

# COVER<sup>2</sup>COVER

Winter 2012

## CALL FOR BUSINESSES TO DO MORE TO PREVENT LEGIONELLA OUTBREAKS



Back in July, the Health and Safety Executive (HSE) issued a directive advising businesses that they needed to 'do more to protect workers and members of the public from exposure to legionella'. The advice followed a number of high profile cases of Legionnaires' disease including an outbreak in Edinburgh during May and June relating to a cluster of cooling towers, which was reported to have affected 95 people. Despite the HSE's notice, legionella outbreaks continue to hit the news with a hot tub in Fenton believed to be the cause of an outbreak in Stoke-on-Trent, which led to 21 cases and two deaths.

Named after an outbreak of severe pneumonia which hit a meeting of the American Legion in 1976, Legionnaires' disease is the most serious strain from a group of diseases known as legionellosis. The infection is spread by breathing in small droplets of water which are contaminated with the legionella bacterium. While it can affect anybody, certain groups like the elderly or those with existing medical problems such as chest problems, are particularly at risk. Common in natural water sources such as rivers and reservoirs, legionella bacteria can also be found in man-made water systems such as cooling towers, hot and cold water systems and spa pools/hot tubs.

### **Any size business could be exposed**

The Stoke outbreak has raised particular concerns for smaller businesses because of its origins from an infected hot tub on display at a retail outlet, meaning any business that has some form of water system could be exposed and not just those bigger operations with cooling towers.

The HSE has issued a number of tips to help reduce the likelihood of your business experiencing a legionella outbreak\*:

- Identify and assess sources of risk from your water system such as the potential for water droplets to be spread.
- Manage any risks by appointing someone either within your organisation or an outside consultancy to take responsibility.
- Prevent or control any risks by carrying out appropriate checks.
- Keep the correct records, including who is responsible for carrying out the checks (written records are compulsory for firms with more than five employees).
- Carry out any other statutory duties you may have such as notifying your local authority, in writing, if you have a cooling tower or evaporative condenser on site.

The consensus amongst insurers is that because legionella usually builds up over a period of time, it represents pollution or contamination. Most U.K. public/product liability policies contain an exclusion in respect of pollution and contamination, therefore legionella is often excluded under standard policies.

**If your business has any form of hot and cold water system such as a spa pool, humidifier or even an indoor fountain, please contact us so we can review your insurance cover and check if a suitable extension is required to cover a possible legionella outbreak.**

\*[www.hse.gov.uk](http://www.hse.gov.uk)

# CONSTRUCTION HEALTH AND SAFETY: CAUSE FOR CONCERN

The government recently announced that there was to be a reduction in the number of planned health and safety inspections for many U.K. businesses such as shops, offices, pubs and clubs. It also made it clear that, in higher risk areas like construction, inspections would continue, reflecting an ongoing concern surrounding the sector's safety record.

Despite the recession and a downturn in construction levels, figures from the Health and Safety Executive (HSE) reveal that in 2010/11, 50 construction workers lost their lives – an increase on the previous year. In addition, 2298 major injuries were reported as well as the loss of 1.7 million working days through work related ill health\*.

In turn, the HSE has reaffirmed its commitment to reducing the number of health and safety incidents by:

- Targeting at least a third of its inspections on small sites.
- Improving the availability and quality of health and safety information.
- The introduction of a 'Leadership and Worker Involvement' Toolkit to help small and medium sized businesses improve their health and safety performance.
- The introduction of a fee where HSE inspectors identify a material breach of the law.

A priority for any business working in construction is to ensure your risk management procedures are in place and up-to-date, with a robust health and safety policy.

Your Employers' Liability (EL) insurance is there to cover your business in the event of legal compensation claims (and the legal costs attached to this) made against you by your employees for accidents or illnesses. It will not pay any fines or penalties that could be due as a result of your business being found to have an unsafe working environment. Your Public Liability insurance provides similar cover for any members of the public on site and, as with your EL cover, you could be similarly liable to fines or penalties in the event your site is found to have health and safety failings.

If you are unsure about how best to meet your business's health and safety obligations, or just what your insurance covers, contact us for further information and guidance.

\* [www.hse.gov.uk](http://www.hse.gov.uk)

## REDUCED COVER ON FLOOD RISK

Autumn, it seems, took over where a soaking wet summer left off. Late September saw many parts of Britain experience flooding with some regions experiencing a month's worth of rainfall in 24 hours.

As rain continues to fall on the already swollen rivers and lakes, the insurance industry can expect to see more losses on top of the £500 million the Association of British Insurers (ABI) said it was expecting its members to pay out to businesses and home owners following the wettest June on record\*. All of which will further increase the uncertainty and speculation surrounding the government's existing Provision of Flood Insurance agreement with insurers, which is due to expire in 2013.

In 2008, the government and the ABI issued a Revised Statement of Principles on the Provision of Flood Insurance. The statement sought to underline the commitment of the insurance industry to continue to "make flood insurance for domestic properties and small businesses available if the flood risk is not significant," as well as continuing to "offer flood cover to existing... customers at significant flood risk, providing the Environment Agency has announced plans... to reduce the risk for those customers within five years."

### Investment in flood defences

The agreement was conditional upon a continual investment in flood defences yet, in real terms, the funds available have not kept pace with the perceived need. The Guardian newspaper's analysis of figures from the Environment Agency reveal that some 294 flood defence projects which had agreed funding in 2010, had actually

received no money at all. Despite an announcement by the Department of Environment and Rural Affairs in July 2012 that said, "we are continuing to make progress towards a new agreement on the future of flood insurance," the two sides are still far apart and there is a real prospect that the agreement will end, resulting in a free market which will almost certainly reduce cover for risks in the worst affected areas.

Each insurer uses environment agency information (maps of which are available at: <http://www.environment-agency.gov.uk/homeandleisure>), as well as its own data, to profile your business's flood risk and agree the terms for your insurance cover. As your broker, we will work with insurers on your behalf to present your business's risk in order to get you the most appropriate cover and price. Should the worst happen and no agreement be reached, you can be assured we are working on your behalf.

\* [www.abi.org.uk](http://www.abi.org.uk)

**The Provision Of Flood Insurance agreement is due to expire in 2013.**

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. Some of the information in this publication may be compiled from third party sources we consider to be reliable, however we do not guarantee and are not responsible for the accuracy of such.

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