



Guide to Business Insurance Needs

Why do I need Insurance?

This Guide takes you through why you need insurance to protect your business.

As an employer, you are legally required to have Employers' Liability Insurance. If you use motor vehicles for your business, you are legally required to have Third Party Motor Insurance.

But buying other types of insurance can be much more than a sensible precaution – they can make your business stronger, safer and more efficient. Insurers help you to identify the wide range of risks you face every day. They help you to put systems in place to control those risks and prevent them from turning into serious setbacks. When problems do arise, insurers provide financial help to continue doing business, and get you back on track through replacement, repair or reinstatement.

Insurance required by law

You are legally required to have Employers' Liability Insurance if your business has employees.

If your employee is injured at work, or becomes ill as a result of the work they do for you, insurance covers the cost of compensation to a claimant and legal fees. Employees injured due to your negligence can seek compensation even if your business goes into liquidation or receivership.

Your policy should cover all conventional employees, contract, casual and seasonal staff as well as temporary staff, including students or others on work placements.

You are required to have Third Party Motor Insurance if your business uses Motor Vehicles.

If someone is injured or their property is damaged as the result of a collision caused by you or your employee, insurance covers the cost of paying their claim.

Most businesses take out:

Third Party, Fire and Theft

This includes protection against a third party involved, but also pays for loss of or damage to your vehicles by fire or theft.

Comprehensive

This includes protection against a third party involved, fire and theft, but also provides cover for your vehicle against accidental damage. Comprehensive Policy covers your own vehicle against fire, theft, attempted theft, medical expenses, legal protection, Hire Purchase, Loan or Long Term rental Agreement.

Motor Policy usually comes with a 24hour Assistance Service, and may provide courtesy vehicle while your vehicle is being repaired (having in mind that your vehicle is repaired to one of our authorized garages).

If motor vehicles form a core part of your business's trade, you will need a specific policy, for example:

- for vehicles used for farming, or on building sites and industrial premises;
- for motor traders, including car sales and repairs.

Other Types of Insurance

As well as the insurance you are required to have by law, there are other insurance products that can protect you in various ways, including:

A: Protection against risk of compensation claims and legal action

You have legal responsibilities towards your customers and the general public. If members of the public are injured, you could be liable to pay compensation if you or your employees have done something wrong, failed to do something you should have, or broken the law.

Liability insurance covers the cost of compensation to the claimant and legal fees. In addition, Legal Liability Insurance can pay for the legal costs involved in pursuing or defending other claims.

While Employers' Liability Insurance covers the cost of compensation to employees, there are other claims that businesses need to protect themselves against.

Public Liability Insurance covers the cost of compensation to members of the public for death, injury or damage to their property which happens as a result of your or your employees' negligence. By 'public' we mean anyone who is not your employee, including people visiting your business premises, people taking part in your activities, and people watching activities you have organised.

This insurance can include extensions such as Property Development Contingency, requested by an architect where there are high-hazard works or works in close proximity to other buildings.

Product Liability Insurance covers the cost of compensation to anyone who is injured, or whose property is damaged, because of a fault in a product you design, manufacture or supply.

Professional Indemnity Insurance covers the cost of compensation to clients if your professional advice has caused them loss of money. Professionals such as lawyers, accountants, financial advisers, architects and surveyors may be required to have this insurance by their industry regulator.

Directors and Officers (D&O) Insurance covers the cost of compensation to a customer if a claim is made against one of your business directors or other staff (not if the claim is made against your organisation as a whole).

Legal Expenses Insurance covers the cost of pursuing legal action or defending your business against legal action where this isn't covered by your liability insurance; for example, in an employment tribunal. The insurer will pay solicitors', lawyers', barristers', accountants' and expert witnesses' fees and expenses, as well as court costs and opponents' costs if you are ordered to pay them in a civil court.

B: Protection for your property

Buildings and their contents are essential to any business. Insurance provides financial protection when your property is damaged through events like burglary, fire or flooding. In addition, Business Interruption Insurance will cover you for any periods when you cannot do business as normal because of damage to your property.

