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Bird Flu - the real threat to your business

As you will have seen from heightened media coverage on the subject, Avian Influenza (AI) - or bird flu as it is often called - has reached the shores of Europe, bringing with it several concerns.

The threat to the UK bird population

If cases of bird flu are identified, major culls, particularly of birds bred for food purposes, will be necessary. Businesses that could be affected should already be preparing for this and have in place business continuity plans to deal with such an eventuality. These businesses should, however, be aware that they are unlikely to be covered by their insurance for any losses they suffer unless they have arranged specific cover. This in itself may prove to be a challenge in the current climate as few insurers are prepared to offer Avian Influenza cover and those that do, can only cover a limited number of businesses.

The threat of human transmission

There is a seeming ability of the virus to pass from birds to humans, although the cases identified so far appear to have been largely due to direct contact with infected birds. However, the concern of health authorities is that the H5N1 avian flu virus strain will mutate into a form that will enable sustained human to human transmission, sparking the outbreak of a human influenza pandemic.

Protecting your business

Business interruption insurance generally covers loss of income following damage caused by certain perils. This cover is normally restricted to your premises. Whilst most business interruption policies may not cover losses arising from an outbreak of this type.

Business Interruption Insurance

Business interruption insurance generally covers loss of income following damage by a fire or a flood, at your premises. Whilst many business interruption policies include a number of additional covers, they are generally still dependent upon there being a valid property claim, one example would be Denial of Access cover. Denial of Access can be purchased as an extension to your insurance policy and covers loss of income arising from damage by an insured peril to a nearby property, which prevents access to your premises. As such, it would not cover loss of income following denial of access to your premises as a result of an outbreak of bird flu in the vicinity. However, some insurers may be prepared to extend this cover to include loss of income as a result of access to your premises being denied on the order of the Police or other competent authority.

Some businesses, such as restaurants, nursing homes and schools, may purchase an extension to their business interruption insurance to cover loss of income arising from the outbreak of a human contagious or infectious disease at their premises or within a certain radius, e.g. 25 miles, which causes restrictions on the use of the premises on the order of the local authority. Whilst this extension is not dependent upon there being a property damage claim, the disease must be a human infectious or contagious disease, an outbreak of which the local authority has stipulated shall be notified to them. It is by no means certain that Insurers would accept avian flu as meeting the criteria necessary to trigger this extension.

Now is the time to consider how you would keep your business running in the event that you are either directly or indirectly affected by this.

We can advise you on both insurance and non insurance solutions including Business continuity planning. Contact us today for more information.

Covernotes



Motor Insurance Database – Is your vehicle listed?

On 8th November 2005 Transport Secretary Alistair Darling unveiled a new government campaign, called Operation Liability which enforces tough new measures to crackdown on uninsured drivers in the UK. At the launch in Birmingham Mr Darling said " Today we are sending out a very clear message to those who drive without insurance - there is now no place to hide." The pilot scheme is also being rolled out in Manchester, Yorkshire and Scotland.

Proposals for the scheme include automatic cameras mounted on patrol cars which will be linked to the national motor insurance database, allowing police to spot any uninsured cars. This technological link up means that, once tracked by an ANPR camera, vehicles can be identified as to whether they are insured, taxed and roadworthy. Working with police forces around the UK, the Motor Insurers' Bureau (MIB) has provided police with details of potentially uninsured vehicles from the Motor Industry Database. The results from Operation Liability are shown below:

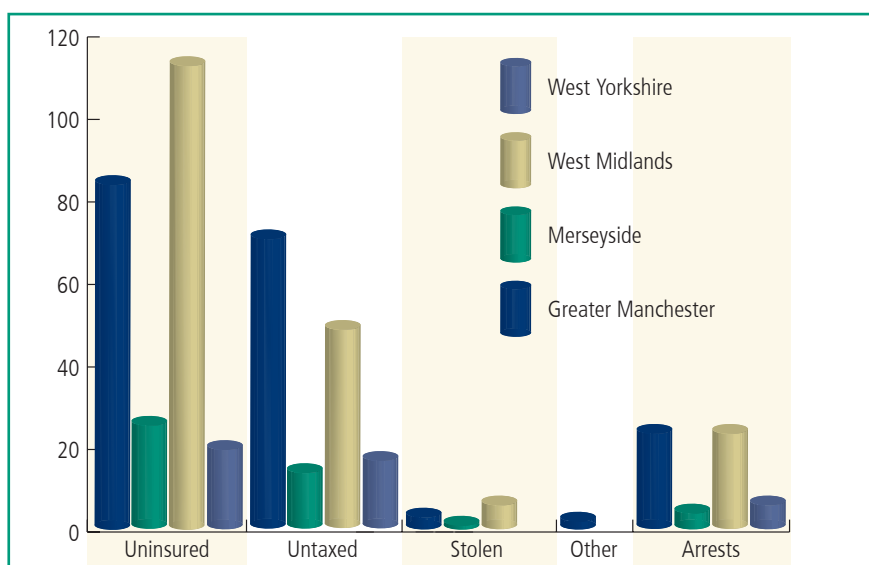
Mr Darling said more than 3,000 uninsured cars had been seized during a two-month trial in the West Midlands. With an estimated two million cars not having insurance, the UK has the highest levels of uninsured driving in Europe.

