

james hallam

SME

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A Start Up Guide to  
**Business** Insurance



# Business Insurance



As a new business it's important you have the right insurance covers in place. There are certain covers you are required to have by law, some covers you should really have in place and others you may wish to include so you are fully protected.

## **Red** – This is compulsory insurance

**Employers Liability** – If you employ anyone (including Directors/Owners) you are required by law to have employers liability insurance. This can be arranged on its own however it is usually included along with Public Liability or as part of a business package.

**Third Party Motor Liability** – If you own a vehicle, for either business or personal use, the law requires you to have third party liability cover. This is normally included under any motor insurance policy. If you do use your own vehicle for business, make sure your insurers are aware as this may affect your insurance policy.

**Auto-enrolment** – has been designed, in conjunction with the State Pension age being increased to 68 (for the youngest people in the UK) to address the shortfall between individual savings and the expected increase in burden on the welfare state.

All companies are affected by workplace pensions reform known as “Auto-enrolment”, which started from October 2012 (for the largest employers).

The reforms state that every employer in the UK must have a suitable pension scheme, into which they automatically enrol eligible workers. People are now living longer and this means that on average people will enjoy a longer retirement.

## **Amber** – These covers would normally be bought to provide you and your business broad protection

**Public Liability** – Will cover your legal liability to pay Compensation and Costs and Expenses in respect of accidental Personal Injury or damage to property which arises in connection with the business and which happens during the period of insurance and within the territorial limits. This can also include Products Liability where damage or injury occurs as a result of a Product or goods supplied by your business.

**Property Insurance** – Can cover many different situations from a simple home office to retail or commercial premises. Cover is normally provided for business contents which may be machinery, IT equipment, general furnishings and stock. Cover is available either on an “All Risks” basis or specified perils such as fire, storm, flood, theft etc. Depending on your type of business, a package policy would normally be arranged and additional cover such as money, assault, goods in transit, glass and book debts may be included.

**Business Interruption** – Cover against loss of income or additional expenses following an insured event, e.g. fire, flood etc. Cover would normally include instances such as prevention of access or failure of public utilities and closure of your premises due to disease, food poisoning, murder or suicide occurring on the site.

**Directors & Officers Liability** – Protects personal assets and liability of past, present and future directors, officers and senior

management against claims arising from wrongful acts or decisions made in their capacity as leaders and decision makers. Today’s Directors and Officers owe a duty to a number of parties, including the company, creditors, regulators, shareholders, employees, liquidators, administrators and receivers following insolvency. A breach of duty can result in disqualification, penalties, damages and, in extreme cases, imprisonment. Even if a claim brought against a director proves unfounded, defence costs and expert legal advice alone can be financially damaging.

**Cyber Insurance** – Cyber risks are a real and serious threat to all types and sizes of business. Cover can include data breach costs including forensic investigations, public relations advice, legal advice, defence costs, fines & penalties. Repair or restoration costs following hacker damage to websites, programs or data is also covered as well as cyber extortion and loss of income if your business is prevented from earning revenue.

**Commercial Crime** – Covers any financial loss from fraud, dishonesty or malicious acts. Cover can include data damage or damage to safes and vaults, lost interest payments or incurred legal defence costs. Costs of reconstituting data as the result of an internal crime, e.g. a disgruntled employee, where there is no intent to steal but rather to maliciously alter, delete or corrupt data can also be covered.

# Green – You should consider to give yourself and your business wider protection

**Fidelity Guarantee** – Covers the risk of theft by employees and can include criminal acts such as embezzlement, forgery, fraud and counterfeiting.

**Key Man Cover** – Helps protect a business against the ‘key person’ dying or falling terminally or critically ill during a specified period. Whether the key employee provides expertise, contacts or other value, losing them could be very damaging to profit, sales, business development, debt servicing and value creation. Key person protection is written on the life of the key individual but the plan is owned by the business, which pays the premiums and receives any benefit in the event of a claim.

**Personal Accident** – Protection for professionals and their businesses in the event of a claim made, Provides cover should an injury occur at work or outside of work which could incapacitate you or your staff, leading you to have an increase in costs as a result of employing someone else or having to continue to pay an absent staff member’s wages.

**Annual Business Travel** – If you make regular business trips you may be better off taking annual business travel insurance. Annual travel insurance can be taken out for specified individuals or all employees.

**Professional Indemnity Insurance** – Protection for professionals and their

businesses in the event of a claim made by a third party alleging they have suffered a financial loss as a result of negligence advice or service. This insurance should also cover legal fees and costs. Individuals and companies who provide professional advice or consultancy services need Indemnity cover. It will often be a contractual requirement.

**Legal Expenses** – Protection against unexpected legal costs. Will protect you against unexpected legal costs. Your business is more likely to have a legal claim than a fire claim.

Cover can include;

- Criminal Prosecution
- Employment Disputes
- Contract Disputes
- Tax Protection
- Property Disputes
- Data Protection
- Statutory Licence
- Personal Injury
- Wrongful Arrest Defence

For more information or a quotation on any of the covers detailed please contact us on 0330 024 0755.

Disclaimer: The above is intended to be a brief outline of typical insurance protections for business. Specific advice must be taken to establish any individual requirements which may include lesser or wider risks.



Please contact the team

Saxon House  
Duke Street  
Chelmsford  
Essex  
CM1 1HT

**T** 0330 024 0755  
**E** [sme@jameshallam.co.uk](mailto:sme@jameshallam.co.uk)  
**W** [www.jameshallam.co.uk](http://www.jameshallam.co.uk)