



Using insurance to protect your business

This guide looks at some of the ways that a business can protect itself against adverse events

Whatever your profession is, it is likely that your business is exposed to some sort of risk on a daily basis.

Whether it's the potential for a key member of staff to leave, fall ill or pass away, or a cyber attack that puts your company out of action temporarily, you can take out insurance to protect your business financially.

Like any insurance policy, it is important to make sure that you are adequately covered in a way that suits your specific needs. In most cases you will need a combination of different policies tailored and combined to get the optimum level of protection.

Broadly speaking, business insurance falls into 4 main categories:

Protection against risk of compensation and legal action

These policies offer security against incurring the full costs of compensation and/or legal action taken against you by a claimant such as a member of the public.

Types of policy that are included in this category include:

- public liability insurance
- product liability insurance
- professional indemnity insurance
- directors and officers insurance
- legal expenses insurance
- employers' liability insurance.



Protection UPDATE

The type of policy you choose will depend on the way that your business operates and the risks it potentially poses to others. For example, if you make your profits by selling toys, you will need some form of product liability to protect you should someone take legal action against for injury caused by one of your products. Most employers are required by law to hold employers' liability insurance.

Please contact us to discuss the policy that might best fit your business.

Protection for your business property

Whether you own a building that your business operates from, or couldn't manage without your tools or computers and other technology, you can take out a policy to protect against damage and loss.

Policies range from the more familiar, such as buildings and contents insurance, to the less traditional policies, which can include:

- cyber risk insurance provides cover for losses or damage incurred as a result of a cyber attack. It can also help to protect against the costs associated with security and privacy breaches in the event of electronic theft and the loss of third party data
- goods in transit insurance protects goods, tools and materials in transit
- terrorism insurance can be added to your buildings insurance policy to protect you on an all-risks basis, including biological, chemical or nuclear contamination, and the losses to your business caused by disruption as a result of terrorism.



Using insurance to protect your business

Protection for your employees

Offering an employee benefits package that includes protection for your employees can have multiple benefits. Firstly, it could help to attract candidates to your business, and secondly, depending on the type of business, it could benefit your company by reducing the amount of time an employee is unable to work after an accident or illness.

Insurance that you could take out to protect your employees includes:

- life insurance
- company travel insurance
- private medical insurance
- critical illness insurance
- income protection insurance.

The cost of these insurance policies will depend on a number of factors, including how many staff you employ and the level of benefits you want to offer. Please contact us to discuss your employee benefit needs.

Protection against financial risk

Safeguarding your business against financial risks can be complex, but is often one of the most important types of cover to consider. The right policy could save your business a huge amount of money and time.

Policies to consider include:

- business interruption insurance compensates you for costs caused by events such as fire, floods and IT failures
- credit insurance protects you from the risks of debtors becoming insolvent
- fidelity insurance helps you shoulder the costs of employee theft of money or other financial assets.

Shareholder protection

The death of a business owner is traumatic and often results in the remaining business owners or partners being left with substantial concerns over who inherits their shares in the business.

It is always prudent to have a legal agreement in place that sets out what happens in these circumstances. However, one of the biggest financial implications is that the dead shareholder's beneficiary will inherit the shares and have a more immediate need for money, while the remaining shareholders may want to buy the shares but not have the funds available to do so.

This is where shareholder protection can step in to provide the funds needed for remaining shareholders to purchase the shares if needed. This type of policy can also be used to cover the critical illness of a shareholder.

Money insurance

Money insurance will replace stolen money that belongs to your business, whether it is taken from your premises or in transit.

There is normally a higher limit for commercial money insurance for theft during business hours. A policy could also provide compensation for bodily injury due to assault or attempted assault while carrying business money.

Trade credit insurance

Trade credit insurance is designed to guard businesses against the cost incurred by customers who owe money for products or services don't pay their debts. A trade credit insurance policy will pay out a percentage of the outstanding debt (usually around 90%, depending on the policy).

Policies usually cover specific circumstances, such as a customer being declared insolvent or failure to pay within an agreed period. A policy may also cover non-payment that is outside of the customer's control.

We can help you to find a trade credit insurance policy to suit your needs.

Key person insurance

Key person insurance can provide cover against the risks associated with losing a key employee through death or illness. Key employees are those that hold invaluable knowledge, expertise, relationships and skills that if lost would cause serious financial or organisational damage to the business.

Some of the issues that could arise as a result of losing a valuable member of staff include:

- other staff leaving
- the financial cost of training and recruiting new staff
- the potential loss of suppliers and customers
- loss of revenue and profits
- damage to longstanding important business relationships.

The level of cover you choose will depend on your business and could be a combination of life assurance, critical illness cover and income protection.

Contact us to find out more about creating a full protection plan for your business.

Tailor your business protection

We can help you to devise a package of business protection policies that will ensure that your business is covered for all possible eventualities, without being covered for risks you do not need to be.

Please contact us to discuss your needs.

Important Notice

This document is solely for information purposes and nothing in this document is intended to constitute advice or a recommendation.

Whilst considerable care has been taken to ensure that the information contained within this document is accurate and up-to-date, no warranty is given as to the accuracy or completeness of any information. E & OE.