

Covernotes

TOWER INSURANCE BROKERS

New Policy Addresses Indirect Terrorism-Loss

Against the backdrop of an official terrorism threat remaining at 'substantial' UK-wide, according to MI5, a new insurance policy is offering businesses the peace of mind of protection that not only steps in if their premises are damaged by an attack, but also where there is business interruption without any physical damage.

As your insurance risk advisor, we can now access an insurance policy plugging a significant gap in most terrorism insurance policies. It offers automatic cover for two scenarios typically occurring within a terrorism arena – denial of access and loss of attraction – if the policyholder insures their commercial gross profit, or their gross revenue, as a sum insured.

Non-damage denial of access is an emerging risk across the UK, with an additional 'severe' level threat in Northern Ireland, from Northern Ireland-related terrorism. Denial of access occurs when the authorities close off an area, to carry out investigations, as occurred following the London Borough Market terror and Salisbury Novichok attacks. Both the business and its customers are denied access and so takings, sales, orders and footfall plummet. Damage to a building is not necessary for such impacts to be felt.

...terrorism insurance policies only offer such cover as an extension to standard cover or, alternatively, limit protection to denial of access alone.

Loss of attraction cover comes into play when a business, not directly affected by a terror attack, suffers losses because the public becomes nervous about a certain location, type of business, or activity. For example, an attack on a Christmas market may encourage UK visitors to cancel trips to other markets, causing losses for tour operators, bars, cafes and restaurants, street food retailers, and many others, who had relied on its Christmas footfall. Loss of attraction protection effectively covers what could be described as an attack's 'knock-on' effects.

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Many other terrorism insurance policies only offer such cover as an extension to standard cover or, alternatively, limit protection to denial of access alone. They do not consider any ongoing losses once a cordon lifts and may only provide loss of attraction cover if physical damage has occurred. Some policies define the type of property that must be attacked before loss of attraction cover operates.

The policy we can offer clients covers acts of terror inspired by political, religious or ideological motivations and does not depend on Her Majesty's Treasury declaring an incident a certifiable act of terrorism. It is not confined to losses incurred in England, Scotland or Wales, providing protection for overseas assets too, and can cover multi-location exposure via a floating first-loss sum insured. It can benefit all sorts of commercial businesses, plus property owners who could lose rent, or have to move to alternative accommodation, and fleet operators who could suffer vehicle damage and income-earning impacts.

Terrorism is, unfortunately, a risk unlikely to go away. Nobody can predict where the next incident will occur, or what the repercussions will be as consumers then make judgements on what it is safe to do. This policy helpfully takes into account the changing nature of terrorism, covering both incidents caused by a lone wolf and acts of sabotage, as well as traditional terrorism exposures.

If you recognise terrorism could directly or indirectly affect your business, act now. We can quote in around 48 hours, so please get in touch to discuss your concerns and requirements.

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Planning a Refurbishment? Understand Your CDM Duties

A lesser-known responsibility of businesses commissioning construction or refurbishment work at their premises, has begun to catch out those unaware of their health and safety duties, with 2018's prosecution figures carrying warnings worth noting.

The Construction (Design & Management) Regulations (CDM Regulations) came into force on April 6, 2015 but are under the radar of many businesses. In the past decade, it has become on-trend for companies to organise their own smaller-scale construction projects, but many renovation-loving business owners are unaware that actions are being brought against counterparts carrying out such works. Of 95 prosecutions under the CDM Regulations thus far, 46 were in 2018, as was the largest fine to date (£800,000), along with the first prison sentence. So, what is at the heart of this scenario?

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The answer lies in health and safety. Smaller projects were generating a disproportionate number of injuries, so the Health and Safety Executive sought to make clients, designers and contractors more responsible for project planning, health and safety auditing, project management, risk control and project co-ordination. In principal, the idea was sound. In practice, many businesses are unaware of their duty of care, whilst professionals such as architects and surveyors, have sometimes been unwilling to take on the burden of compliance.

Of the 86 fines levied since the first (August 2015) there have been nine breaches of Regulation 4 (Client Duties).

