Slipping&Sliding

Compensation chasing companies may love the accident prone, but they can cost normal businesses hundreds of thousands of pounds in claims.

Did you know that members of the public slipping and tripping on commercial premises produce more claims for compensation than any other type of accident?

A typical example of this is the well publicised case of a commuter who slipped on a flower by a flower stall and successfully claimed £1.5m in compensation. Cases like this demonstrate why it makes sense for businesses to minimise risks in any area that the public can access, including outside areas such as car parks, yards and walkways.

To help assess if your business is vulnerable to a compensation claim in the event of an accident, ask yourself the following questions:

- Is the access to your premises well lit and in good condition?
- Can weather affect access routes? For example, does rain make conditions underfoot slippery?
- Are all tripping hazards such as trailing cables routed away from walkways or kept covered?
- Are interior floor services non-slip and in good condition?
- Are procedures in place for dealing speedily with spillages? Do your employees know what to do if anything is spilled or dropped?

If businesses should be vigilant during normal trading conditions, it goes without saying that they should be especially careful when carrying out building maintenance, or when employing subcontractors.

If possible, it is advisable to carry out this type of work when your business premises aren't open to the public, or at the very least keep the public away from the area where work is being carried out.

It is important to ensure that all persons working on the project are fully competent, and if you are using subcontractors, ensure that they have adequate insurance - if you have any concerns on this point please feel free to contact us and we will be happy to advise you.

If the worst happens and an accident occurs it's important to be sympathetic and offer reassurance, but without admitting responsibility for the incident. Many companies choose to send a small token, such as a bunch of flowers or voucher, to the injured party and often this is all it takes to stop the incident escalating further.

If you have any concerns over your company's public liability exposure and your insurance provisions, please feel free to get in touch.

SUTCLIFFE & CO.
INSURANCE CONSULTANTS

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THE CREDIT CRUNCH

Time to look at the risks facing your biggest asset

It's a familiar problem to every business - your biggest asset isn't your bank balance; it's the money you're owed. Indeed, research in the small and medium business sector shows most firms believe that the biggest risk they face is the collapse of a major customer with outstanding debts.

This fear is well justified - every insolvency sets off a domino effect, toppling a large number of suppliers down the line. This scenario could become increasingly common in today's economic climate. The credit crunch grinds on with personal bankruptcies at an all time high and house repossessions on the increase - the fear of a full-blown recession is growing accordingly and this is bound to impact on the solvency of businesses.

All these factors mean that now is the right time for businesses to consider very seriously how much they are owed and whether they have sufficiently strong procedures in place to minimise the risks of any customer going into liquidation.

In reality, very few companies take the trouble to protect themselves with a robust credit management policy combined with credit insurance. Too often, optimism is allowed to rule and businesses accept uninsured orders without proper checks on customers' ability to pay.

Used correctly, credit insurance can be the core of a company's credit management policy. Taking out this type of insurance provides a wealth of online credit information because credit insurers receive a stream of intelligence from a range of sources including rating agencies, other companies, banks, policyholders and clients. As well as protecting you from risks, this information may have a welcome side effect in helping your sales force direct their efforts towards those clients that are most likely to meet their bills.

As a result, credit insurers can give early warnings when a business is failing to pay promptly and offer an overview of its performance. For good measure, they can assess not only British companies but also foreign firms, where the risk would be far harder for an individual UK firm to check. Credit insurance is a low-cost way of ensuring that your business isn't harmed or destroyed by an unexpected bad debt, wiping out many years of your hard work.

With trading getting more difficult all the time, now is a good time to insure your greatest asset. If you would like to discuss the options available to you, please do not hesitate to contact us.

For further information on any of the articles please contact: Sutcliffe & Co Insurance Consultants, 2 Foundry Street, Worcester, WR1 2BJ, Tel 01905 21681, Fax 01905 616454, Email: enquiries@sutcliffeinsurance.co.uk, Website: www.sutcliffeinsurance.co.uk

Unlimited Liability

A limited liability company no longer provides protection for directors and officers

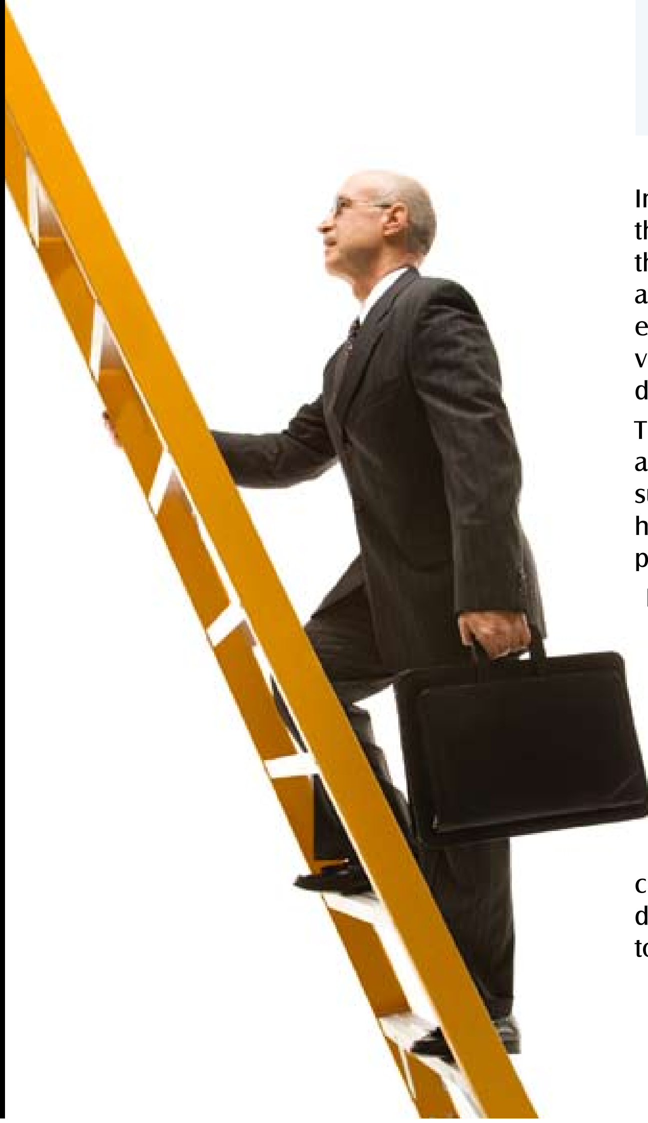
The idea of being sued for libel and having personal assets seized, is enough to make even the most seasoned senior director's or officer's blood run cold.