Are your vehicles listed?

To meet the requirements of the 4th EU Motor Insurance Directive, all motor insurance fleet policyholders are obliged to provide their vehicle data to the Motor Insurance Database (MID). In the Covernotes Summer 2005 issue we highlighted the issues facing motor fleet operators and the importance of contacting your insurers should you have any changes to your vehicles.

We cannot stress enough the importance of you, as a fleet policyholder, registering your vehicles on the MID. Non-compliance with the Regulations is a criminal offence with the maximum possible penalty for not submitting data, or not responding to a request from the information centre, being a fine of £5000.

For further information please speak to us or visit www.mic.org.uk



Source: Motor Insurers Information Centre, Operation Liability Report December 2005

The cost of natural disasters

The unusually active and destructive natural disasters including high levels of hurricane activity claimed over 100,000 lives in 2005, making it the costliest year so far in the insurance industry. The statistics below show the impact natural disasters have on our lives and the world in which we live.

Most costly insurers losses in 2005

Economic losses (£bn)	Insured losses (£bn)	Victims Dead & Missing	Date	Event	Country / region
71	25	1,193	24.08.05	Hurricane Katrina; dams burst, floods, damage to oil rigs	US, Gulf of Mexico, Bahamas
8.5	5.7	34	20.09.05	Hurricane Rita; floods damage to oil rigs	US, Gulf of Mexico, Cuba
9	4.5	20	16.10.05	Hurricane Wilma; torrential rain, floods	US, Gulf of Mexico, Jamaica, Haiti, Cuba
unknown	1.1	61	06.07.05	Hurricane Dennis	US, Caribbean, Cuba, Haiti et al
unknown	1	43	19.08.05	Floods and landslides caused by heavy rain	Switzerland, Germany, Austria et al
3.3	0.8	17	08.01.05	Winter storm Erwin	Denmark, Sweden, UK, Norway, Germany et al
2.8		87,000	08.10.05	Earthquake	Pakistan, India

Source: SwissRe News Release and MRNatCatSERVICE 2005

Terrorism –

The Real Threat To Your Business

The world we live in has become increasingly less secure in the last few years. At the same time, there is a greater burden on employers to show a duty of care to their employees, customers and shareholders. In order for your business to survive in this climate you must plan for the extraordinary and insure against the unexpected.

Currently, terrorism threats come from a range of pressure groups but not all are currently involved in terrorist activities. Where they are engaged in terrorist activities, the aims of their activities are broadly:

- To attack UK interests at home and abroad
- To obtain publicity for their cause
- To terrorise certain target groups, or the population as a whole.

There has been a widening in what terrorists view as a "justifiable" target. For example, certain groups of animal rights extremists are now aiming to disrupt the activities of companies in the supply chain of their prime targets. Some terrorist groups take the view that anybody can be a potential target.

A recent example happened to a Devon farmer who had the fence cut of his Woodland Wild Boar Farm by The Animal Liberation Front in their quest to free the animals. This resulted in the farmer and local police searching for the wild boar and many motorists being warned over the public safety caused by the boar wandering onto the roads. This act has impacted on neighbouring farmers who claim much of their crops and fields had been damaged by the wild boar and as such affected their livelihood.

Within your insurance policy, this type of damage may be covered under malicious damage, as long as the initial act was not classed as an act of terrorism.



Are you at risk?

1. Is your business located next to a potential target?

Example: The effect of an incident close to your offices can be as catastrophic as an incident within your premises. It is estimated that in New York 50% of adjacent firms that shut down on a temporary basis after 9/11 never reopened.

2. You should review your supplier and customer lists to determine if there is a risk to yourselves.

Example: The actions of the animal rights extremists have shown that often it is because of your business relationships that you become a target. It is only recently that a chain of day-care nurseries was pursued by animal rights extremists because it provided child-care vouchers to one of the extremists' prime targets.

