

Mind Your Own Business

Official Newsletter of Stanmore Insurance Brokers Limited, A Brokerbility company

Second Edition

Identity fraud not taken seriously?



Customers' identities are being put at risk as businesses are failing to prevent against fraud, says a new report.

Some 97 per cent of employees are not confident that their employers do enough to safeguard against the crime, according to a survey by paper shredder company Fellowes and the National Fraud Authority.

Tyron Hill, an advisor at the National Fraud Authority, says: 'Today's customers are more vigilant and informed when making decisions – Businesses that are seen to do more to protect data are at a competitive advantage over those that aren't.'

Figures from the National Fraud Authority show that nearly half of all businesses (43 per cent) fear the effect fraud can have on their reputations.

For more information on how to prevent identity fraud go to the National Identity Fraud Prevention Week website at www.stop-idfraud.co.uk/

“43% of businesses fear the effect fraud can have on their reputations”

Increased need for directors and officers cover as we come out of recession

You may be questioning whether this cover is needed, especially if business is sluggish.

The following recent scenarios supplied by Insurance company Markel demonstrate the continued value of this insurance.

1. A Husband and Wife team equally owned a successful contract cleaning company. Following a messy divorce, the wife accused her husband of deliberately mismanaging the finances to distort the true worth of the business. This is commonly known as a Director vs Director action and is on the increase as business pressures mount. Total costs amounted to £75,000.
2. A construction company suffered a near miss when a huge pane of glass fell from the fifth floor of a re-development project onto the pavement. Miraculously, no one was injured but the Health and Safety Executive made a site visit the following day. This revealed a number of legislative breaches. A variety of actions were subsequently brought against the directors resulting in costs of £45,000.
3. The Insured designs, manufactures and installs computer control systems for the oil, gas and petrochemical sectors. The company was formed by a



management buy out of a division of a host company. Two separate claims were brought, one against the company itself, and one against the individual directors in response to the alleged breaches of two clauses

in the agreement governing the buy out. The claimant was pushing hard for court hearing. Our investigations and legal support eventually lead to an out of court settlement of just under £340,000.

4. A trailer rental and leasing company needed help with a claim brought against the company and its directors by the former company solicitor and company secretary for discrimination and constructive dismissal. The situation was further

complicated by the fact the some of the directors of the insured were involved in procuring phone records from a third party to help substantiate their claims against the claimant and in so doing breached the Data Protection Act 1998. Settlement and legal costs in negotiating acceptable outcomes for all parties came to over £75,000.

Directors and officer's claims are rarely straight forward, either in terms of size or circumstance. Insurance protection gives you peace of mind from the unforeseeable.

For more information contact us

Crazy Claim Form extracts...

“I started to slow down but the traffic was more stationary than I thought.”

“I pulled into a lay-by with smoke coming from under the bonnet. I realised the car was on fire so took my dog and smothered it with a blanket.”

Q: Could either driver have done anything to avoid the accident?
A: Travelled by bus?

“The car in front hit the pedestrian but he got up so I hit him again.”

“I pulled away from the side of the road, glanced at my mother-in-law and headed over the embankment.”

“The other car collided with mine without giving warning of its intention.”

“To avoid hitting the bumper of the car in front I struck the pedestrian.”



Product Recall

Product quality is essential to business survival. However, these days, it seems recalls are rarely out of the media. Why is that? Under intense economic, customer and competitor pressure, businesses need to drive down costs, which can lead to the sourcing of products or raw materials from the cheapest supplier, often from overseas. In our experience, this approach can lead to compromise in product quality that may result in product safety issues and ultimately impact upon brand and market reputation.

It's not only brand damage that is at risk. In China, during 2008, six children died and some 300,000 became ill from milk tainted with a chemical known as melamine. This was added to make the milk appear to have higher protein content. Two senior businessmen were executed by the Chinese Government as a consequence, whilst others were imprisoned.

The statistics show an alarming number of product alerts and recalls with over 4,800 during 2009 alone, that's nearly 100 a week! If companies like Toyota can experience such brand damaging recalls, are you any different?

Picture the scene –You receive an urgent telephone call from your CEO. He tells you that he was contacted late yesterday by your customers to alert him of an impending news report. He was informed that consumers were being hospitalised and your business is likely to be named as the source of the problem.

The CEO asks for your guidance with an immediate media response; assistance with a full investigation into the cause the problem and advice as to what insurance the business has in place.

Naturally, this is an extremely sensitive and pressured situation and the decisions made during the initial stage are crucial.

A decision to recall a product can be potentially devastating to a business, but so can a decision not to. Decisive action based on full information is needed.

It is quite easy to focus upon the direct cost of a recall (product value, logistics, disposal to name a few) without considering indirect costs, measured in reduction of consumer



confidence, lost sales, impact on brand and the very survival of the business.

Most businesses are aware of the benefit of product liability insurance, but they may not appreciate its limitations. Some have learned the hard way that supplementing traditional product liability cover with additional recall cover is one way of protecting their business.

for further information on products and services available, please contact us.

