

INSIDE



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## The shock of the unknown

The Buncefield Oil Depot explosion was heard across London. Billowing smoke reached as far away as Bath. And the shockwaves were felt by businesses across Britain. Provisional damage estimates ranged from £250m to £1bn as effects were felt not just at the decimated oil depot but by hosts of quite unrelated businesses in the surrounding area.

The operators of the refinery are likely to be responsible for both their own costs and those of damaged neighbouring properties. But there's real doubt whether this liability will extend to businesses not directly hit – but now suffering significant loss of business as a result of the explosion.

While most businesses in the vicinity would be covered for property damage that's not the whole story. There may be long delays before rebuilding can start, and that's why brokers recommend cover that protects their clients against cost inflation and the cost of any planning enhancements.

Another issue the disaster brings to light is that adequate cover is needed to protect businesses against loss of income. If the local infrastructure is affected, it could take a significant period for businesses to recover and return to pre-disaster profitability. Access to site, planning delays and recovery of

customers could take some time. In this instance 2-3 years cover may be necessary yet many businesses risk just 12 months loss of income cover following an incident.

Buncefield is only the latest in a series of unforeseen disasters that pushes home the need for all businesses to have a disaster plan for unforeseen – but often catastrophic – eventualities. The good news is that we can offer a range of special covers to protect businesses against substantial loss – often at comparatively low cost. These include loss of income resulting from:

- Denial of access to your premises if they are not damaged.
- Damage to a customer or supplier's premises.
- Damage because access is denied to a contract site or third party premises where you may be working.
- Reduction in turnover just because no one visits the area – e.g. local shop/hotel.
- Loss of access to a remote server/IT provider which is out of action.

If you're looking for protection against the shock of the unknown, call us for a full overview of your options.

**For further information on any of the articles please contact:**

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# Sorry seems to be the hardest word



## *Handy hints on how to avoid insurance claims being refused*

 In an ideal world every claim you make would be approved. But maybe that wouldn't be so ideal – because to make that happen would mean sky-high premiums that few businesses could afford. That's why insurance contracts contain conditions, exclusions and warranties.

Conditions cover issues such as taking reasonable care to prevent claims, notifying claims promptly and not admitting responsibility. Most are common sense and should not present problems to most clients. But because an insurer can turn down a claim for non-compliance, it's good to check your knowledge is up to date!

Exclusions normally relate to types of property or risks. Examples are terrorist attacks; rising of water table, nuclear incidents or specific risks such as theft of property in the open, work away from the premises or theft of precious metals. We would have discussed all of these with you to ensure they do not present a problem. In a number of cases, the exclusion can be removed at an extra cost.

Warranties are normally specific

to your policy. It's vital that you know about them, consider the implications and ensure that you comply with them. Otherwise when loss occurs, insurers may well decline the claim. Here are some examples of where large claims have been rejected:

- A large building was destroyed by fire caused by a contractor using a blowlamp to remove old paint. The contractor's policy warranted that certain rules were followed when heat was used. This was not done and insurers refused to cover the contractor which subsequently went into liquidation.
- A hotel burnt down because of a mini explosion in an extraction vent in the kitchen. It was warranted that this was cleaned every six months; it had not been done and the insurer declined the claim. The business never recovered.
- A major leisure centre burnt down and the prime cause of the fire spreading was the

polystyrene filler used in the wall cladding. It was warranted that the cladding should not be of this type. Once again the claim was declined.

Warranties often cover such issues as: storage of inflammables, disposal of waste, use of heat, use of anti-theft equipment, smoking rules, types of housekeeping, use of sprinklers, fire extinguishers or alarms and backing up computer records.

And remember – it's not just you that needs to be aware of policy warranties and exclusions. You must ensure that all employees and visitors to your premises and/or subcontractors keep to them as well. Careless employees or contractors are the cause of most warranty breaches and control of these requires constant vigilance.

If you have any questions regarding warranties or feel that you will have difficulty complying, please give us a call.

# Bullying at work. It's no laughing matter



Many workplaces have a bit of cut and thrust. But how much is acceptable before it starts to feel like bullying? It's an important question nowadays – and one with a real capacity to impact your profits.

In 2000, a landmark judgement gave a police constable permission to sue her employer for failing to do anything about four years of bullying and victimisation. This opened the way for any employee who suffers psychiatric injury as a result of bullying, harassment and victimisation to sue their employer for negligence if having been told, an employer takes no action. Since then, there have been a number of employers liability and employment tribunal claims arising out of workplace bullying.