Whilst setting up a limited company used to offer a degree of protection for personal assets, this is no longer automatically the case. This fact, coupled with the growing trend for those adversely affected by liquidation to target directors' personal assets, means it is little wonder that limited liability insurance is growing in popularity and importance.

Directors' duties are constantly being extended by statutes, regulations and laws. The latest of these is the Corporate Manslaughter Act which came into force in April 2008. This Act means smaller to medium sized companies are more exposed to corporate manslaughter cases, as are its directors.

In general terms, directors have a duty to act with the care expected of a reasonable person including:

- not to act outside their authority
- not to commit the company to transactions prohibited by law or outside the company's memorandum of association
- to avoid placing themselves in a position where their personal interests conflict with those of the company



The introduction of the 2008 Corporate Manslaughter Act follows the 2006 Companies Act which specifies over 200 offences which directors and officers can commit. Other Acts which detail statutory exposures include:-

- Insolvency Act
- Health and Safety at Work Act
- Data Protection Act
- Consumer Protection Legislation
- Company Directors Disqualification Act
- Financial Services Act
- Company Securities (Insider Dealing) Act
- EC Directives and Regulations and Racial and Sex Discrimination Legislation

In addition, as is illustrated by the NatWest three, the range of individuals and organisations that can sue directors is constantly growing and can include shareholders, fellow directors, employees, creditors, customers, purchasers, vendors, competitors, contractors, government departments and local authorities.

The scenario is becoming increasingly complex and the result is that no director or officer can be sure they will not be affected by some action, however conscientiously they perform, thus putting their homes and personal assets at risk.

Directors' and Officers' Insurance has been developed specifically to provide protection for directors and officers against any liability for negligence, default, breach of duty and trust, and can include criminal proceedings as well. The cost can be paid by the business and for most SME organisations is not expensive.

We recommend that all our commercial clients consider this cover; if you would like to discuss this insurance further please do get in touch.

Help us to help you

As insurance brokers we exist to help you, our client, but in order to give you the first class service you deserve, we also need a little help from you.

Keeping us up to date with all the relevant changes to your business is key to us being able to provide you with the best possible advice in the face of the unexpected - be it a bad debt, flooding, a major lawsuit or one of a dozen other perils.

All of these could damage or even destroy your business, and we need to be fully aware of your business's position in order to avoid last minute panics. This will ensure that no final decisions are taken without you being fully aware of the effect on risks and premiums.

In any of the following examples one quick call to your broker could save money and prevent expensive mistakes.

Buying a business

As your broker we should be involved in the due diligence process to help detect any undisclosed liabilities, or particular areas of business that will prove hard to cover at a reasonable price. This is particularly true in the current market with premiums rising.

Selling a business

The impact of disposing of a business on your existing insurance programme could be unexpected and extreme. Cover may be necessary to protect against late-reported claims. Sometimes 'hold harmless' agreements - indemnities or warranties against unforeseen past losses that suddenly surface - may leave liabilities that call for extra insurance.

Buying and building new premises, moving or extending existing premises

If you buy or build new premises insurers may consider them unsuitable for the purpose you intend. Consequently they may ask for costly improvements, such as fire doors and security equipment. Similarly in the case of new-builds, architects may not fully appreciate what insurers require and small changes to the plans in advance could substantially reduce premiums. By consulting us beforehand we will be able to advise you of these matters in advance.

New contracts, suppliers and customers

Any new contracts could affect your insurance programme by introducing new risks that require cover and management. Wherever possible, these should be assessed by us before any documents are signed.

New markets and launching new products

New contracts may impose extra liabilities as well as adding to the risks your business must consider. Similarly supplying goods or services to certain sectors may bring their own insurance problems; for example if you are considering exporting to a new country you should take into account the cost of insurance as it can vary widely from country to country.

In fact, if you are launching a new product or service that is radically different from your current offering it could have a wide-reaching fundamental impact on your insurance arrangements.

- Police withdrawing support for burglary alarms

  The police sometimes withdraw support for monitoring burglary alarm calls. It is vital that you inform us immediately if this happens to your business, as it is unlikely that your existing insurance cover would still be valid.

- New plant and equipment

  Introducing new plant or equipment may mean existing insurance will be inadequate thereby making special cover a necessity. Similarly a new process could mean an increase in premiums or breach a condition in your current policy.

- New drivers or cars

  As an extreme example, employing a young driver and giving them a Ferrari could make your entire motor fleet uninsurable. Although in practice very few businesses would take things to this level, it's always wise to discuss changes in recruitment and vehicle policies in advance.