

AUTUMN 2014

COVERNOTES



ALLERGENS ON THE MENU

As of 13 December 2014 any business that supplies unpackaged food will be required to provide allergy information. Whether you provide food to schools or care homes, run a supermarket, sandwich deli or restaurant, it will become mandatory to provide allergy information on food that is not already labelled. This could have an impact on your Public Liability and Employers' Liability insurance.

With the new food law (Food Information Regulations EU1169/2011, which comes into force on 13 December 2014), all companies serving unpackaged food, or food that is packaged on site for immediate consumption, will have to clearly identify which of the dishes contain the EU Top 14 allergens.

The risks

People with food allergies have to be extremely careful about what they eat. Food labelling is therefore very important as potentially there can be serious consequences for customers eating food they are allergic to. Inadequate food labelling could result in your company being held liable in the event of a customer suffering loss or injury.

What are my responsibilities?

This new legislation reinforces the importance of having a robust procedure in place to ensure customers are aware which dishes contain allergens. Details of the Top 14 allergens will need to be listed clearly in an obvious place such as a menu, chalkboard or information pack

The EU Top 14 allergens

- Eggs
- Molluscs
- Crustaceans
- Celery
- Milk
- Fish
- Treenuts
- Sulphites
- Soya
- Sesame
- Peanuts
- Mustard
- Lupin
- Gluten

prompting customers to ask if any of the dishes available contain allergens. While it is sufficient for staff to tell customers orally which dishes contain allergens, ingredient information should also be available in writing if requested, for example in a central folder.

Businesses that have a transient menu will find this a greater challenge than those with more regular standardised offerings.

CONTINUED FROM FRONT PAGE

The new law will not require affected companies to take out a new Employers' Liability or Public Liability policy, their existing cover will still be adequate.

However, in future insurers may ask for confirmation of (i) what unpackaged foods are being sold and (ii) how the business is ensuring compliance with this new legislation. An inability to show what procedures have been put in place may affect an insurer's view of a business.

Food hygiene is paramount for all catering firms but these regulations re-emphasise the importance of food handling training for all staff. All staff who come in to contact with food need to fully understand the requirements

of food allergic customers and how to prevent cross contamination.

There are other basic hygiene measures needing rigorous enforcement: Ensure all food is stored so that ingredients from one dish cannot contaminate another. Staff must wash hands after handling each dish and/or wear a clean pair of hygiene gloves when handling a new dish.

Stringent checks on the suppliers you source ingredients from should also form part of your management of this risk.

If your business supplies unpackaged food and you are concerned about how this might affect your cover, please contact us.

The finer details

- Caterers and food suppliers will no longer be able to state they don't know if an allergen is present. At least one on-duty staff member needs to know which dishes contain allergens.
- To state that all foods "could" contain allergens will no longer be acceptable.
- Oral statements have to be backed up in writing if required, for example by having a folder onsite detailing the ingredients of each dish.
- Local Environment Health Officers will enforce the regulations which could result in large fines if evidence of non-compliance is found.

BIG DATA AND CLOUD STORAGE



Organisations of all sizes are increasingly reliant on the use of the internet and email to conduct business. As a result companies are storing ever growing amounts of digital data, regardless of whether they are a customer or business facing enterprise. While this enables them to learn more about their client base, the risk of that data, and of IT systems in general, being compromised as a result of cyber crime is also ever increasing.

According to recent crime figures cyber crime has affected more than 30% of the adult population in the last 12 months.

A study conducted by the Cabinet Office has revealed that the cost of cyber crime to businesses is £9.2bn a year.

Your firm has a responsibility to keep customer data safe, no matter where it is stored, even if processes are being outsourced to third parties.

So how can small businesses increase their resilience to cyber crime?

Top Tips

- Implement a combination of security protection solutions (anti-virus, anti-spam, firewall(s))
- Carry out regular security updates on all software and devices
- Implement a resilient password policy (a minimum of eight characters, using upper and lower case letters and numbers, to be changed regularly)
- Secure your wireless network
- Implement clear and concise procedures for email, internet and mobile devices
- Train staff in good security practices and consider employee background checks
- Implement and test backup plans, information disposal and disaster recovery procedures
- Carry out regular security risk assessments to identify important information and systems
- Carry out regular security testing on the business website
- Check provider credentials and contracts when using cloud services

With fraudsters becoming ever more sophisticated with their manipulation of IT systems it is also essential to have specialist cyber insurance in place.

