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[www.LiabilityQuotes.co.uk](http://www.LiabilityQuotes.co.uk)

# The fight against uninsured driving in the UK

Uninsured driving costs UK motorists over £600m a year, resulting in increases in every UK driver's motor insurance premiums of as much as £30.

The UK has one of the worst records in Western Europe, with an estimated one in 20 or five percent of all vehicles being driven with insufficient or no insurance cover. The insurance industry makes up the loss, but the real victims are the honest motorists whose insurance premiums subsidise the cheats of the system.

On January 20th 2003 the Fourth EU Motor Directive was implemented, requiring that the insurers of all UK vehicles be readily identifiable from the vehicle registration number. This has been implemented in the UK by the creation of the Motor Insurance Database (MID), where all vehicle details and their associated insurance details are stored. Using the information on the MID, police forces around the country have found the MID invaluable, making an average of 20,000 enquiries per day through carrying out on-the-spot checks on motorists to see whether they are insured.

ALL registered vehicles fall within the provisions of the regulations. To date although not every fleet vehicle is currently on the MID, nearly 27 million vehicles details have been submitted.

Policyholders are reminded that it is their legal responsibility to provide and update the vehicle details held on the MID.

What you need to do as a fleet policyholder:

1. Find out which method(s) of data submission you have been asked to use as you can either send information to your insurer, or send the data direct to the MID. You can contact either your insurer, or us to find out this information.
2. Download the 'Background Guide' from the 'Policyholder Guides' page of the Motor Insurers Information Centre (MIIC) website. If your insurer has requested that you send information direct to them, only parts of the Background Guide will be of interest.
3. If you have been requested to send data direct to the MID you need to download the Policyholder Guide corresponding to the method you will be using.

4. Once you have established how you will be submitting data you may need to undertake some work to produce the necessary vehicle information. Your insurer, will supply you with a username, password and pass phrase, which will allow you to access the MID website to add your information.

Non-compliance with the Regulations is a criminal offence. The maximum penalty for not submitting data is a fine of £5000, unless you have made reasonable efforts to get the information on the MID. Fleet policyholders may not be fined if they have made "reasonable efforts" to upload policy data on the MID. The legislation states that although the fine carries a maximum penalty of £5000, it is up to the Government to decide on the level of fines to be given.

**For more information about MIIC, MID or the Fourth EU Motor Insurance Directive, please speak to us or visit [www.miic.org.uk](http://www.miic.org.uk)**



# Covernotes

# Business interruption indemnity periods

## If your premises burned down tomorrow, would your business survive?

Smaller companies may often be capable of surviving the physical impact of a catastrophic loss such as a fire, but it is 'what happens next' that can determine whether a firm sinks or swims.

Business interruption insurance provides financial compensation in respect of lost income following a material damage loss. For many small to medium sized businesses, the difference between having this cover or not can be the difference between surviving or going out of business following a loss.

When calculating the business interruption sum insured, it is vital that the company projects its turnover figures forward to what they could be by the time a payout under this insurance might be coming to an end - this could be as far ahead as 2008. It is a sad fact that many business interruption claims are drastically underinsured because projected growth is under-estimated or simply not taken into account.

Another key issue to consider is the length of the indemnity period. This is the maximum

period it would take following a loss, for the business to return to normal trading levels: times can vary from 12 months to three or four years. It pays to give this area careful consideration to avoid being in a situation whereby the indemnity period has been exhausted but normal trading levels have not been resumed.

Factors that the company needs to take into account include:

- **The type of business** - a small, simple business may be capable of being restored very quickly and so a 12 month indemnity period is sufficient. However, other enterprises by their very nature are large, complicated risks, which in the event of a loss would take longer to return to full production.
- **Alternative premises** - the ability to obtain suitable alternative premises in the event of a loss will influence the indemnity period.
- **Specialty** - the business may require a special building, unique machinery and/or specialised materials for production. In the event of a loss, these may be difficult to

replace or in short supply and so the interruption would be longer.

- **Competition** - this may be fierce. In the event of an interruption, the business might lose trade to a competitor and not recover it when it restarts production. It therefore follows that the consequences of an interruption would last longer as the company must find new markets.

If you have any queries on your business interruption cover, please speak to us.



