

PROTECTING YOUR BUSINESS

How to create a business insurance strategy.

Who would pick up the bill if something happened to the people you employ, the building you work in, or the equipment you use?

Not having business protection in turbulent times has forced some firms to cease trading.

With the number of 'business deaths' in the UK rising from 288,000 to 357,000 between 2016 and 2017, according to the most recent figures from the Office for National Statistics, insuring your business seems more important than ever.

With plenty of products on the market, you need to weigh up the different types of insurance your business may need.

ESSENTIAL LEGAL REQUIREMENTS

All employers need **employers' liability insurance**, to cover staff who suffer an injury or illness as a result of their work.

This form of protection applies to every business that employs at least one staff member, and must cover at least £5 million.

Professional indemnity insurance covers any claims lodged against your business and suits those who supply services.

This type of protection may come in handy if a client believes they incurred losses because of your work or advice.

All motorists in the UK require **car insurance**, and you need to ensure your car insurance policy includes business use if you're using a car as part of your business. This protection covers any workers who drive their own vehicle for business purposes.

DECIDING WHAT TO INSURE

What you insure depends on the type and size of business you operate, plus its location and assets you may need to protect.

To find the top priority, assess the risks to your business and identify those that would disrupt your operations the most.

With the sheer volume of insurance options, it's easy to be overwhelmed and waste money that should be spent elsewhere.

However niche your circumstances, maintain a sense of realism about what protections you need and don't need.

PEOPLE

It goes without saying that the people you employ ensure the day-to-day running of your business.

Making sure your business fully functions if it loses a vital team member should be a key protection planning consideration.

Key person insurance

Most businesses have vital team members with inside knowledge of how your business runs.

This could be a senior software developer who has been at your small business since leaving school, or a company founder or director. You get the gist.

If this person was to die or be struck down with serious illness that prevents them from working, your business would be left with a huge void. This type of insurance can cover:

- Any loss of profits sustained over the period of time it takes to find a replacement
- The cost of recruiting and training a replacement
- The wages of the team member if they are unable to work.

Shareholder protection

The death of a shareholder could have serious ramifications for your business further down the line.

For example, any shares owned in your company could go to the shareholder's family who may want your business to go in a different direction. Alternatively, they could look to sell the shares to a competitor or someone planning a hostile takeover.

The moral of the story is the potential for disruption is obvious, and having shareholder protection can guard against this.

The policy provides funds for the shareholders to buy shares owned by the deceased, support the family, and stabilise the business at a turbulent time. Critical illness cover is included.

PROPERTY

Every business, regardless of size, operates from a room or premises and insuring this should be a priority.

Buildings insurance

This self-explanatory form of insurance protects your premises if fire, floods or storms were to cause damage.

To prepare for the worst, the policy should cover the costs of rebuilding the property or relocating to a new premises.

Business interruption insurance

In the event of your business being closed for a prolonged time, business interruption insurance covers your back.

This policy can ensure staff are paid on time, and bridge the gap from lost profits or loss of rental income.

LIABILITIES

Accidents happen in all walks of life, and businesses are no different. Protecting against the risk of any damage caused to customers or their property can cover the costs of being liable.

Product liability cover

If a customer suffers an injury or illness because of goods you produced, this covers the cost of compensation. It is suited to businesses that operate in high-risk sectors, such as catering, toy manufacturing, or producing electrical goods.

Public liability cover

Public liability insurance is common for businesses that come into contact with members of the public on a regular basis. It proves popular with shopkeepers, hairdressers, or tradesmen, all of whom use this policy to guard against compensation claims.

OTHER CONSIDERATIONS

The way businesses operate continues to evolve, especially as technology advances over time. This means there are new things to consider when you're deciding what to insure.

Cyber risk insurance

Following the introduction of GDPR legislation in 2018, the cyber risk security insurance market has grown faster than any other.

You have to guard against data breaches, which can result in your customers' confidential personal details being leaked.

Many firms need to show cyber risk is being managed and quashed, while attacks are expected to get more sophisticated.

Goods-in-transit insurance

If your business distributes goods within the UK, you should consider taking out a goods-in-transit policy which protects goods that are moved by road or rail, and can include products that are shipping to customers by freight.

For goods being transported to customers in other countries by sea or air, there are various cargo insurances available.

Credit insurance

Late payments are a real issue for almost all small businesses in the UK, and credit insurance covers a portion of the payment owed by a customer when they fail to pay up on time.

Employee benefit

Some businesses offer different insurance policies as an employee benefit. Private medical insurance, income protection, and critical illness cover are three of the most valued policies for workers. For instance, private medical insurance could provide an employee with dental, optical or physiotherapy allowances.

👉 **Get in touch to discuss protecting your business.**

IMPORTANT INFORMATION

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