With the emergence and growth in cyber risk a number of insurers have been developing new products to help protect your business when normal risk management measures fail. The market is predicting that these will soon form part of the standard insurance portfolio for the majority of businesses.

If you want more information on how insurance can support your own risk management of this increasingly targeted area then please speak to us.

Sources:

https://www.gov.uk/government/uploads/system/uploads/attachment_data/file/60943/the-cost-of-cyber-crime-full-report.pdf
<http://www.westmercia.police.uk/news/news-articles/west-mercia-police-prepare-for-cyber-crime-onslaught.html>
http://www.dodsmonitoring.com/downloads/mise_files/FSB_cyber_security_and_fraud_paper_final.pdf



CHARITY BEGINS AT WORK

Supporting a local charity can benefit your business in a number of ways. As well as boosting the company's profile it can differentiate you from your competitors as well as facilitate team building amongst employees.

So what do you need to consider if you are thinking about supporting a community organisation in your local area?

Not just about the money

While local organisations will appreciate financial support, other forms of giving are just as important. For example, if you are a catering company, food donations to a homeless shelter could be equally as beneficial to the organisation as giving cash.

In it together

If you are considering supporting a local charity ask your staff which organisation is most deserving. If employees are fully behind the program then they should be more willing to dedicate their time to it. A few hours a month together spent "helping out" an appropriate charity could also promote better team bonding.

Don't be shy

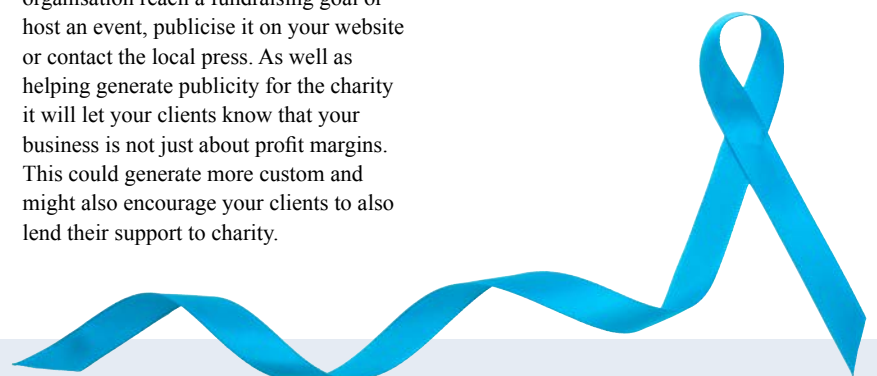
If your company has helped an organisation reach a fundraising goal or host an event, publicise it on your website or contact the local press. As well as helping generate publicity for the charity it will let your clients know that your business is not just about profit margins. This could generate more custom and might also encourage your clients to also lend their support to charity.

Spread the love

While there may be a particular organisation that is close to your local community's heart it doesn't mean that you have to limit your support to one charity. You could choose a different organisation on an annual basis to hold fundraising events for. Again this will help ensure employee engagement if they have a say in which organisation is being supported.

Belt and braces

If you are participating at an event where your employees are involved on behalf of your company, make sure you check your liability insurance will extend to the activity, or ask the charity if cover extends to include volunteer workers. Either way, you know you'll be covered if an incident occurs.



A NATION OF ART LOVERS

The UK is the third largest market for art and antiques. There are several reasons why we are a nation of art lovers. An art collection can be an excellent investment, it may highlight the good taste of the owner, provide enjoyment and aid relaxation and the right pieces can be serious status symbols.



Businesses are increasingly displaying art on their premises to help create a more pleasing atmosphere, humanise the workplace and promote their corporate identity.

Corporate art collections differ from other art collections because their place within a work environment creates several specific issues and concerns. For instance, images must not be contentious and may need to fit in with brand image and colour scheme.

No matter who selects the art, why they choose to collect it and whether it is displayed in the workplace or the home, it is vital that such a fragile and valuable asset is properly protected.

