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# Covernotes

Explaining issues that affect insurance

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## Why offering Private Medical Insurance could be good for your business

As news headlines highlight, NHS waiting lists are worryingly long. Around 400,000 people are waiting over a year to receive their medical treatment<sup>1</sup>.

At the same time, it's likely employees will suffer some form of physical or mental illness that requires treatment. One-in-two of us will get cancer in our lifetime.<sup>2</sup> 16% of adults experience moderate to severe depressive symptoms, rising to 24% of those struggling to pay energy bills.<sup>3</sup>

If these are your employees, they could be in too much pain to attend work some days, or could be arriving at work under par, impacting your productivity.

Many business studies demonstrate that having a happy and healthy workforce

is fundamental to business output.<sup>4</sup> Employees' physical and mental health is a significant determinant of how businesses perform. Being able to alleviate employees' anxiety and stress, by offering them a lifeline that can help them return to fitness, is also a differentiator of employers investing in private medical insurance for their staff.

The number of 'staff' able to access such a benefit can be as low in number as 'one', and that could be the SME (small medium enterprises) owner of a company. It could equally, however, be a far greater number of employees.

Private medical insurance has probably never been as relevant to so many employees as it is today. Twenty years ago, it may well have been viewed as a privilege, even as something that was anti-NHS. Now it's viewed as a means to not only get the right treatment, as and when required, but also as a means to alleviate pressure on the NHS, freeing it up for those who need it most.

Having private medical insurance means having fast access to health services, irrespective of your income or wealth, if you are insured on a company scheme. It is a way for an employer to demonstrate required Duty of Care and also do all they can to promote the physical and mental health and well-being of their employees. This can assist both employee recruitment and retention in a market where finding the right talent and committed employees is currently notoriously hard.

From the employer's point of view, if they're a small business in which the owner's input is vital, private medical insurance can help that key person back into work in the shortest possible time.

If it is a larger company, this can help reduce rates of sickness and absenteeism, making sure that employees are out of the workplace, having their appointments and consultations, for as short a period as possible. Given the flexibility over appointments that private medical insurance providers offer, employees can book appointments to suit their schedules or also access more of the help they need online.

Counselling is another huge benefit of a private medical policy, whether that relates to mental health or, perhaps, grief counselling for an employee following a bereavement. Rather than struggling to manage such mental health pressures within the workplace, an employer can have professionals step in and assist, offering the right help, at the right time.

Dependent on the policy coverage, employees could also have their treatment or operations in suitable hospitals closer to where they live, rather than travelling miles to appointments.

Better overall well-being can also be achieved in the workplace, by virtue of many of the preventative services that can come with private medical care, such as gym membership discounts, advice on diet and exercise, and a 24/7 health line, for whenever there are health queries, as this depends on the policy coverage, so it's always best to discuss your needs with your broker.

When policies can also be extended, so employees can include their children, and when plans can be created for group leavers and retirees, there are lots of advantages to be accrued from examining what private medical insurance could do for your business. Having such cover in place sends a very strong signal that it is just not the bricks and mortar and physical plant within your business that matters to you, but your very greatest asset, too – your people.

As more employers grasp the correlation between employee health and well-being and business performance, staying competitive may well require employers to go further to assist with employees' health scenarios.

Talk to us today about the private medical insurance policies available to your organisation, and let us help build greater resilience within your business.

<sup>1</sup><https://www.axahealth.co.uk/intro-to-pmi-nov-22/> (webinar slide 4 from 'An Introduction to Private Healthcare Cover', 15 November 2022).

<sup>2</sup><https://www.nhs.uk/conditions/cancer/>

<sup>3</sup><https://www.ons.gov.uk/peoplepopulationandcommunity/healthandsocialcare/mentalhealth/articles/costoflivinganddepressioninadultsgreatbritain/29septemberto23october2022>

<sup>4</sup><https://www.cusp.ac.uk/wp-content/uploads/pp-wellbeing-report.pdf>



## Earthquakes highlight imperative nature of supply-chain risk mitigation

The devastating Turkish earthquakes have highlighted the fragility of many supply chains and the associated business interruption risks accompanying such vulnerability.