The law expects the key parties in any project to be the client (a business, school, retailer, landlord, developer, or other entity), a project designer and a project contractor, with principal designers and contractors. If there are several designers and contractors, the CDM Regulations also demand a plan is in place, before work commences, and that the HSE is notified of any project involving more than 20 people working for more than 30 days, or work requiring 500 person days in total.

Of the 86 fines levied since the first (August 2015) there have been nine breaches of Regulation 4 (Client Duties). Some businesses remain unaware of the required process of appointing a principal designer, preparing a brief embracing risk management, instructing a principal contractor, ensuring there is sufficient time, budget and resource to ensure safety, and verifying that workmen have suitable skills and experience.

Additionally, a client must continually check and monitor work and welfare facilities and ultimately prepare and maintain a health and safety file.

This may seem daunting yet using a consultant can increase project costs. However, if going it alone, the 'client' must follow the required process. Failure to do so could result in a fine, prosecution or prison sentence, but could just as easily see an HSE inspector closing a project down. That would incur the penalty of an HSE Fee For Intervention (FFI), levied per hour of time incurred by an inspector, at an hourly rate of £154. The final invoice could be eye-watering, covering site visits, report writing, measures implementation, briefings and supervision.

If you are planning a project that could result in falls from height, collapsing of structures (walls, beams, chimney breasts or roofs), asbestos risks, scaffolding collapses, building dust generation, electrical cable cutting during digging and excavation and other similar risks, alarm bells should sound. Whatever your grand designs, the basics must also be in place.

If you require help with this aspect of health and safety compliance, we are here to provide professional assistance. Please get in touch to discuss this and any insurance covers you should also have in place.

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Keep Your Fleet's Medical Reporting Duties Top of Mind

Running a transport fleet involves a plethora of things to think about each day, from route-planning to the legal requirement to perform daily vehicle checks, but one thing that should not slip your mind relates to your employees' medical conditions and mental health.

Through what is known as vicarious liability, an employer is "liable for acts or omissions of their employees, provided it be shown they took place in the course of their employment." One such omission could be that of a driver failing to report a medical condition to the DVLA (or DVA in Northern Ireland) as well as their employer.

...the current total of 850,000 UK dementia sufferers is predicted to rise to more than one million by 2025 .

Whilst a fleet transport manager should regularly check drivers have valid licences, clean bills of health and eyesight tests and correction, one area of vicarious liability that could prove trickier to negotiate relates to mental health and, in particular, dementia.

There are current moves to make it a legal requirement for doctors to notify the licensing authorities, if a patient has been diagnosed with dementia. This means the transport manager could be by-passed within the notification process and, very worryingly, remain in the dark. The problem is likely to be exacerbated in the coming years, as the current total of 850,000 UK dementia sufferers is predicted to rise to more than one million by 2025 .

Transport, as a sector, is potentially more exposed to mental health conditions, than others. The driver population is an ageing one, with the career largely unattractive to younger people. The fleet driver's life can be stressful, peppered with long hours, poor diet, work overload, sleep deprivation and constant pressure.

Dementia may not be immediately evident to either driver or employer. Mood swings and struggles in information processing could easily be attributed to other things. The medical conditions of on-the-road drivers can remain hidden, requiring a transport manager to be extra vigilant, perhaps picking up on a higher accident frequency for one driver, continual servicing of their vehicle, or an unusually high fuel usage that suggests the vehicle is not being driven correctly.

Some drivers may think it unnecessary to report their condition, or be reluctant to do so, knowing one-in-three dementia suffers are still behind the wheel. Concerns about losing income through loss of work, could also encourage a driver to not reveal a diagnosis, even though the authorities often issue a 12-month licence at first, rather than revoking one.

Should any accident occur because a fleet manager failed to notify the DVLA or DVA about a medical condition, however, even if they were genuinely unaware of it, they could face a vicarious liability charge. Additionally, if they failed to inform their insurer, any claim involving the driver with an undeclared medical condition could well be declined.