Many standard office or commercial combined policies will not cater for valuable works of art and the same is true of home insurance. A specialist fine art

policy is the key to effective insurance coverage. Collectors must make sure the contents sum insured reflects the full value of the art. Owners should obtain professional valuations, take photos and keep such information in a catalogue, noting the art's provenance, condition, age etc. These details will all help in the event of a claim.

When dealing with a claim, a number of insurers will allow the client a choice on settlement. For example if partial damage is sustained insurers may repair, replace or pay the value of the damaged item.

Contact us for further information on protecting your art whether in the office environment or in your home.

NEW RULES ON DISCRIMINATION CLAIMS

Earlier this year the UK's employment tribunal system underwent some significant reforms. These reforms will have an impact on employers and directors who may become embroiled in employment disputes, especially where allegations of race, sex or age discrimination are made.

The reforms include the power for employment tribunals to impose a financial penalty for breaches of a worker's rights involving the so far undefined "aggravating features". Most notable though is the requirement that claimants will first have to register their complaints with the Advisory, Conciliation and Arbitration Service (ACAS). The purpose of this measure is to try and avoid claims reaching the litigation phase. So this means that claims will not be able to proceed before ACAS issues a certificate asserting that there is no reasonable possibility of settlement.

The changes to the system highlight the need for firms to make sure their Directors and Officers (D&O) and Employment Practices Liability (EPL) policies are fit for purpose. It is vital companies have the correct protection, which covers full costs and has an adequate limit of indemnity for the business.

Also, directors and risk managers must be aware that insurers may well regard a notification from ACAS as a "claim" for policy purposes. Many D&O and EPL policies contain provisions requiring insureds to notify claims "as soon as practicable".

Firms would be well advised to follow the old adage "If in doubt, notify" as failure to do so may allow the insurer to deny the "claim", despite the absence of any prejudice they may have suffered as a result of such "late notice".

For further information on these reforms please contact us or visit www.acas.org.uk



TOP FIVE CONCERNS FOR SMALL BUSINESS OWNERS



A recent survey* found that the top five concerns for small business owners are:

- Talent management, including recruiting and retaining staff
- Functionality and reliability of technology to run the business
- Taxes and government regulations
- Financing, with decreasing ability to acquire funds year-over-year
- Customer acquisition and retention

These results appear to confirm the fact that small business owners often struggle with many of the same issues as big businesses do. However, the big difference between the two is that small businesses often have minimal resources to sort out these challenges.

Notably, labour issues are the single largest business expense accounting for about 50% of the revenue of small businesses. While firms with high-performing employees are projected to grow three times faster than their peers, these employees are consistently a target for other firms.

Small businesses are most concerned with competition from other similar

*Source: Allstate

businesses in their area. Four in 10 small businesses responded that the biggest risk to their business is an interruption due to injury or illness, while 16% are concerned with data being lost, stolen or compromised and 11% worry about having essential equipment break down.

Many small business claims are due to damage to a building and/or contents, loss of income, and computer or data loss. Safeguarding a business with insurance from a variety of risks can alleviate the stress associated with these concerns.

Many of the UK's SMEs do not have adequate protection from the risks they face. In some cases this is because the risks are simply being overlooked. For some with constricted cashflows, they may decide that certain insurance covers are a luxury rather than a necessity. This could prove an expensive misjudgement if all aspects of potential liability the business is exposed to, have not been properly identified and minimised.

Essential covers such as Employers' Liability (EL) and Public Liability (PL) should be taken out without hesitation. If a business employs staff, even if they are part time or temporary, they are legally obliged to take out EL cover.

An EL policy will ensure the business is protected from the cost of illness or injuries sustained by employees in the line of their work and generally will have a limit of indemnity of £10m.

Public Liability, although not compulsory, is probably one of the most important insurance covers you can buy to protect a small business. PL insurance would protect the business from the damages claim resulting from its contact with the general public, customers, suppliers and other third parties.

Shops, tradesmen and other small businesses may want to look at including Business Interruption insurance. This cover compensates the business should it be forced to temporarily stop trading due to an insured event.

And there are a host of other insurance policies available to cover SMEs from threats including theft and physical damage, to computer hacking and data loss. The insurance industry shares the concerns of small businesses and can help ease the challenges they face as well as mitigate their losses.

For more information on the different types of insurance cover available to protect your business please contact us.

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