

# IMPORTANCE OF INSURANCE

Insurance costs can be significant to business owners so it's an area that should be given particular attention, according to **Conor Brennan**, director of broker distribution at Zurich

**L**AST October, Dublin experienced six hours of rain in one day, which was traumatic for homeowners and business owners alike. Take for example, businesses in Dundrum Town Centre, where many were badly hit by the flooding, having just received in their Christmas stock.

It was a once in a lifetime occurrence that nobody could be expected to plan for, but it did highlight the importance of checking your premises to see if there is anything specific you can do to prepare for such an event.

If there's one message Conor Brennan, director of broker distribution at Zurich, wants owner-managers to take away from the Better Business Show it's to take time out to look at the insurability of their business and understand its inherent risks.

"Insurance is one of the significant costs a company has to pay each year, but business owners spend a surprisingly little amount of time thinking about it," he says.

"But the more detail you can provide to an insurer or broker about the risks in your business and how you address them, the easier it is to get a competitive premium. This means highlighting things such as non-slip mats, a sprinkler system or a particularly good employee handbook.

"Telling a full story in this way shows you're passionate about the topic and aware of the risks – it makes an insurer feel more willing to take a chance on providing you cover at a lower premium.

"Going back to the example of flood damage, the type of detail you could provide an insurer or broker would be that you've cleared flood drains of debris. Or in the case of snow, that you've made sure you've cleared

gutters of rubbish to allow post snow run off."

"There are simple things you can do around your property to address risks, such as ensuring that equipment cables are covered and securely fixed and making sure all walkways are clear. It's about looking at everything that could cause a slip, trip or fall with a risk-focused eye," says Brennan.

"Give the job of risk officer to someone in your company. If I, as an insurer, walk into a business to hear that there is a risk officer who does a daily walk through I will insure that business quicker and make sure they get a good, competitive premium."

## INCREASE IN CRIME

Damage to property or other physical assets can potentially be the single greatest source of loss for many businesses. The incidence of break-ins and malicious damage has increased, as is to be expected in the economic downturn.

Brennan cites a recent Small Firms Association survey (The 8th National Small Business Crime Survey) which reveals that 57pc of respondents have seen an increase in crime in the past two years and 34pc have been victims of crime on at least one occasion.

The costs associated with crime are increasing rapidly with the current survey showing the costs incurred per single incident range from €100 to €35,000, with the average cost per incident being €4,518 – an increase of nearly 55pc on 2009 figures.

"Crime can happen because a business owner has left windows unlocked; hasn't put on the alarm; hasn't properly secured valuable stock or doesn't keep a record of visitors going in and out of the premises. These are all simple things that people can fix overnight with no significant cost," notes Brennan.

"Small companies that don't have the necessary internal controls in place are open season for fraud and theft. It must be treated as an everyday risk and firms that don't take preventative steps are exposing their business to serious losses."

## EMPLOYER LIABILITY CLAIMS

Aside from crime, another trend in recessionary times is to see a spike in Employer Liability Claims, which calls for greater vigilance in the workplace.

According to the Personal Injuries Assessment Board (PIAB), 15pc of all awards made in 2010 relate to Public Liability, with an average payment of €23,400. Slips, trips and falls were the most common type of accident, accounting for 65pc of injuries (Review of Public Liability Awards 2009).

The Occupational Injuries Board figures for 2011 indicate that the number of claims made in relation to occupational illnesses was 11,616, the number of days work lost 506,403, with an average absence period of 43 days. Occupational illness is generally a more gradual occurring type of injury for which there is less



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recognition of the need to manage the exposures.

"In the area of health and safety, in a factory-floor type environment it's important to have effective supervision at all times and proper recording of accidents," Brennan explains.

"Businesses need to have proper health and safety procedures in place with somebody responsible for taking a log of any issues. The business owner needs to make sure there are clear pedestrian and traffic routes on the

premises. In an office it's about walking through to make sure there aren't any boxes people could trip on, and in a warehouse there has to be regular shelving and rack inspections, to make sure nothing is overhanging and could fall."

Floor surfaces should be non-slip and rugs and mats must be securely fixed and not have curling edges. Brennan advises when planning refurbishment, consider what the area will be used for (for example, is there a heavy footfall) and let this dictate the type of floor covering.

Back pain is a major work-related health complaint. Back pain/injury and stress are the most commonly cited problems on medical certs from absent workers.

For this reason, Brennan advises businesses to reduce manual handling where possible or eliminate it altogether by using equipment such as conveyors or lift trucks.

"If manual handling cannot be avoided, consider the use of supporting devices such as hoists, trolleys and vacuum lifting devices. Organisational measures such as compulsory training in correct manual handling techniques, maintaining formal records, job rotation and the introduction of breaks of sufficient length should only be considered if elimination or reduction of manual handling risks is not possible."

Regarding chemicals, companies need to keep all combustible materials under lock and key, if possible, or at least remove them from open yards.

"Clear procedures around the handling of chemicals are vital. There need to be data sheets that all staff understand. This is really key. Timber pallets should be stored in the open in areas well away from building(s) or perimeter fences. Hazardous goods such as inflammable liquids should be removed and locked up separately at the end of each day and petrol or diesel pumps should be safely shut down," says Brennan.

When it comes to insurance of any kind for business, Brennan stresses that Zurich acknowledges the environment its customers are in. "We say to our brokers and customers directly that if they are having difficulties paying their insurance premiums they should talk to us. We are open to being flexible around payment and will look at instalment options.

"The most important thing to understand also is that in the event of something catastrophic like a flood or fire, your insurer is working from the first minute you get in touch to get your business up and running again. When the floods in Cork happened, Zurich had people on the ground within 24 hours repairing the damage and providing temporary accommodation."

In 2011 Zurich was awarded Best Commercial Insurance Provider in the Irish Market by the Irish Brokers Association and the Professional Insurance Brokers Association – Ireland's largest broker representative bodies. This was thanks to its speed of response time, how it pays claims quickly and the general customer experience.