

### DID YOU KNOW?

The average initial loss from internal fraud in 2013 was £424,500, according to a November 2013 University of Portsmouth study. The study also found that businesses continued to lose as much as £58,969 after the initial act, for a total sum loss of £483,000.

## AUGUST 2014

### Half of all Commercial Claims Are Disputed by Insurers - Here's Why

Half of all commercial insurance claims are disputed by insurers, according to research from insurance governance specialist Mactavish.

The Mactavish research also found that it takes insurers an average of three years to resolve a disputed claim, and the final payment is often a fraction of the original claim.

The policies most prone to disputed claims included business interruption, professional indemnity and product liability insurance.

Insurers can dispute a claim for a number of reasons. Some of the most common reasons for insurers disputing a claim were alleged breaches of policy conditions and inadequate information disclosure.

Other reasons for insurers disputing a claim include:

- The policy was not in force during the 'insured' event.

- The policy is invalid because the insured provided incorrect information on its application.
- The policy has an exclusion clause which limits payouts.

The sheer number of reasons for disputing claims significantly increases your business' chance of diminished compensation.

Crendon Insurance Brokers Ltd will keep you informed on your policy details to help prevent claims from being disputed. With us on your side, you can make sure you get the compensation that is rightfully yours.



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Insurance  
Brokers**

### Take Steps to Tackle Internal Fraud

Most organisations accept the risk of external fraud as an unavoidable part of doing business—and take appropriate steps to limit that risk. But recent figures from CIFAS, the United Kingdom's fraud prevention service, show that business owners would be wise to grant the same seriousness to internal fraud as well.

CIFAS' standard definition of internal fraud is 'when a member of staff dishonestly makes false representation, or wrongfully fails to disclose information, or abuses a position of trust for personal gain, or causes loss to others'.

An April 2014 CIFAS report found that there were 638 cases of reported internal fraud in 2013, an increase of 18 per cent from 2012. Internal fraud is on the rise, and it is a force to be reckoned with.

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## Taking Time Off: Can Your Business Survive Your Holiday?

The stereotype of the overworked and underpaid business owner or manager is no myth—it is firmly grounded in reality. Lengthy working weeks with little to no respite is the norm. And while many business owners and managers think they can handle the stress and weighty responsibility without a rest, neglecting to take a break from work may actually guarantee the destruction of their businesses.

Holidays are necessary for business owners and managers to maintain a healthy work-life balance. More than 30 per cent of UK small business owners did not have a summer holiday last year, according to research published by business software provider Sage.

This figure takes on new significance when paired with the growing body of anecdotal evidence that suggests taking a break enables owners and managers to bolster their physical and psychological health, leading to more fulfilling relationships. The link between people's personal and professional lives is strong—a satisfying personal life can often lead to a success in the professional realm. A cathartic, relaxing holiday that drains stress has the potential to lend owners and managers new perspectives, which can translate to tangible gains back at work. Relaxation and detachment often foster creativity and innovation.

Even if business owners and managers do find the time to go on holiday, many remain firmly plugged into their work via phones or laptops. Completely forgetting about business on holiday is usually unrealistic, but experts advise allowing yourself at least one day of digital detox. As a manager or owner, you may be worried that your business will crumble to the ground without you there to support it. Try following this guidance to ensure you get the break you deserve:

- Implement systems to ensure necessary processes continue while you are gone—make sure cash keeps flowing and key suppliers and staff will still be paid.
- Alert customers, staff and suppliers of your holiday at least six weeks in advance—provide alternate contact information to minimise impact.
- Schedule a 'call-in' time with your employees so they can ask you questions and bring problems to your attention rather than calling you every time something comes up.

## Tackling Internal Fraud

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The harmful effects of internal fraud linger long after the initial act—the cost of each internal fraud incident can be four times the sum initially lost, according to CIFAS. To tackle internal fraud in your business, follow these five top tips:

1. **Start a fraud hotline.** Employees are more likely to report fraud if they can remain anonymous. Start a hotline your employees can call anonymously.
2. **Watch for red-flag behaviour.** Living beyond one's means, having financial difficulties and maintaining an unusually close association with vendors or customers are all warning signs.
3. **Do not rely solely on external audits.** External audits, together with rigid internal controls, are what stop fraud.
4. **Stay alert, especially if you are a small business.** Small businesses tend to suffer more as a result of internal fraud.
5. **Focus on prevention.** Losses from fraud can linger for years. Instead of trying to recoup losses, try to prevent them in the first place.