Ironically, Turkey was a country to which various businesses and major fashion brands moved supply arrangements post-pandemic. It was also the EU's second-largest source of textile and apparel imports.<sup>5</sup>

Therein lies the issue. In 2021, a University of Cambridge academic published his insight into the impacts caused to global supply chains, following a localised environmental disaster, referencing the 2011 Japan earthquake. Proving the profound interconnection of the global economy, his work demonstrated how supply chains are a conduit for widescale economic disruption.<sup>6</sup>

In Turkey's case, it is not just textile manufacturing that is affected.

The shipper, Maersk, suspended all operations from Iskenderun's port, following a fire, leaving exports such as corn, bran, iron, wheat, and polyester fibres in short supply. While moving cargo vessels to Mediterranean ports may have disrupted marine shipping schedules, creating further knock-on effects.<sup>7</sup>

As the supply chain reverberations continue, businesses solely reliant on an earthquake-impacted Turkish supplier will probably suffer impacts themselves, unless a robust supply chain risk mitigation strategy existed. One supply chain risk management expert states that only 24% of companies can immediately remediate supply-chain events and disruptions through such a plan.<sup>8</sup>

Calling upon Business Interruption insurance may prove fruitless for affected companies, unless their policy named all – and not just Tier-1 – supply-chain suppliers. Yet, with a lack of transparency within many supply chains, and a reticence on the part of direct suppliers to name their own suppliers, this can be challenging, resulting in latent supply-chain underinsurance.

Furthermore, not all causes of supply chain losses are from physical damage, such as fires. Some are as unanticipated as the 2010 Icelandic ash cloud, leading to more underinsurance occurring.

Despite the challenges, all businesses must attempt to analyse their supply chain and engage in risk mitigation strategies, and also know where they attain supplies and what risks prevail in those regions. They should bring risk management and procurement together, to completely understand their suppliers' roles within their overall business output, and name as many suppliers as possible on their Business Interruption policy. Full supply chain visibility is almost a 21st-century must.

Buying policy extensions, for non-physical damage and goods-in-transit delays, should be a consideration, and policies always reflect current situations, such as stockholding levels.

Too many companies are exposed to threats besetting suppliers. Businesses should have solid crisis plans in place, facilitating a shift to new suppliers or warehousing facilities, if necessary, for quick disaster responses. Many 'what if?' questions need to be asked and acted upon.

An experienced broker can help with both a supplier risk management strategy and the Business Interruption cover required, to help best protect against supply chain disruption. Take the steps today to buffer your business against storms, other weather events, natural disasters, political upheaval, and health emergencies.

<sup>5</sup> <https://texttalks.com/turkey-earthquake-shaking-more-than-just-cores-of-the-textile-apparel-sector/>

<sup>6</sup> <https://www.econ.cam.ac.uk/news/carvalho-supply-chain-disruptions>

<sup>7</sup> <https://www.irishtimes.com/business/2023/02/07/businesses-eye-potential-supply-chain-fall-out-from-turkey-earthquake/>

<sup>8</sup> <https://www.bloomberg.com/news/newsletters/2023-02-15/quake-fallout-hits-retailers-that-sought-supply-resilience-in-turkey>

## Don't cause offence – or criminal prosecution – through lack of driver training

Since June 2022, there has been another piece of legislation affecting fleet drivers and owners.

The 'Causing serious injury by careless or inconsiderate driving' offence was created by the 2022 Police Crime and Sentencing Act<sup>9</sup> and inserted into the Road Traffic Act 1988.<sup>10</sup> This filled a gap in penalties imposed on those drivers involved in collisions, resulting in non-fatal – yet potentially very significant – injuries.

The penalty for any momentary lapse in concentration is now potentially a prison sentence of up to two years. A police investigation is sparked by even a minor collision involving injuries – anything from a broken bone upwards.<sup>11</sup>

Drivers are interviewed under caution, in such scenarios, and during the interview, both they and their employer could be incriminated. An employer's duty of care and driver training, plus the driving culture within a company, are firmly under the spotlight.

The offence penalises driving without due care and attention, and lack of consideration for other road users. Taken in the context of the revised Highway Code, launched a few months before the new offence's introduction, this demonstrates the new lack of tolerance for lack of care. The Highway Code introduced a hierarchy of road users, with pedestrians and cyclists at the top and heavy goods vehicles at the bottom, held responsible for all other road users' safety.<sup>12</sup>

Cases brought against the driver under the new offence can be heard in either the Crown Court or a Magistrates Court. Sentences in the former are likely to be longer, but so too are proceedings – taking drivers out of the business for longer.