Article supplied by RQA and Cunningham Lindsey

Ashwin Mistry OBE ACII, Chairman of Brokerbility Ltd comments on... The Business World Post Budget...

The Chancellor frightened us all with the "strategic media leaks" of news pre-budget. Trying to manage our expectations on VAT, Inflation, Balance of Trade deficit, higher taxes and of course the expected Government Department Cut Backs.

So what is life like post emergency budget?

VAT will be 20% and we should all brace ourselves for that to go up at some future point

Repositioning of High rate tax band and increase in National insurance

28% Capital gains tax on "non Business assets" - not good news for small private investors

Insurance premium tax up by 1% to 6%. (This is, depending on timing, certain to go up to European Levels of 17-20%)

So what is the Good news?

Sterling has strengthened against Euro and Dollar (in fact most global currencies) - not good if you are an exporter!!

Manufacturing, especially in niche areas will make a come back.

The cut backs in Government Departments will inevitably lead to increased "outsourcing" of a number of in-house activities.

Opportunities will be created for both existing Companies to compete, tender for contracts than ever before. Innovation will be key for new set up's prepared to take on the opportunities

Interest rates are being pegged to at least try and avoid a "double dip recession" and

additional quantitative easing has not been ruled out. Stronger and well positioned companies will be able to secure bank lending, compared to the weaker counter parts. Increase in Entrepreneurial Relief limits will allow Business Owners to take more cash off the table. 28% CGT will not be around for too long. We all expected this to go straight to 40% or even 50%.



In conclusion, we all face the same issues and challenges and the question is not necessarily what to do about them, but more importantly how you are going to react to or approach ever changing circumstances?

Questions, questions...

Are you and your fellow equity partners ready to challenge and refresh the way you have traditionally transacted your business?

Are you ready to compete in the fierce Local and Global markets?

Are your staff aligned with your Business issues and are they prepared to share the challenges?

Finally, are you together with your staff prepared to take real advantage when all those around you sit complaining??

If Life was simple, we'd all be bored to death!!

SMEs flout safety laws

The majority of small businesses are breaking health and safety laws, according to a survey by St John Ambulance.

Some 79 per cent of businesses admit to having periods of time where no trained first aiders are present in the workplace, while 15 per cent have never carried out an assessment to determine risks within the workplace.

According to the charity, there were 1,100 cases of businesses being taken to court because of health and safety failings last year, of which 87 per cent were found guilty of malpractice.

Richard Evens, training and marketing director at St John Ambulance, says: 'Health and safety is certainly not something that should be skimmed on but we realise that smaller businesses can find it daunting when faced with the prospect of dealing with risk assessments, protocols and legal obligations.'

The organisation has launched a new course aimed at helping small to medium sized businesses understand the basic processes involved in making their workplace legally compliant. For more information visit their website address at www.sja.org.uk

St John Ambulance 
The difference.

Six key decisions that could sink a tech business which every broker and his client should know about...



A new report which looks at the key decisions and risks faced by fast-moving technology businesses has been published by Travelers UK. Called *Lifestages & Risks*: an essential guide to the technology sector, the report has been created by Travelers Technology team working in conjunction with technology law specialists Reynolds Porter Chamberlain LLP.

Written for both technology businesses and the insurance brokers who work with them, *Lifestages & Risks* examines the six key stages any tech firm must go through in order to grow into a successful and robust business. Travelers' Technology team then set out to examine in the detail the risks and potential rewards these tech firms must manage as they advance through each stage towards maturity.

With the technology sector representing an estimated 10% of the UK economy, Travelers' report identifies six key areas of potential risk exposure faced by expanding technology businesses. These six stages are:

- The first contracts: ensuring that the company's early contracts do not create problems or liabilities that could damage it.
- The overselling risk: how over-zealous sales teams can make promises and commitments that lead to legal disputes.
- Unwitting exports: the perils of trading on the web. How does the business know that what it's doing or selling doesn't create legal problems in some distant corner of the globe?
- Contracting with a US partner: cracking the US is the dream for many European tech businesses, but the US legal system must be approached with caution.
- Sourcing and outsourcing: as the company grows it will need to outsource some of its functions and production. Choosing the wrong partner can have devastating results.
- Buying or selling a business: whether its expansion or an exit strategy, acquisitions if handled badly can damage reputations and create a legal minefield.

if you'd like copies of Travelers' report *Lifestages and Risks*, please contact us.

Retention... the hidden key to business growth?

The uncertain economic landscape created by the recession is driving competitive intensity across all business sectors.

Many businesses are undertaking some sort of aggressive business generation activity, be that short term price reductions or added value enhancements to protect pricing.

Although such activity will generate business and new customers, it will undoubtedly impact upon profitability and those customers acquired through short term promotions are likely to move on when pricing is restored to previous levels.

So how do you protect your clients from poaching by competitors and your profitability?

You could accept that you will lose some customers to your rivals lead generation / promotional activity, whilst employing the same tactic to do the same for your business. But all this does is generate growth to stand still!