## Electrical safety at work

Each year about 1000 accidents at work involving electricity are reported to the Health and Safety Executive (HSE). Around 30 of these are fatal. Even non-fatal shocks can cause severe and permanent injury. Shocks from faulty equipment may lead to falls from ladders, scaffolds and other work platforms. Those using electricity may not be the only ones at risk: poor electrical installations and faulty electrical appliances can lead to fires, which may also cause death or injury to others.

Electrical safety in workplaces is governed by the Electricity at Work Regulations 1989. These require, among other things, that all electrical systems be maintained so as to prevent danger. At recommended intervals, the system must be tested to show that it is being maintained properly.

The requirement is that a fixed electrical system (i.e. the whole wiring complex from main

incomer to sockets and light switches) should be tested and examined in a manner prescribed by the standard at intervals specified by a competent person.

The test and examination must include visual inspection of such wires and fittings as are accessible, and the use of suitable instruments to establish correct polarity and proper earth continuity. When the test and examination is completed a certificate should be given stating whether the installation is satisfactory or not and identifying any remedial work necessary.

Although the British Standard refers only to "a competent person" most insurers will interpret this as meaning a contractor who is a member of The National Inspection Council for Electrical Installation Contracting (NICEIC) and therefore care should be taken to ensure that any person or organisation engaged to carry out

any examination and test is acceptable to your insurer.

A note of caution must be sounded in the matter of thermographic surveys. These are quite commonly carried out at the behest of insurers, the purpose being to reveal any "hot spots" caused by electrical faults which might result in fire. Useful as they are, thermographic surveys cannot verify such vital criteria as correct polarity and effective earth continuity and will not demonstrate compliance with the Electricity at Work Regulations.

We can help you to arrange an inspection of your premises

**Please speak to us or visit**  
[www.hse.gov.uk/electricity/index.htm](http://www.hse.gov.uk/electricity/index.htm)  
**for more information.**

## Thinking of going abroad?

Increasing numbers of UK businesses are engaging in exporting and other overseas operations. Frequently it is smaller businesses who are entering foreign markets as they can respond rapidly to new market opportunities. Over 45,000 UK businesses export over £250,000 annually, plus thousands more companies have offshore operations.

### Examples that may require a company to purchase international protection:

- Changes in production methods such as the outsourcing of manufacturing to countries such as the Far East or Eastern Europe
- Growth in the new economies such as Internet businesses with a brand new generation of clients across the world
- Well-established UK businesses expanding into Europe or the USA
- New boards within companies created by management buy-outs or de-mergers often want the same calibre protection for their business as they had previously under their larger parent pre-buyout/ de-merger

It is not only exporters, all companies with overseas assets, subsidiaries and dealings require specialist international protection insurance, which historically has been reserved for only the largest organisations. However, now companies with as little as £1m turnover may be able to obtain a full range of covers, from material damage, liability and business interruption to trade credit and political risks; possibly all within a single programme.

**If you would like to talk further on this subject, please contact us.**



# Employment practices liability and commercial legal expenses



Businesses of all sizes operate in an increasingly complex business environment with employment disputes becoming more frequent and more costly to Small and Medium Sized Enterprises (SMEs), especially since many SMEs do not have a dedicated HR person to manage such issues. The introduction of the Employment Relations Act 1999 has extended the rights of the employee against his or her employer and now with greater awareness of these rights, has increased expectations of their employer. Statistics from the employment tribunal service showed that 98,000 applications were made in 2002/03, with £24.2 million being awarded for unfair dismissal and discrimination claims.

Currently the following UK legislation and its subsequent amendments imposes duties upon employers:

1. Disability Discrimination Act 1995
2. Employment Relations Act 1999
3. Equal Pay Act 1970
4. Human Rights Act 1998
5. Part Time Workers Regulations 2000
6. Race Relations Act 1976
7. Sex Discrimination Act 1975
8. Working Time Regulations 1998

Employment Practices Liability provides cover for:

- Employment disputes (including possible consequences of 'whistle-blowing')
- Costs incurred at official investigations, inquiries and other proceedings instigated by the proper authorities (in respect of employment discrimination and health and safety)

- Cover generally extends to partners, directors, officers, trustees, governors and other employees

### Legal Expenses

This is where Legal Expenses Insurance can help. Unlike conventional insurance, legal expenses does not make a direct payment for a claim. Instead, the insurance covers the legal costs involved in pursuing or defending a claim. Legal costs may include the appointment of solicitors, barristers and expert witnesses. In many cases the legal expenses insurance provider manages the claim from start to finish.