There is also the possible loss of a driver, through a custodial sentence, the danger of accompanying action against the employer, and the reputational damage resulting from an at-fault case. Any driver conviction will require notification to the Traffic Commissioner, with the possibility of further regulatory action thereafter.

Two clear actions need to be taken by fleets. Firstly, they need to increase their focus on risk management, to seek to prevent accidents. Drivers need in-depth training, must address their bad driving habits, and be more aware of the dangers of distractions.

Routes must be planned well. Vehicle maintenance must become a bigger priority, and the legal daily walkaround check must actually happen.

Drivers must be made fully aware of the new offence and give relevant training.

As importantly, a bulletproof audit trail system should be established, so all evidence of training is on file, alongside driver signatures, to verify that it occurred. Policies and procedures all need thorough review.

However, given that drivers will automatically be interviewed under caution in injury-related incidents, it is more imperative than ever that fleets also have the right legal expenses protection in place, to provide a driver with the professional help of a solicitor, if required.

Put these measures in place, demonstrating that you have done everything possible as an employer to control road accidents, and you should secure greater peace of mind.

To talk to us about how best to control your risks, in light of this new legislation, please get in touch.

<sup>9</sup> <https://www.legislation.gov.uk/ukpga/2022/32/contents/enacted> (Part 5, Point 87)

<sup>10</sup> <https://www.legislation.gov.uk/ukpga/1988/52/contents>

<sup>11</sup> <https://www.wtwco.com/en-GB/Insights/2023/01/causing-serious-injury-by-careless-or-inconsiderate-driving-offence?amp&amp>

<sup>12</sup> <https://www.gov.uk/government/news/the-highway-code-8-changes-you-need-to-know-from-29-january-2022>

## Get the 8 big risks to company owners on your radar

Are you aware of 8 big risks to company directors and owners? Have you considered these: disqualification; criminal prosecution; custodial sentences; personal bankruptcy; loss of job; loss of profit; reputational damage; financial hardship; and family impacts?

Any of these situations could emerge from a situation in which, while acting as a director or manager of a company, you fall foul of one of more than 90 UK regulators<sup>13</sup>, or are deemed responsible for an accident or incident at work, or are considered to have engaged in some sort of action that infringed an employee's rights.

Directors and Officers liability, Employment Practices liability and Company legal liability are all aspects of running a business that you should have on your radar and be protecting against.

However, to do this, you need to have access to the right people, at the right time. You need to have a hotline to legal professionals, for example, who can step in when you need advice or help, and do so without racking up a major legal bill, to be paid thereafter.

The fear of what it might cost to access legal professional help can be a barrier, resulting in companies taking the wrong action, and make things worse than they might have been. Acting alone, even if you think you know what the law requires you to do in certain instances, can be unwise.

For this reason, insurance cover can offer protection that can either help stop situations emerging in the first place, by providing the right guidance to steer your decision-making, or that can step in, when it is required, to ensure that any 'new' legal situation is handled correctly, from day one.

Legal Expenses cover enables you to explore the type of protection and routes to proceed, and that the cover is focused on advice, which becomes legal representation, if needed. It can then stabilise situations or assist with an end-to-end claims service, should a third party have an eligible claim against you. With expert claims handling also on hand, the costs of a claim can often be contained by legal experts.

No business is immune to contract disputes, tax investigations, employment tribunals, data protection enquiry, pension wrangles or intervention involving a regulator. Knowing you can access legal help through your Legal Protection policy, as well as having access to a suite of legal risk management tools and online knowledge hub, can offer peace of mind.

Successful companies may need solid defence mechanisms. Talk to us today about how to put that in place.



<sup>13</sup>[https://en.wikipedia.org/wiki/List\\_of\\_regulators\\_in\\_the\\_United\\_Kingdom](https://en.wikipedia.org/wiki/List_of_regulators_in_the_United_Kingdom)



## How to best oversee employee safety overseas

Your duty of care to your employees rests wherever they lay their briefcase, tools or computer, when working for you 'on the road'. Although many employers have reduced the hours employees spend travelling for businesses since the pandemic, particularly with the boom in online conferencing, business travel is gradually re-emerging. It is often irreplaceable in business negotiations, in which trust has to be built through face-to-face contact.