Buildings Insurance pays for damage to your business buildings caused by fire, lightning, flooding and even earthquakes.

In the event of serious damage to your building, your insurer will often arrange for a disaster recovery firm to take immediate action, and may refer you to trusted building firms.

You should insure your business premises for the full cost of rebuilding them, including professional fees and the cost of clearing the site, which will often be very different from the market value.

You should check whether your building is likely to be affected by subsidence.

If somebody else owns the building your business is in, you should check with the owner that the building is insured. If you work from home, you should make sure your home insurance covers your business activities.

Contents Insurance pays for damage to and theft of stock and business equipment. You should insure stock for its cost price without adding any amount for profit. If there are times when you have more stock on the premises (for example, just before Christmas), you should make sure the insurance covers this.

Business Interruption Insurance will cover you for any periods when you cannot do business as normal because of an event resulting in damage to property on your premises, such as an essential machine breaking down, or flooding.

Business interruption insurance will pay an amount to cover the shortfall in profit and pays any increased costs of running the business as a result of the event (for example, the extra accountants' fees you have to pay).

Business interruption insurance is usually offered as an extra when you buy buildings or contents insurance. Business Insurance will cover further events that disrupt your business, such as people not being able to get into the building or damage occurring at the premises of a supplier or customer.

Goods-In-Transit Insurance pays for goods that are lost, stolen or damaged, while they are being moved in your vehicle or by a carrier. There may be a limit on how much is covered for each vehicle or any one batch of goods being sent. You should put special arrangements in place for moving cash.

Glass and Signs pays for the replacement of all external and internal glasses within your business premises, including hygiene facilities.

C: Protection for your employees

Employees are an invaluable asset to every business, and there are various insurance products that will help provide financial security and medical assistance for you and your employees in the event of illness.

Death Insurance allows you to protect an employee's dependants if he or she dies while working for you. The policy can pay a lump sum of your employee's yearly salary.

It is possible to buy death insurance for employees individually, but businesses usually take out life insurance for a whole group of employees (group death insurance).

Private Medical Insurance covers the cost of private medical care for your employees. It will allow your employees to receive treatment quickly, or at a time they choose, which means your business is disrupted as little as possible and sickness absence is reduced.

Some illnesses, and self-inflicted conditions (for example, attempted suicide), are not covered by private medical insurance. Most insurers will not provide cover for illnesses employees already had before the start of the policy, or long-term conditions that cannot be cured.

Critical Illness Insurance allows you to protect your employees if they contract a critical illness covered by the policy. Gan Direct provides cover for different critical illnesses.

Personal Accident and Sickness Insurance pays a regular benefit in cash to a person who cannot work because they have had an accident or are sick. This is especially valuable if you are self-employed and would have no income if you become disabled or sick. If you are sick or injured, the insurance company makes regular payments, usually every week, up to a maximum number of weeks (usually 52 or 104). They may also pay a lump sum if you die or have a specific injury, such as losing an arm, leg or eye.

D: Protection against financial risk

Business Insurance provides Fidelity Insurance, against financial risks, loss of property or money by an act of theft caused to your employee's dishonesty. Over the next few pages, we set out the types of risk you may face, and the insurance products you need to cover them.

Money Insurance replaces stolen money belonging to your business, whether from your premises or in transit. There is likely to be a higher limit for theft during business hours. Money insurance may also compensate for bodily injury to you or your employees as a result of assault or attempted assault while carrying business money.

Employee Dishonesty/Fidelity Guarantee Insurance protects your business against your employees stealing money or stock.

What do I need to think about when buying insurance for a business?

Insurance documentation - When applying for insurance cover, you will be asked to give information about your business. Your enterprise's information will enable us to assess your risk and advise you to take out the covers that better suit your own needs. Details will include name, address and business of the proposer, previous losses, and details of the risk to be insured. All questions are fully answered and all relevant facts concerning the business are disclosed to us. Failure to disclose all relevant facts fully, whether specifically asked or not, might entitle us to treat the policy as invalid.

Which insurance products should I buy?

