

COVER²COVER

Summer 2013



A small business survey carried out by the Department for Business, Innovation and Skills (BIS) last year, revealed that 68% of SMEs were planning to grow their business over the next two to three years. While this growth can only be good news for an economy still struggling to escape the drag of recession, SMEs will need to make sure that their business insurance and risk management approach reflects the changing needs of their expanding businesses.

TAKING ON STAFF

A growing business normally means more employees. Of those SMEs looking to expand, 64% surveyed by BIS expect to take on more staff within the next 12 months. For some this might mean taking on their first employee which means they will need to ensure they have employers' liability cover in place – a legal requirement in almost all cases. The Health and Safety Executive provides information on who needs employers' liability at www.hse.gov.uk. Any business will also need to think about a health and safety policy and if it has five or more employees, it will need to be written down.

LAUNCHING NEW PRODUCTS OR SERVICES

The BIS survey also found that 65% of expanding SMEs were planning on launching new products or services. This could have implications in terms of products liability; what if a new product you manufacture causes someone injury because of a fault that wasn't evident during product testing? Or if services offered in a new area, where as a business you have less experience, lead to negligence claims? This potential exposure may need to be covered by professional indemnity cover.

Other risks could include:

- **Online** - expanding your online presence to enable customers to purchase products and services over your website could open up your business to data risks; are you covered if a hacker obtains sensitive customer details such as credit card information from your computer system?
- **Financial** - your business' financial risk grows as your business grows, whether it's in the form of bad debts from clients or possible fraudulent activity by staff.
- **Reputation** - with social and global media coverage, could your business survive the negative media exposure to an incident linked to one of your products, or to bad advice you have given?

GET ADVICE

BIS's survey cited the most frequent sources of advice turned to by SMEs were accountants, consultants, banks, solicitors, lawyers and business networks. Given the changing risks of a growing business, we'd be delighted to be added to that list of professional advisers most frequently consulted.

Call us for an up-to-date review of your business insurance requirements.

CLASS CONSCIOUS BRITAIN: ARE YOU WORTH MORE THAN YOU THINK?

'I look up to him because he is upper class, but I look down on him because he is lower class' goes the famous 1960s parody of the British class system. More than forty years later, the class debate has been hitting the headlines again with the launch of the BBC's Great British Class Survey *, which seeks to understand if class still counts in the early 21st Century.

Whether or not you think it matters, it might be that a more serious point is made; namely that many of us are perhaps wealthier than we think and may not be adequately protecting our wealth.

WHAT'S YOUR ECONOMIC CAPITAL?

The BBC's Class Survey groups the great British public into seven different classes including elite (the most privileged class), technical middle class and emergent service workers. Where you fit depends on your rating in terms of economic, social and cultural capital. And it's the economic capital that needs to be considered when buying your insurance.

Many of us have more economic capital than we're aware of and that could mean we are not buying adequate insurance to cover us in the event of a loss. Bought any jewellery recently? Inherited any antiques or expensive paintings?

How many expensive electronic gadgets do you have? Extended your house? Factors like these could mean that your existing household insurance won't cover you fully.

YOU MIGHT BE A MID OR HIGH NET WORTH

Insurers don't talk about elite or middle classes but have developed specialist household insurance policies for mid net worth and high net worth customers which offer higher levels of cover than standard policies. These policies, as well as having higher limits for specific items, will usually have wider cover such as 'All Risks' rather than specific perils (i.e. storm damage or theft), and less warranties and restrictions.

If you've never considered a mid or high net worth policy we'd be happy to talk you through the higher levels of cover they offer.

* Source bbc.co.uk © 2013 BBC

HORSE TRADING REVEALS SUPPLY CHAIN RISKS



Horse meat unwittingly eaten by consumers in the U.K. and Europe. A horrific building collapse in a clothes manufacturer's factory in Bangladesh. Two seemingly unconnected events, in different parts of the world, have one common theme as far as businesses from the smallest clothes retailer to the biggest supermarkets are concerned; supply chain risk.

Every business would say that it chooses its suppliers carefully, whether it's a business manufacturing food products and sourcing the raw ingredients it needs, or a clothes retailer searching for high quality and/or best value clothing. How sure can any business be however that its suppliers are sourcing and producing their goods in an ethical and sustainable way? And what would happen if a supplier suddenly went out of business?

Whatever industry you are in, the onus is on your business to be asking questions of its supply chain:

- What happens if one of my suppliers goes bust or is unable to meet an order? Can I source what I need elsewhere at short notice?
- How ethical and sustainable are the working practices of not just my supplier but their suppliers too? Could their practices affect my reputation?
- Would we be able to deal with the damage to our company's sales if a fire occurs at a supplier and our order can't be processed? Some insurance policies will cover this, and also offer public relations expenses to cover negative publicity too.
- What about liability issues if we are sued by our customer due to a product failure, can we reach the supplier of that product? Do they have insurance cover and is it current and large enough to cover the loss?

Ensure you spend some time thinking through your supply chain and the risks that may threaten it. We can work with you to understand those risks and plan how best to mitigate them with insurance or supply chain/business interruption plans. Talk to us for more detail.

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