

INSURANCE – CAN BE THE DIFFERENCE BETWEEN BUSINESS SUCCESS & FAILURE

Crime can be very damaging to a business and sometimes can result in the loss of an entire business venture.

A break-in, dishonesty by an employee or another person, fraud or other crime is often distressing and can result in a loss of trade, a loss of opportunity, a lost reputation, feelings of insecurity for employees and customers, lots of disruption and inconvenience and significant financial loss.

Insurance can help a business to offset some of the financial consequences and most insurers are keen to help policyholders to avoid or minimise loss by assisting in reviewing security arrangements, carrying out on-site risk assessments and by supplying helpful, written guidelines on specific crime prevention topics.

Insurers can also give practical support in the event that an incident occurs and can assist in compiling plans to minimise the affects of crime. A business continuity plan should be considered by all businesses and could help to save the venture in the event of a serious incident.

It is in policyholders' interests to take their responsibilities seriously. There are many benefits in doing this and, from an insurance perspective, include premium savings and safeguarding the availability of insurance.

Before accepting a client's risk, an insurer will want to be sure that a policyholder has taken reasonable and appropriate precautions to prevent claims and minimise their consequences. Insurers set premiums according to their perception of risk, largely based upon the likelihood of claims occurring and the potential financial implications if they do. The better the perceived risk, the lower the premium will be.

In the past, I have been made aware of a number of businesses which have failed because they have not arranged insurance or because the insurances they have arranged have not been sufficient to offset the financial consequences of a crime. In some of these cases, the businesses had insured assets which had been lost but had not insured for the cost of business interruption, including loss of profit or revenue.

To help in maximising the success of a business, it is essential to purchase insurance which is tailored to and appropriate to the needs of the business. Sometimes, these needs are not easily identifiable or are easily overlooked and it is important to seek professional, independent advice (such as that provided by an insurance broker) when considering the insurance needs of a business.

Whilst we are fortunate to live in a relatively crime free environment in Jersey, we should not be complacent and not take the view that crime will not affect us. There is a good chance that, at some stage, it will and being prepared and having sufficient and effective insurance support is essential for most businesses in Jersey. Please don't ignore or overlook the importance of arranging adequate insurance protection. ■