Whilst this may seem an almost impossible situation to manage, there are ways to keep on top of legal responsibilities. Training in how to spot key medical conditions, creating a workplace in which employees can freely discuss their mental health and the introduction of telematics systems, can all help track what is going on inside the minds and bodies of those climbing into the cab.

If you need help, let us get you on the road to better control and on-point, compliant reporting of drivers' conditions and licence permissions. A discussion can help provide support, bolster your risk management strategies and make your yard or depot a safer place to be.

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Get Your Business Continuity Plan Winter-Ready

Is your business ready for winter? Have you considered the consequences of flooding, should a river or lake burst its banks, or heavy rain cause a rise in groundwater? Have you visualised a pipe burst? In short, have you plumbed all the leaks in your business continuity planning?

2.4m properties are at risk of river or coastal flooding and a further 3 million at risk of flooding from surface water.

Whilst homeowners have been drilled to batten down the hatches, clear their drains and gutters of autumn leaves and lag exposed pipes, businesses often put winter contingency planning at the bottom of their agenda. In May, research by business continuity specialists, Databarracks, found 46% of UK businesses were not confident their business continuity plan (BCP) was up to date. In September 2015, their research suggested 27% of small businesses do not even have a BCP.

This is worrying news at a time when the Environment Agency suggests that, in England alone, 2.4m properties are at risk of river or coastal flooding and a further 3 million at risk of flooding from surface water. Of the 5.4m properties at risk, 600,000 face both types of water threat.

Then there is the risk of a big freeze, like February 2018's Beast from the East. Weather insurance claims soared by 290% after this severe event and weather damage and escape of water claims from businesses alone cost £188m in the first quarter of 2018.

Preventing damage, if you can, is far better than dealing with its consequences. Piping should be checked for leaks and also tell-tale green discolouration on pipes that suggests an issue with the pipe. Pipes and water tanks also need to be well-insulated and the water stopcock should be tested, to ensure it could be turned off, if necessary. Any external oil tanks should be inspected for signs of potential weakness and guttering and drains should be cleared.

Buildings insurance policies should also be inspected, to see, in particular, if the policy offers 'trace and access' cover. If not, the policy should pay out for damage caused by an escape of water, but not for the cost of what might be damaged in getting to the source of the leak, such as flooring, wallpaper, fitted units and tiling. If the policy excludes trace and access cover, talk to us, to see if it can be added on.

...by getting a good flood plan at hand, it is said a business can save 20-90% on the cost of lost stock and movable equipment.

Having a BCP – a go-to bible of business recovery - is essential. Government's guidance on this is available online, enabling you to plan for the worst. You can then train and

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drill your staff in the processes to follow, should flooding or a burst pipe wreak havoc, ensuring everyone knows who to contact, what equipment to isolate, how to drain down the water system and which tradespeople to call. The plan can also include measures to prevent damage, such as checking equipment in the building's coldest parts, ensuring heat circulates to those, lifting ceiling tiles to help heat rise into roof areas, shutting doors and windows and adding antifreeze to non-drainable equipment.

By preparing and acting responsibly, by getting a good flood plan at hand, it is said a business can save 20-90% on the cost of lost stock and movable equipment. If you need help with this, or need to buy business continuity insurance that would step in if your business was disrupted by weather damage, please get in touch.

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Why #MeToo Compliance is Vital in the Workplace

In just two years the #MeToo movement has generated headlines worldwide, as women globally have revealed their experiences of sexual harassment and sexual assault at the hands of high-profile figures, politicians and celebrities. Reputations have been damaged irretrievably, as situations have been revealed. As the #MeToo website says, "we want perpetrators to be held accountable."

What underpins #MeToo is a new assertiveness from women who are unwilling to accept the status quote and tolerate male behaviour that has for so long been a 'norm' in the workplace. Now, every business in the UK needs to be on top of its #MeToo compliance.

A #MeToo allegation against an employee should be regarded in as serious a light as a cyber breach, according to some experts.