Consequently, employers need to seriously consider what support and crisis protection is in place for employees whose role involves travel.

Even in the UK, travel can be fraught with issues. Road traffic accidents are one of the most likely incidents to befall an employee, while cyber-related crime is also a growing risk.

Overseas, we witnessed tremendous political instability in 2022 – from Peru to the Ukraine – plus a continuing global health emergency and devastating weather events. Add in the recent Turkish earthquakes and the international terrorism that ruled headlines pre-pandemic, and the world still looks to be a dangerous place.

Employees stepping out on work duties overseas face these major risks and many more – everything from having computers, possessions, and passports stolen, to being kidnapped. They always run the risk of being stranded in a country from which they need to be rapidly extricated, but are also often operating in countries where there are unknown health risks at home.

Without the right insurance backup, helplines, emergency support, and interpretation and repatriation services, it is unlikely the majority of employers could afford to give an employee the right support in a medical emergency or have the know-how to manage situations.

Arranging emergency flights, finding safe alternative accommodation, getting emergency cash into employees' hands, or paying ransoms are likely to be things the average employer could not do.

The good news is that they would not need to, if they took out a Group Personal Accident and Travel (GPAT) policy. This offers two advantageous aspects of cover – protecting an employee should they be injured whilst performing work duties at home or abroad, and ensuring they had levels of travel backup when required, if needing help overseas, as defined in your GPAT policy.

No company should be relying on the Foreign Office or an overseas Consulate to protect their employees. Those putting the right protection in place send a signal to top professional talent that they stand apart from other employers.

GPAT insurance offers both the at-event cover required and valuable pre-travel risk advice and security briefings. With the insurer's experts' help, prevention is often better than cure.

Dependent on levels of cover of your GPAT policy, you may also be covered for when you may need cultural etiquette guidance, information on local laws, or help knowing how best to equip your employees before they even step foot in a certain zone – and this policy can be your guide.

The provision of GPAT cover can aid in sending the right signals to your employees about how much you care, as an employer transacting business at home and abroad, so let us talk you through your policy options.



## A quick stroll through the summertime claims scene

Summertime can be a huge buzz but also creates season-specific possible claims scenarios! If deciding to become a newbie beekeeper, for instance, ensure you have adequate public liability insurance in place. If keeping hives on a public allotment, you really must also set your bees' flight path correctly, preventing your neighbours from being engulfed by a swarm, and ensuring that you force your bees to fly, at take-off, above six-feet high!

Summer is also when pesky wasps could fancy time in your loft. But did you know one insurer has reported a £26,700 claim relating to this problem?<sup>14</sup> Such high wasp-related claims typically relate to human error (and fires) that occur when smoking them out!

In a shocking case last year, a disposable barbecue, left outside on bricks on decking, also proved a fire hazard. Despite having been used 8 hours before, it was still the source of a fire that burnt an entire house down overnight.

If you're lucky enough to have a pool and decide to have a party, do remember all the slips and trips that can happen around pools, and that private parties can be protected with insurance cover, just as with public events. Do also make a 'note to self' to fill your pool before diving in!

Of course, holidays are a great source of strange claims each year. In Malaysia, naughty monkeys stole a couple's clothes and left them strewn across the rain forest; whilst in Cornwall, little monkeys of another kind buried their parents' video camera in the sand and couldn't remember where! All insureds claimed successfully.

Do be aware that falling coconuts kill 150 people a year<sup>15</sup>, leading to hospitalisation, even if you escape that fate. The solution? Don't sit under coconut trees! Also be aware, if cruising the high seas, that people go missing from cruise ships each year, often presumed to have fallen overboard, so be careful on deck.

Wherever you travel, be sun aware and realise that millions of Brits suffer sunburn annually, which may be funny in small doses, but serious sunburn can lead to many complications that can be extremely painful, even leading to hospital visits. Ensure your travel policy provides you with the right factor protection.

<sup>14</sup> <https://www.insurancetimes.co.uk/news/animal-infestation-home-insurance-claims-on-the-rise/1444124.article>

<sup>15</sup> <https://www.martininsurance.com/the-weirdest-insurance-claims-and-policies-of-all-time/>



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