may find this is automatically included in your Office Package.

4. Credit

New businesses rarely are in a position to extend credit to their customers, but as the business grows it may become necessary. Bad debt is a major contributory factor to failing business and insurance cover is available to provide protection.

**For further details please contact us on 0845 430 5430
or by email info@huberdixon.com**