We hope that this guide has helped you work out what types of risk you face, and therefore what insurance products you should buy. Gan Direct offers a package of covers to small businesses. We will help you tailor that package to your specific needs.

When applying for insurance cover, you may be asked to complete a proposal form giving information to enable the insurers to assess your risk. Details will include your name, address and type of business, previous losses, and details of the risks to be insured. When completing the proposal form, you must answer all questions fully and disclose all relevant facts concerning the business. Failure to disclose all relevant facts fully, whether specifically asked for or not, may entitle the insurer to treat the policy as invalid.

Your business will probably fall within one of the following types:

- Office
- Surgery
- Shop or Salon
- Hotel, Pub, Bar or Restaurant
- Tradesmen
- Contractors
- Manufacturing
- Working from home

How are my insurance products priced?

Insurance Companies price the products they offer you according to the likelihood of you making a claim, and the likely size of that claim. To assess the likelihood of you making a claim, they look at the risks your business faces, how well you manage them, and what the consequences will be if a setback occurs. We explain more on managing your risks in the next section.

Your Employers' Liability Insurance, for example, is priced according to the likelihood of an employee suffering from an injury or disease due to your negligence. To assess this risk, we will look at the size of your payroll, the usual health and safety risks your type of business faces, and what systems you have in place to manage those risks.

Similarly, your motor insurance premiums are based on the likelihood of you making a claim because of a road collision or other damage to your vehicles, and the likely size of that claim. We will therefore take into account the size and type of your company vehicles, where the vehicles are being driven, and what they are used for. They also factor in your motor claims history as a business, and your driving-for-work policy.

To calculate your property and contents insurance premiums, we will look at the risks you face from events such as fire, flooding and theft, the systems you have in place to control those risks, and how much it would cost to repair any damage. We will also look at the type of premises your business is run from. For example, buildings occupied by several firms are more hazardous, and therefore, more expensive to insure than those with a single occupant; and purpose-built premises are often protected against risks better than old properties that have been converted.

For business interruption insurance, we will ask you to estimate the maximum amount of time you would need to get your business working normally after the most serious damage the policy covers.

For your health insurance premium, we look at information about your employees, such as age, height, weight and occupation.

What level of cover do I need?

We will help you work out what level of cover you need for each insurance product. To help you decide the appropriate level of cover, you will need to assess the impact the event you are insuring against would have on your business. You may want to exclude certain risks from the cover if you think they do not pose a threat to your business.

Remember, when you are insuring your property and contents, if you do not insure an item for a sufficient amount, the insurer will reduce the amount they pay by the percentage of the cost you had not insured the item for. For example, if you insured an item for 95% of its value you will only get back 95% of the value of your claim.

Most policies make you pay an amount towards each claim. This is called the excess. Think about how much excess you are willing to pay, as you can sometimes reduce your premium by choosing a higher excess.

How should I pay for my insurance?

You can pay the whole insurance amount sum at the start of your Business Policy, or you can half the costs by paying twice a year!

Managing your risks

This section takes you through why managing your risks is important, and how to prevent and cope with the effects of illness and injury, fire, flooding, and theft.

Insurance Companies can help you to identify the risks you face in running your business, and will provide financial protection against unexpected setbacks based on the covers you have taken out under your Business Insurance.

Risk management involves an assessment of the risks your business faces, followed by the development of ways to either eliminate or control the risks to prevent setbacks from happening. For every type of risk your business faces, you should draw up an action plan so that, if problems do arise, the damage is minimised. Your plan should include:

- Key procedures for employees
- Contingency plans to minimise injury and business disruption
- A list of important contacts, such as emergency services

Over the next few pages we set out the risk management systems you should put in place.

Managing health and safety risks

You are legally required to know what health and safety hazards and risks exist in your workplace, and take steps to eliminate or reduce those risks.

You should have the following in place:

- A clear statement of health and safety policy, with a senior person having responsibility for ensuring the policy is implemented.

- A risk assessment process for all of your activities that identifies any significant risks, such as working at height or the use of hazardous substances, and who might be harmed, including employees, visitors and members of the public or contractors. You should ensure effective controls are in place, such as machine guards, or changing to a less hazardous substance.
- Appropriate safety information and/or training for staff.
- An accident reporting and investigation system aimed at preventing recurrences.