Commercial legal expenses policies will protect against: the cost of potential legal disputes and provide the legal advice and representation businesses need to minimise their exposure to these risks

### Employment practices liability (EPL) v legal expenses

Although the above covers are similar in their purpose there are some subtle differences. Legal expenses insurance is generally a cover which can be automatically added to your commercial insurance policy, whereas EPL is generally arranged separately. An insurance policy which includes legal expenses protection normally contains a condition whereby a legal helpline must be contacted and the advice provided strictly followed in order for the cover to be afforded.

### Case insights

#### Employment Dispute

An employee resigned her position and then made a claim of sexual discrimination against her former employer. The employer's legal expenses insurers appointed a solicitor to represent them at the Employment Tribunal. Despite their successful defence, they incurred legal costs of £3,000 which could not be recovered. The costs were paid by the legal expenses insurer.

Appropriate insurance cover needs to be arranged to ensure you are adequately protected. Please contact us for further information.

# Government funding & grants

## Extra money for your business

Finding extra funding for your business can be a daunting process and it is often difficult to know where to start. However, there are a number of options available to small and medium sized enterprises (SMEs). If your business is location-independent, it may be worth considering deals which the Government and local authorities provide to stimulate the development of new business in a particular area. Grants may be available to induce you to locate in an inner city or to one of the poorer regions of the country, or in an area of significant unemployment.

Types of Government support for your business:

### Government grants

These are usually one-off payments providing financial help with specific projects. There are a number of grant-awarding bodies at local, regional and national levels.

### Development programmes

Some of these programmes include financial assistance and advice on using the internet.

### Loan guarantees

If you have a viable business proposal, but are finding it difficult to get a loan, the Government may be able to help with the Small Firms Loan Guarantee. These are available for 2-10 years.

### Government Offices

Government Offices (GOs) work with central departments and regional partners to strengthen the competitiveness of regional economies, businesses and people, with funds being appropriately delivered through regional strategies.

### Regional development agencies

These non-department public bodies aim to co-ordinate regional economic development and regeneration. They also provide advice to GOs on the types of projects which are suitable for

Enterprise Grants in light of their economic strategies.

### Enterprise grants

An Enterprise Grant is a capital investment grant for businesses based in the disadvantaged areas of England who want to expand or modernise an existing business, or set up a new one.

### Business Link

The Department of Trade and Industry (DTI) have set up a wider selection of finance programmes offering business grants for start-ups and companies aiming to grow their business. Business Link provide a point of entry for most of the services offered to SMEs by the DTI and provide details of any possible schemes.

Other sources of support for your business

- British Chambers of Commerce
- English Heritage
- National Lottery Funding
- European Funding Sources
- Funders Online
- European Union Funding
- European Social Fund
- <http://www.grantsonline.org.uk>
- Local Authority grants

### Action checklist:

1. Speak to your insurance broker to discuss topics raised in this article and to obtain a list of websites
2. Read through the material carefully and decide which grants you want to apply for
3. Visit a business adviser to ensure that you are applying for the best grant, as well as making sure that you have applied properly.

## Humorous stories

A woman from Austin, Texas, was awarded \$780,000 by a jury of her peers after breaking her ankle tripping over a toddler who was running inside a furniture store. The owners of the store were understandably surprised at the verdict, considering the misbehaving little toddler was her son.

A chef who cut his finger with a kitchen knife is suing a hotel for £25,000. He claims nobody taught him the correct way to slice an avocado pear. He also claims the incident, which happened in September 2000, destroyed his dream of becoming a Royal Air Force chef. He now works at an insurers call centre.

UK accident reports: True extracts from UK insurance claim forms

1. I knew the dog was possessive about the car but I would not have asked her to drive it if I had thought there was any risk
2. The other car collided with mine without giving warning of its intention
3. I didn't think the speed limit applied after midnight
4. The indirect cause of the accident was a little guy in a small car with a big mouth
5. I had been driving for forty years when I fell asleep at the wheel and had an accident



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