You could also simply rely on traditional methods of business development and wait for the 'referral' phone to ring. Welcome but unpredictable. Or you could hone and develop the customers you already have, by locking them in and giving them no reason to look elsewhere. It's your choice but if you get it right you will reap the rewards.

Planned, targeted and relevant Customer Relationship Management is one way to protect your customers from walking away to the next price driven offer. There's more to it though than simply relying on good customer service. It's about working closer, becoming tighter and adding more value to their requirements through your expertise, to ultimately become their supplier of choice – rather than just a business/service they tend to use. Would you move your business to another supplier if they demonstrated value to your business?

True CRM is about effective communication with customers, learning along the way and building loyalty over a period of time. Knowing what they like, don't like, need and want all at the right time. It's no more complicated than that. To facilitate true CRM, a business needs to be able to interpret data intelligently and communicate with customers in a regular and relevant way, demonstrating usefulness and value to a customer.

Advice is available on how to create a simple plan and put it into action, utilising the right tools. Get it right and you can not only protect your hard earned, happy and loyal customers from attack, but also enhance your profit and reap organic growth at very low cost.

Ben Hickley. Ignition NBS

Ministry of Justice Reforms



In April this year, the MOJ introduced plans designed to streamline the claims process for road traffic personal injury claims valued between £1,000 and £10,000 – around 80% of all motor personal injury claims.

In essence, where fault is not disputed liability must be admitted within 15 days of the claim being sent to insurers. This means

that insurers have only a very limited time to carry out their investigations.

The priority therefore must be to ensure all claims involving third party injury must be reported immediately to allow insurers the maximum time to investigate.

Whilst insurers introduced new teams and processes to ensure compliance, their concern remains that many claims will have to be conceded for a lack of information or access to the driver.

Delays in reporting could mean claims being settled which could have been defended and possible cost implications for your claims experience.

The message... to report all appropriate claims to your broker immediately upon happening.

Jon Tyler, Brett & Randall Claims Manager

Try something new!

All too often businesses are of the opinion that "if it's not broke, don't fix it". But in an increasingly competitive market can you really afford to be one of the businesses that stand still?

Mike Butler of the innovation specialists Ignition NBS tells us why having the courage to do something differently is vital to differentiating your business.

Take inspiration from the forward thinking brands we all admire. Google, Apple and 3M are all reaping the rewards of their ability to innovate. These companies all display particular qualities and behaviours that all stem from strong leadership. It's vital that management is clear about the role of innovation in your business, the reason for it and your level of ambition.

With this endorsement and clarity in place, you need to develop a culture that celebrates and rewards success when it delivers and even when it doesn't. Trying new things requires bravery and how you react to and learn from a

failed project sends a powerful message. Before you can generate innovative ideas it's vital to invest time and energy in intimately understanding your customers' issues. Once you understand these issues it's time to tap into the creativity of your own people to help you solve them. You must allow all the ideas generated by your team to grow before making any judgement. Discounting ideas too quickly will leave your colleagues disillusioned and deter them from sharing their ideas. You also run the greater risk of never seeing a seed of an idea develop to its full potential.

With an innovation culture firmly embedded in your business and the creative ideas flowing, you'll soon be implementing ideas that make your business more efficient, drive sales and improve customer service.



A good time to check insurance valuations??



Paying an appropriately qualified professional to undertake a valuation of buildings is often a 'grudge' purchase. The problem is that the majority of buildings are under insured for various reasons; incorrect base figures before indexation, reliance on average building costs, confusion between market value and rebuilding cost related to the cover provided under policies.

However, with the majority of commercial policies still written on a full value basis with pro rata average, policyholders face potential 'life changing' shortfalls in payout related to the application of average which will impact upon their ability to fund reinstatement in full and with speed. At the time of claim, under insurance is the last thing any of the stakeholders in the insurance process want: be they, the policyholder, insurer, adjuster or brokers.

Brokerbilty has teamed up with their preferred supplier Barrett Corp and Harrington (BCH) to offer an industry recognised, nationwide, cost effective building insurance valuation service, which is regulated by RICS. The building insurance valuation should not be regarded as a 'grudge' purchase but a sign of good corporate governance and good practice.

Please contact us if you are interested in a quotation.

Online Motor Insurance Certificates are now Legal Tender!



We are now able to apply for a licence, buy a car, pay our road tax, and buy full car insurance online now that the DLVC and the MID are working together in providing owner details, car details, MOT details and Insurance details to anyone who has access to immediately verify their existence or validity.

On 1st May 2010 a bill was passed in the UK that allows Motor Insurers to transmit the 'Certificate of Motor Insurance' electronically. Motor insurance certificates can now legally be emailed to policyholders. Previously only paper car insurance certificates, sent by post or cover notes issued by an Insurance Broker were valid.

This is a big leap forward in the ease of buying Motor insurance on the Internet as it is now possible to completely transact this business in a virtual and paperless manner; which should also please many environmentalists.

“This is a big leap forward in the ease of buying Motor insurance”