Occupational health

One of the most effective means of preventing ill health and reducing sickness absence is through investing in occupational health. Even in small businesses, the costs of ill health among employees can amount to tens of thousands of euros per year. The costs of sick pay, lost productivity, replacing lost workers, and overtime cover for absent colleagues rapidly mount up, but rarely appear on the balance sheet.

Promoting the wellbeing of your employees can help prevent illness and injury, reduce the costs of absence, and make employees feel valued.

Reducing the risk of a road collision

For businesses that use motor vehicles, a clear driving-for-work policy is essential for managing risk. It can also make your business run much more efficiently and cost effectively, by reducing the number of days lost to injury, repairs to vehicles, and missed orders.

If your employee is using a private vehicle to drive to and from their usual place of work, it is their responsibility to ensure that their policy covers commuting. However, if your employee is using a private vehicle to drive for work (e.g. to deliver goods or transport colleagues to a conference), it is your responsibility to ensure that their insurance policy covers them for driving for work.

Reducing the risk of fire

You are legally required to carry out an assessment of the risk of fire within your premises and the precautions you have in place.

To do this, you need to:

- Identify the fire hazards, such as sources of ignition, flammable materials, and hazardous processes.

- Identify the people at risk, because of where they work within the premises or of what they do.
- Remove or reduce the risk where possible, by controlling sources of ignition and fuel, and reviewing fire detection and fire-fighting systems.
- Prepare and test an emergency plan, reviewing the means of escape including emergency lighting, and the testing of fire precautions and fire safety training.

Reducing the risk of flooding

Businesses that prepare for flooding can save 20% to 90% of the cost of lost stock and moveable equipment in the event of a flood, as well as making it easier to obtain insurance. You should also think about other flood risks, particularly if your property is at the bottom of a hill and you may wish to undertake a more detailed flood risk assessment for your premises.

- Flood protection barriers to hold water back.
- Flood-resistant materials to be used in any new building to reduce the risks of damage.

Your flood-risk action plan should also include a map showing locations of key equipment and where to shut off electricity and other services.

Reducing the risk of theft

You should take steps to secure your premises. The perimeter of your premises deserves particular attention, including:

- Doors, which should be in good condition, well fitting and well secured.
- Windows, which should be in good condition, sufficiently glazed and possibly protected by shutters.
- Electronic security measures on your premises. These may include intruder alarms, preferably connected to an Alarm Receiving Centre, which can notify premises keyholders and the Police; CCTV systems, both internal and external; and access control locks and intercoms, which help reduce the vulnerability of staff.

In addition, you should take basic steps to minimize risks:

- If possible, do not leave cash at premises outside business hours, or keep it in a safe; and leave till drawers empty and open. During business hours, remove excess notes to a safe.

- Make visible marks on computers to indicate ownership, and secure them with steel cables or enclosures.
- Make sure staff understands the reasons for and correct operation of your various security measures.

Insurance Documents

Your insurance policy document sets out details of the contract including the scope of the cover and the exclusions and conditions.

Your Insurance Company is legally required to provide you with a certificate of insurance in a prescribed form for your Employers' Liability and Motor Insurance Policies. You are legally required to display your Employers' Liability Insurance Certificate where your employees can easily see it.

Renewing your Policy

If you are renewing your policy and need to cover a wider range of risks or any unusual risks, at least 33 days before your current policy ends, we will send you a renewal notice and you will be able to upgrade and extend your policy.

Notify your Insurance Company

Tell your Insurance Company about any incidents in the workplace, even if you don't think you'll make a claim.

Share your experience with us

Gan Direct will offer you an unforgettable Customer Service Experience. However, if for any reason you are not delighted with the service provided to you, we would appreciate it if you could describe your experience on our email address, info@gandirect.com. Alternatively, you may write to our Head Office at **Gan Direct Insurance**, P.O. Box 51998, 3509 Limassol, Cyprus for the attention of the Managing Director.

