

# Commercial Insurance Profile


March 2019

## Comparing Brexit Contingency Plans: Are You Prepared?

Organisations across the nation are implementing the following plans to prepare for Brexit:

 **56%** are adjusting their supply chain outside of the UK.

 **44%** are stockpiling goods.

 **30%** are relocating production and services overseas.

Source: Confederation of British Industry Survey

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**Laurie Ross**  
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## Stockpiling Over Brexit Fears? Why You Need to Tell Your Broker

With less than a month remaining until Brexit occurs and still no proper withdrawal agreement in place at the time of writing, organisations throughout the UK are preparing for the possibility of a no-deal scenario. Specifically, border uncertainty has businesses across industry lines fearing for an increase in import taxes. And in response, many have begun stockpiling materials and goods in attempts to decrease their risk. In fact, a recent survey revealed that over 40 per cent of organisations have a Brexit contingency plan that involves stockpiling. While this practice may seem like a proper cautionary tactic, stockpiling comes with risks of its own. Consider the following guidance to ensure your stockpiling procedures don't result in disaster:

- **Adjust storage processes**—At a glance, stockpiling increases the likelihood of materials and goods being stored in hazardous or unsafe conditions, seeing as the stock isn't typically stored in those locations. With this in mind, it's crucial to assess your stockpile storage space and procedures to ensure proper risk controls and make sure all health and safety standards have been met.
- **Bolster security measures**—Stockpiling can also increase the risk of theft, since your supply of goods will likely exceed distribution rates for an extended period and be located in a single storage area. As a result, be sure to implement proper security measures (eg guards, security cameras and restricted access barriers) to prevent break-ins and stolen or damaged stock.
- **Alert your broker**—Most importantly, stockpiling can cause major concerns with your insurance cover in the event of a claim. When stockpiling, it's vital that you communicate with your broker to update your policy and increase your sums insured. Otherwise, your policy won't be able to help cover your additional stock if you make a claim, leaving you with significant financial loss. You should also alert your broker whether Brexit stockpiling has caused you to buy or lease any new premises or expand trading to new, foreign markets, as these changes will impact your insurance.

In an era of drastically changing market conditions due to Brexit, **trade credit insurance** can help. This cover protects against businesses not receiving payment for goods or services that they sell, including instances of commercial risk (when customers cannot pay invoices due to financial reasons) and political risk (when customers cannot pay due to factors out of their control, such as a currency shortage).

Trade credit insurance is available for businesses of all industries and sizes. For additional guidance, contact Laurie Ross Insurance today.

## Cash Flow Chaos: The Numbers Behind SMEs' Finance Concerns

- **45%** of SMEs reported they are 'very concerned' about managing their cash flow in 2019, while **34%** are 'fairly concerned'.
- Only **21%** are not worried.

45%



34%



21%



Source: Insurance Experts

## Don't Forgo Cover After Brexit. Use This to Pay Your Premiums

As Brexit continues to be the source of much business uncertainty, many organisations—especially SMEs—are worried that the outcome could result in serious cash flow concerns. What's worse, such an issue could make it more difficult for your business to pay for crucial operating costs, such as salaries, rent and even insurance premiums.

And although securing proper cover for your business is important to ensure organisational success and protection, almost 50 per cent of SMEs admitted in a recent survey that paying their insurance premiums has a very significant impact on their ability to manage cash flow, with only 10 per cent labelling it as insignificant.

Nevertheless, eliminating your cover isn't worth the risk. Let us help you manage your cash flow and premium payment problems after Brexit with the help of a **premium finance loan**.

Put simply, a premium finance loan allows your business to divide the cost of your premium into monthly payments rather than suffering cash flow consequences from paying a large sum all at once. Indeed, of the SMEs that have heard of using this premium payment method, over 60 per cent of them have since implemented it within their organisation.

In the midst of Brexit, the last thing your business should have to worry about is their insurance payments. Contact Laurie Ross Insurance today.

## Directors and Officers Increasingly Liable: 1 in 4 Hit With Claims

Between regulatory changes, increased technology troubles and everyday exposures, the past year has seen a significant increase in liability claims for senior-level business executives. Indeed, a recent survey found that nearly a quarter of senior managers have had at least one claim made against them, and over 30 per cent reported concerns of a claim headed their way in the future.

In response to this growing culture of increased directors' and officers' liability, 70 per cent of senior decision makers said that their job responsibilities have increased in the last 12 months. In addition, over 30 per cent of respondents said there is a greater emphasis now on senior management accountability than ever before. Key business elements that have led to such liability growth include technology, political and regulatory changes, as well as environmental factors.

Senior management can face claims from a variety of parties (eg employees, clients and governing body) for a range of reasons (eg discrimination, noncompliance and mismanagement), placing them at increased risk. And the consequences of liability concerns can be severe, including legal expenses, hefty fines and even jail time.

Such a culture shift emphasises the need for robust D&O liability cover. For more information, contact Laurie Ross Insurance today.

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