



Chartered Insurance Brokers

COVERNOTES

Winter 2013/2014



TROUBLE COMES IN THREES... SLIPS, TRIPS AND FALLS

Slips and trips sound innocuous don't they? However in 2011/12, according to figures from the Health and Safety Executive (HSE) these types of workplace accidents were the most common cause of major injury to employees resulting in an estimated 1.3 million lost working days. The injuries can be devastating;

- An employee in a fast food outlet who slipped and flash fried her arm in 360°F cooking oil.
- The kitchen assistant who fractured her skull because of the absence of slip resistant matting on a wet floor.

As well as the shattered lives and lost working time, the two businesses faced costly prosecution from the HSE, with fines of £15,000 and £36,000 respectively.

Almost all businesses face the risk of employee slips and trips. Statistics, again from the HSE, show that when falls from height are added to other injury type figures, the transport and storage industries have the highest rate of injuries at 486 per 100,000 employees. The water and waste sector is the runner up in this unwanted competition with construction, agriculture, accommodation, manufacturing and health and social care all featuring in the top ten.

ACCIDENTS WILL HAPPEN

In many cases, accidents like these do not happen in isolation. Take the example of the kitchen worker with the fractured skull. The HSE found that there had been four similar accidents in the previous 12 months but improvements to the floor surface with the provision of safety matting were still inadequate. In any case, the matting had been taken up in this instance for cleaning. The surface was so treacherous that the HSE also reported that kitchen staff 'could be seen walking with a very peculiar gait to try to avoid slipping'.

KNOW THE RISK

Are your employees at risk from a slip, trip or fall? The HSE advises the most common causes are;

For slips:

- Contamination i.e. anything that ends up on a floor like rain water, oil, dust
- Ineffective cleaning of contaminated floors
- Human factors i.e. people failing to quickly deal with spills or rushing, or wearing inappropriate footwear
- Poorly maintained flooring
- Environment i.e. poor lighting or rainwater creating a slip hazard.

For trips:

- Obstructions in walkways
- Uneven surfaces.

While for falls, the most common factors involve a failure to provide:

- Safe systems for work and ensure that they're followed
- Adequate information, instruction, training or supervision
- Appropriate and safe equipment.

Every business should be taking proactive steps to keep their employees safe from these three hazards. More information is available on www.hse.gov.uk. We can also provide you with additional advice regarding your responsibilities in respect of your employers' liability insurance; a mandatory insurance requirement for almost every business that has employees.



FLASH FOR CRASH

You pull up at a junction coming on to a busy road. A kind motorist flashes his car lights to let you out. You wave back and pull out in front of him. His car promptly crashes into you, causing extensive damage to both cars and the 'kind motorist' (as well as the other passengers in his car) also appears to be complaining about a possible whiplash injury. Welcome to 'flash for crash', the latest scam to impact the beleaguered British motorist.

It's part of a growing family of motor insurance fraud tactics that includes the 'cash for crash' scam where fraudsters hit the brakes hard (sometimes removing their brake lights too) in a bid to force an innocent driver to crash into them. The Insurance Fraud Bureau calculates that it's costing the insurance industry nearly £400 million every year.

ALWAYS FOLLOW THE HIGHWAY CODE

Anyone driving for business or outside work can help ensure they don't fall victim to this crime by following the Highway Code, which states: 'Never assume that flashing headlights is a signal inviting you to proceed'.

Any business that thinks an employee has been involved in a motor crash scam should contact its local police while motorists could also consider fitting a black box style accident recording system to their windcreens. If an employee is in any sort of motor accident, pictures should be taken of the scene, records made and witness contact details taken. For more information on how you can protect your business from 'flash for crash', call us.



In 2011, the Confederation of British Industry (CBI) found that nearly six in ten (59%) of employers questioned offered teleworking to some or all of their employees – an increase of 13% from the same survey five years ago. Has the promised era of home working, made possible by the technological revolution of the internet, finally taken root in the UK?

OUT OF SIGHT IS NOT OUT OF MIND

There's no doubt that many employers are taking advantage of the benefits that a remote working policy can bring; a reduction in expensive office costs for one, while employees appreciate the flexibility that such working arrangements can bring, not least freedom from the daily commute. Out of sight, however, doesn't mean out of mind as far as an employer's responsibilities go towards their employees.

It is important that every business operating a home working policy follows the same health and safety approach that they have adopted in their own office. According to the Institution of Occupational Safety and Health, the main risk assessment areas to cover include:

- Work environment; is there enough working space?
Is the location secure?
- Work equipment; have you supplied an ergonomically designed desk and chair?
- Mental wellbeing; are your employees able to manage their time independently and deal with the social isolation of home working?
- Working alone; have you provided information on staying safe when working and travelling alone?

DON'T FORGET THE TECHNOLOGY RISK

Additional risks employers should also note includes the potential for employees using their own technology at home – laptops, tablets, etc. – to inadvertently spread viruses or malware into their employers' IT system and compromise data security. Also, check your business insurance covers laptops or tablets taken home by employees (as well as in transit between home and office).

Speak to us for more information on the risks for home workers and the mandatory insurance requirements for your business.

SAY 'YES YES YES' TO REHAB



Workplace injuries cost UK employers 4.3 million lost days of productivity in 2011/12 according to the Health and Safety Executive (HSE). On average each person unlucky enough to be injured at work took 7.3 days off before returning to work.

Getting an employee back to work as quickly as possible after a traumatic event like a workplace injury is in everyone's interests, not least for the employer who will be facing additional staffing costs for overtime, or recruitment to cover the absence period. Increasingly, rehabilitation products supplied by insurers are playing a role in helping an injured employee return to work sooner rather than simply relying on the NHS to provide the necessary rehabilitation services.

