

CII PROFILE

COMMERCIAL INSURANCE

DID YOU KNOW?

Whilst members of the gig economy may not necessarily be traditional employees, your organisation is nevertheless legally required to protect them by carrying out risk assessments, maintaining a health and safety management programme, and offering any necessary health and safety training. Failing to do so can result in fines, prosecutions and loss of reputation. For more information about whether gig economy workers are right for your business, continue reading.



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Are Gig Economy Workers Right for Your Business?

Read about whether employing gig economy workers would be beneficial for your organisation.

Expecting the Unexpected: Safeguarding Your Business

Review these six straightforward steps to develop a business continuity plan, which will safeguard your business—even from the unthinkable.

The Case for SME D&O Insurance

SMEs are not too small to avoid the effects of the new stricter guidelines from the Sentencing Council. Protect your organisation with D&O insurance.

Are Gig Economy Workers Right for Your Business?

The gig or sharing economy is composed of organisations that hire independent workers for short-term positions. In the United Kingdom, approximately 5 million people are employed in this fashion, according to the University of Hertfordshire. In fact, more than a quarter of UK SMEs have employed a gig economy worker within the last year. Your organisation may even employ some members of this group if you have volunteers, seasonal employees, contractors and other kinds of non-traditional staff members.

Whilst they may be non-traditional, gig economy workers can be just as beneficial to your organisation as full-time employees. In fact, 57 per cent of SMEs believe that gig economy workers provide greater flexibility for their business and 38 per cent believe that they allow for better workforce management. Some SMEs even reported that gig workers were more efficient in completing assignments due to the potentially stricter deadlines they had to meet.

However, hiring gig economy workers also has its disadvantages. With a temporary workforce, it is difficult to build a rapport with a gig employee and provide adequate (and sometimes necessary) training and supervision. Indeed, 40 per cent of SMEs reported that they were worried that the gig economy created a less motivated workforce.

Just as you do for your full-time employees, you have a legal obligation to provide these individuals with a safe working environment and employment rights. Even though some gig economy members may be independent workers, your organisation should not label them as self-employed. If you do, that could violate their employment rights. Classifying your employees correctly is essential as it impacts your compulsory employers liability (EL) insurance.

To ensure all UK employees are protected, the government requires most businesses, with a few exceptions, to have at least a £5 million EL policy. The HSE enforces this rule and can fine your organisation up to £2,500 every day if you do not have the appropriate level of insurance.

For more guidance about the gig economy and EL insurance, contact **Crendon Insurance Brokers Ltd** today.



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The Case for SME D&O Insurance

In February 2016, the new guidelines from the Sentencing Council came into force. These amendments dramatically increased fines for corporate manslaughter, food safety and hygiene offences, and health and safety offences. Within the first year, the number of health and safety prosecutions against directors and officers tripled. However, despite this, many SME owners in the United Kingdom do not believe that these more stringent guidelines will affect their business. As a result, SME owners may choose to forgo purchasing directors and officers (D&O) insurance—leaving their business exposed to potentially costly risks.

Only 26 per cent of SME owners have D&O insurance, according to recent industry research. In addition to the perception that D&O cover is unnecessary, 72 per cent of SME owners cite the cost of the policy as one of the leading factors in their decision to not purchase it. However, SMEs' decisions to forgo D&O cover may depend on whether they understand the actual policy or not.

Only 31 per cent of SMEs have a clear understanding of what types of incidents are covered and which are excluded. In fact, D&O insurance is much broader and beneficial than most SME owners realise. If you are unsure about what is covered under a standard D&O policy, review the following list:

- Employment practices and HR issues
- Shareholder actions
- Reporting errors
- Inaccurate or inadequate disclosures
- Misrepresentations in a prospectus
- Decisions exceeding the authority granted to a company officer
- Failure to comply with regulations or laws

For more information about D&O insurance and how it can benefit your business, contact the professionals at **Crendon Insurance Brokers Ltd** today.

Expecting the Unexpected: Safeguarding Your Business

Terrorism is the second largest threat perceived by UK organisations, according to recent research. Even though you cannot predict the unexpected, you can plan for it. One of the best precautionary measures that you can adopt is developing a business continuity plan.

A business continuity plan provides you with thorough guidance on how to recover the most vulnerable parts of your organisation after a business interruption occurs, such as a terrorist attack, fire or natural disaster. Yet only 27 per cent of SMEs have a business continuity plan in place, compared to 68 per cent of medium-sized businesses and 75 per cent of large organisations, according to research. If implemented and maintained, a business continuity plan can be the difference between successfully recovering from a business interruption and going out of business. In fact, every year about 20 per cent of UK businesses face a potentially devastating challenge. Unfortunately, 1 out of 4 organisations impacted by a disaster never reopen their doors.

To ensure that your organisation can stay open after a business interruption, follow these six steps to develop your own plan:

1. Examine your organisation to determine your minimum and desired level of service.
2. Assess the potential risks to your organisation.
3. Develop a strategy to deal with the immediate aftermath of a disaster or other incidents.
4. Prepare a business continuity plan to summarise how your organisation will deal with a disaster and recover to its desired level of service.
5. Rehearse your business continuity plan to identify any gaps.
6. Annually review your business continuity plan to ensure it is up to date.

Whilst you never know when the unexpected will strike, you can be sure that your organisation will be prepared. In addition to a thorough business continuity plan, you may also want to supplement it with business interruption and terrorism insurance. For more information about business continuity planning and terrorism insurance, contact the professionals at **Crendon Insurance Brokers Ltd** today.

Over the last two years,
550,000 SMES HAVE BEEN FORCED TO SUSPEND TRADING
as a result of a business interruption incident.



Source: Arson Prevention Bureau

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