#MeToo has disrupted the world of HR. A #MeToo allegation against an employee should be regarded in as serious a light as a cyber breach, according to some experts. It is a corporate crisis that can cause immense reputational harm, workforce disruption, employee activism and litigation. Share prices can quickly tumble and businesses could be brought to their knees.

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HR functions must think beyond showing anti-harassment videos and getting signatures on training documents. Robust procedures should ensure reporting of concerns is done without fear of retribution, especially when allegations involve senior management. Risk assessments, driven by a zero-tolerance mentality, should examine problem areas to help harassment-proof the organisation. Should an allegation go to Court, it is vital the company demonstrates this is an isolated incident, not systematic or caused by a prevailing company culture.

If an allegation arises, conversations with those concerned need to be conducted quickly, but thoroughly, clearly documented and treated with full confidentiality. All allegations must be handled consistently and, if the situation escalates into a media crisis, a co-ordinated PR response should run to pre-agreed procedures. Legal expenses cover, backed by D&O cover that can also help individual directors defend their case, are now almost business 'essentials'.

...make no mistake, a harassment claim for an SME is a very serious issue and can be damaging for a business, of which all parts can be affected.

The #MeToo movement has now gained such momentum that other movements, which can cause reputational harm rather than allegations of harassment, have arisen from it. October 2019 has seen a #MeTooPay movement launch, as UK-based business women vehemently fight gender pay gaps and expose those companies still rewarding male employees more than their female counterparts. A case in point is that of BBC Newswatch reporter Samira Ahmed, who has launched a claim against the BBC under the Equal Pay Act.

Negative headlines around #MeTooPay will most likely quickly damage brand equity and consumer loyalty, so companies without an in-house PR department, would be well-advised to look for insurance cover that provides crisis PR assistance should the need arise. Addressing the issue, to both avoid reputational damage and be able to continue to recruit talented women is, of course, the best risk management strategy.

The societal change underpinning #MeToo will not be reversed. The power of the movement is now continually evidenced, be that through cultural media output such as 'Killing Eve' and the 'Handmaid's Tale', through women leading the fight to impeach their President, or female-led climate change protests. The #MeToo hashtag has revolutionised our business and social world.

Whilst the large corporates and the celebrities make the headlines, make no mistake, a harassment claim for an SME is a very serious issue and can be damaging for a business, of which all parts can be affected. If not dealt with in the correct manner, it could spiral out of control very quickly. For business owners and managers, behavioural consideration must now be part of working life because there can be no defence is pointing to what was acceptable behaviour in the past.

To get the right covers in place to mount a defence, if required, or manage a reputational crisis, please make contact. Not every allegation will have its foundation in truth and fighting an unjust charge is vital, if your business and individual reputations are to emerge untarnished.

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Elves Need Protection Too!

Whilst we all love to believe in the Christmas idyll of joy, happiness and goodwill to all men, elves can be on the sharp end of the reality. Any elf manning one of the grottos ransacked overnight last year, by thieves who stole all the presents Santa had specially wrapped for visiting children, could not help but shed a tear in their garden centre grottos when the wheels came off the sleigh. Elves in Manchester and Hull were particularly wounded by such heartless actions, which made their toes curl up more than ever.

If you employ little elves, and know cash flow is often a festive period issue, ask for a Trade Credit Insurance quote.

Meanwhile, elves who put heart and soul into making children smile around the UK, were left disillusioned, downcast and sometimes homeless, after a grotto company folded .

The little helpers did not get paid for all the many hours they had spent in their brightly coloured tights.

The moral of the tale is to make sure you protect absolutely everything and do not assume that the Grinch is pure fiction. If the items you hold in stock, or buy in, increase in number or nature at Christmas, make sure you amend your insurance policy to cover them, if necessary.

And, if you employ little elves, and know cash flow is often a festive period issue, ask for a Trade Credit Insurance quote. This can be an important tool in credit management and also provide replacement working capital when bad debts and late payment affect cash flow . Using this financial back-up, you could pay your pointy-eared workers and meet other financial obligations, as you had anticipated doing. After all, nobody wants to be depicted as a Scrooge!

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