The implications aren't hard to see. Especially as 55% of staff say they feel that they've been bullied at work and 77% had witnessed bullying. Those are the results of a recent survey carried out for the BBC by Staffordshire Business School. Results which may have been acceptable in the past – but which nowadays could leave an employer in real trouble.

And it's not just the fear of legal action that should make you as an employer take notice.

Workplace bullying also has a direct impact on performance – and therefore your profitability. So what should you do?

- 1 Recognise that bullying does go on and that its effects can be profoundly damaging and very costly both to individuals – and your organisation.
- 2 Don't assume that 'no complaints' means there are no problems.
- 3 Take positive steps to ensure that effective measures are in place to deal with unacceptable behaviour and facilitate the creation of a healthy culture in which bullies will not thrive.
- 4 Look at contributory aspects to workplace bullying. Here are some you could think about: organisational culture, styles of management, consultation process, job design and workflows, performance expectations, composition of

workforce, inadequate staffing levels, large workloads and increased work pressures, workplace layout, behaviour of clients, levels of communication, level and nature of training, performance management, lack of mutual respect.


- 5 Introduce stress audits and communicate to staff a genuine wish for dignity at work. Seek their views and provide a listening atmosphere.
- 6 Establish a separate policy and procedure for dealing specifically with workplace bullying that makes it known to all staff that this type of behaviour will not be tolerated. Large employers can eliminate fear and uncertainty by offering alternative, simplified, confidential channels for complaints through the introduction of specialist trained Harassment Advisers.
- 7 Ensure grievance procedures are effective and that there is a consistent application of all organisational policies/procedures. Regularly monitor, review and amend these policies in order to keep pace with change.
- 8 Recognise – whatever the facts of the case – the target of a bully believes they have a problem that needs addressing. Provide practical help and support for them whilst inquiries are underway.
- 9 You also need to support your senior managers, line managers, personnel managers and officers, occupational health officers, union representatives, employee counsellors, contact officers or harassment advisers.
- 10 Provide specialist training for these key staff members and awareness raising seminars for all staff.
- 11 Lead by example.

More details on how to manage bullying and implement a policy can be obtained from [www.andreaadamstrust.org](http://www.andreaadamstrust.org)

*Work place violence is an increasing problem and can be costly for employers*

# Rotten luck

*Nowadays, your business can be sued for far more things than you'd think*

 Most liability policies still just cover you for injury and damage and the resultant loss of profit or income caused by you, your employees or someone acting on your behalf. But even if there is no damage to property or injury, nowadays you could still find your business sued. Here are just some examples:

- You're contracted to supply a machined part for incorporation in a product to be assembled by someone else. It turns out to be defective and causes a production line to be halted, products to be recalled or items to be dismantled and reassembled. You are then sued for losses and costs.



- You installed a heating system and it breaks down causing a factory to shut down.
- You may have caused a nuisance such as noise or pollution or emission of fumes/smoke. You could inadvertently trespass on

other persons' land, an employee may libel or slander someone or you could accidentally breach someone's copyright or intellectual property rights. You may give a good reference to someone who has a history of fraud and there is a subsequent loss at the next employer.


- You give incorrect advice or mislead someone resulting in their making a wrong decision and resulting loss.

Because the boundaries of what people can sue for are constantly being stretched it's important to look at your potential exposure. Simply call for details of the sorts of protection we can offer you.

## A better path for valuable items



*Does your business look after the property of senior staff?*

 CEOs, MDs and senior managers have worked hard to make a little more. So when they've got it, they deserve the assurance that their property's better protected. That's why we can provide special arrangements specifically designed for clients with over £50,000 worth of contents.

The covers we offer are specifically designed around individual lifestyles and are

specially tailored around all specific circumstances. Better still, such cover is often cheaper than conventional household insurance – because it recognises that people with valuable possessions are more likely to take better precautions to protect them. Because of this, policies often do not contain much of the hassles and red-tape found in other insurances – such as warranties that alarms would be on

overnight – relying instead on each individual's good sense. They do expect you however to have a high level of protection in your home.

Special cover can be arranged on collections, valuables and leisure items and sports equipment. High value items kept in the garden and plants, trees and landscaping are included. Limits are kept to a minimum so that once cover is arranged only exceptional changes need to be advised to us. The claims service is designed to be equally accommodating with staff that understand your needs and the special value to you of your treasured possessions. Cover is normally on a worldwide basis covering all your possessions whilst you are abroad and annual travel cover can be dovetailed in with the arrangements.

If you think this sort of insurance would be attractive to your or your senior staff – just give us a ring.