BACK TO WORK IN FOUR MONTHS (RATHER THAN 12)

Take the 50 year old factory worker who sustained an injury while moving heavy machinery. Having had a hernia diagnosed, the only option was surgery for which there was an NHS waiting time of over 12 months. Fortunately in this case, the employer referred the case to their insurer, Zurich, who was able to arrange a private

referral. The employee was able to return to work just four months after the injury. Zurich estimates this saved the employer nearly £14,000 in sick pay as well as the hidden staff costs of covering for the injured employee's absence*. As well as getting one of your hard working staff back to work quicker, you will also benefit from a lower claims experience which should help to keep your insurance costs at bay.

A typical insurer provided scheme would see the employer contact their insurer following a workplace accident. In turn the insurer would appoint an Occupational Health Adviser (OHA) who would liaise with the employee, GP and treatment providers to arrange the most appropriate medical consultation and treatment.

ARE YOU COVERED FOR REHAB?

Despite the success of this type of rehabilitation, only a quarter of employers offer any form of rehabilitation says The Chartered Institute of Personnel and Development (CIPD). Some insurers may however offer this service as part of their employers' liability cover, or it might be available as an optional cover. Contact us to find out if you already have access to this type of rehabilitation service.

*Zurich Rehabilitation brochure

KEEPING THE SHOW ON THE ROAD

A busy independent travel agency relies on its telephone and IT systems to compete with bigger travel groups. Last January, during one of its busiest periods, nearby road resurfacing led to a power cut that lasted for three days resulting in the agency being unable to check flight and holiday availability. They lost a substantial amount of business as a result of this, as well as it impacting on ongoing customer loyalty.

FAIL TO PLAN, PLAN TO FAIL

This example demonstrates how important it is for any business to plan for the unexpected and consider how it can keep its business running if, for example key IT services are lost, or access to its offices or workplace is prevented. Here are some key business continuity steps recommended by the insurer AXA:

- Ensure you have basic emergency procedures in place e.g. plan working from alternative sites or organising remote access
- Identify possible disasters and assess your risks i.e. flooding, IT/computer failure, or denial of access to the premises
- Secure your business i.e. go through each part of the business such as people, the workplace, IT/systems and identify how you would manage a problem
- Write your own Business Continuity Plan then test the plan regularly and keep it up to date.



Finally, talk to us so we can help you check what insurance cover you have for business interruption costs.

AXA business continuity guide for small businesses

HOW A TENANT DEFAULT GUARANTEE CAN HELP YOUR BUSINESS MOVE



A new start-up business quickly expanded and decided it needed more office space. Having found the ideal premises, the prospective landlord was happy to let the bigger office to the growing business but asked for six months' rent up front as added security. Given the relatively short space of time the company had been trading, and absence of three years of audited accounts, it's hardly surprising that the landlord wanted the added security. But for the start-up business, paying six months' rent up front would have forced it to use up valuable credit lines at a time when it needed all its cash to grow.

THIRD PARTY GUARANTEES

What next? The answer in this case, was the use of a Tenant Default Guarantee (also known as a Rent Guarantee) which will pay out to a landlord in the event that the tenant defaults on a rent payment. Effectively it's a third-party guarantee that offers the security a landlord needs without the requirement for a tenant to put up a large cash deposit.

By taking out a Tenant Default Guarantee for a relatively small fee, the business was able to provide their prospective landlord with the security he needed that any missed payment would be covered, while protecting its own credit lines in the process.

Thinking of moving premises? If you think a Tenant Default Guarantee could help your business expand, speak to us for more details.

UNDERINSURANCE LEAVES BUSINESSES EXPOSED

A business buys insurance to cover itself in the event of a loss with the belief that should the worst happen – a fire perhaps, or damage to vital machinery – its insurance will pay out and normal service will be resumed as soon as possible, with minimal financial loss.

What if the insurance purchased however fails to cover the value of the loss? For 40% of businesses that might well be the case. According to research from specialist valuers, Rushton International, 40% of clients surveyed were underinsured by an average of 20% for their plant and equipment as a result of inadequate valuations, with one client as much as 188% underinsured. The Chartered Institute of Loss Adjusters paints the same picture for business interruption cover with 40% of businesses underinsured by an average shortfall of 45%*.

Why underinsurance occurs in the first place can be due to a multitude of factors; a building that has been destroyed or badly damaged may cost more to rebuild due to a discovery of asbestos for example, while rebuild costs can fluctuate significantly due to the changing value of construction materials such as steel. Currency fluctuations can impact the cost of replacement machinery which might have to be imported, while the costs of delivery and installation are often not factored in.

*Figures provided by Zurich - 'Under Insurance in the Major Loss Sector'

WHY UNDERINSURANCE CAN BE SO DAMAGING

Whatever the reason, underinsurance means the impact on a business's bottom line can be significant if its insurance fails to cover a loss. It can take longer to progress an insurance claim if the sums involved are in dispute, meaning more expensive delays before a return to business as usual.

AVOID BECOMING A VICTIM

The important step is to check sums insured by having a professional valuation. Typically this would happen at the renewal stage of a business insurance policy and could also include a review of policy wordings to ensure the broadest possible coverage. The benefits of such a valuation include:

- Protection from the risks of over or under insuring
- Independent evidence in the event of loss
- Provides independent verification of assets
- Ensures insurance premium can be calculated correctly.

It is critical that your business does not fall victim to underinsurance. We can help ensure you have the appropriate valuations for your buildings, plant and machinery as well as business interruption.

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.

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