3. Is there a threat to or from your staff and visitors?

Example: It may be because of your business activity or that you employ a particular ethnic mix which attracts an attack. Can visitors enter your building unchallenged or park their vehicles close to your property?

4. Can your critical data be attacked?

We are all vulnerable to disruption from random computer viruses and have software to protect us against such attacks. However, what if there is a direct attack on your systems, either to steal data or to shut down your network? You need to identify what the valuable or sensitive data is and how you protect it.

5. Preparation is the key to survival

It is unlikely that we will be able to foresee every eventuality. Therefore, companies must have Crisis Management Plans in place, incorporating Business Continuity and Disaster Recovery procedures, to ensure that they can continue trading after a major incident. These must be rehearsed regularly.

You need to be aware of what your policy cover is in relation to Acts of Terrorism as they vary between insurer. We can advise you on the most appropriate policy and insurance cover for your business and recommend you contact us for further details.

Rewards of Risk Management

A claim was made by an employee after stepping off a fork lift truck onto an uneven surface on the floor, falling and injuring their ankle.

Within two months of the incident, the employer received a claim from the employee's solicitors and immediately notified the insurers.

Documentation includes the employee's training records for use of fork lift trucks and recorded copies of the employer's CCTV covering the area, including the actual incident, were sent to the insurer.

During the investigation, the CCTV footage clearly showed that the driver did not alight from the vehicle in accordance with his training programme and furthermore the CCTV footage showed that whilst there was an uneven area of floor, the employee landed well away from this. The CCTV footage also showed that the employee landed on the opposite foot to the one that was alleged to have been injured in the incident.

On investigation and submission of Health and Safety documentation such as training records, risk assessment and maintenance records combined with the CCTV footage, insurers were able to successfully repudiate the claim.

This claim clearly shows the importance of a managed and maintained Health & Safety policy. This, combined with training and maintenance records supporting the CCTV footage, resulted in a positive outcome for the employer.

It is important to remember that the CCTV footage in itself would be inadequate to successfully defend the claim without the supporting documentation to show that the employee was acting inappropriately and in contravention of the training that they had received and acknowledged.

Demonstrating a good risk management approach enables us to present you to insurers in the best possible light, which helps us when negotiating covers and price. If you would like to know more, please contact us.

Strange but True Real Claims Statements

- I didn't think the speed limit applied after midnight
- I saw a slow-moving, sad-faced old gentleman as he bounced off the roof of my car
- I was thrown from the car as it left the road I was later found in a ditch by some stray cows
- Coming home I drove into the wrong house and collided with a tree I didn't have
- I started to slow down but the traffic was more stationary than I thought
- I was on the way to the doctor when I developed rear end trouble, my universal joint gave way causing me to have an accident
- To avoid hitting the bumper of the car in front I struck the pedestrian
- In an attempt to kill a fly I drove into a telegraph pole
- I started to turn in and it was at this point I noticed a camel and an elephant tethered to the verge, so I drove into a bollard!



New legislation — this can affect your business

As an employer, you have a legal responsibility for the health and safety of your employees and anyone else who may be affected by your business and its activities, such as customers. Health and Safety at Work legislation aims to prevent harm or illness to people whilst at work, by taking the right precautions and providing a satisfactory working environment.

As your broker we aim to keep you informed of new legislation which can impact on your business. On 6th July 2005 the Control of Vibration at Work regulations 2005 (SI 1093) came into force which aims to control the exposure of employees to risks from vibrating work equipment, vehicles and machinery. The new regulations impose duties on employers to protect employees who may be at risk from either hand-arm or whole-body vibration and others who may be directly affected by the work.

In summary they:

- provide action levels and limit values for daily exposure to vibration
- require an employer to carry out risk assessments

It is estimated that up to 5 million workers may be exposed to the risk of vibration through the use of work related equipment and every year approximately 3,000 new claims for Industrial Injury Disability Benefit are made for vibration white finger and vibration related carpal tunnel syndrome. These injuries and illnesses can lead to time off work, loss of productivity and compensation claims.

The Regulations require you to control these risks through regular assessment of your workplace. For more information about how we can help assess your workplace risks please speak to us or visit www.hse.gov.uk/vibration.

This newsletter contains a general overview of the UK SME insurance market based on our understanding as insurance brokers and risk consultants. It is not intended that it be used, and should not be used, to replace specific advice relating to individual situations. In particular, we do not offer either legal or accounting advice.

Whilst we endeavour to provide accurate and up to date information, we cannot guarantee this and you should not rely on the information contained in this newsletter without seeking further more detailed advice to suit your particular needs.

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