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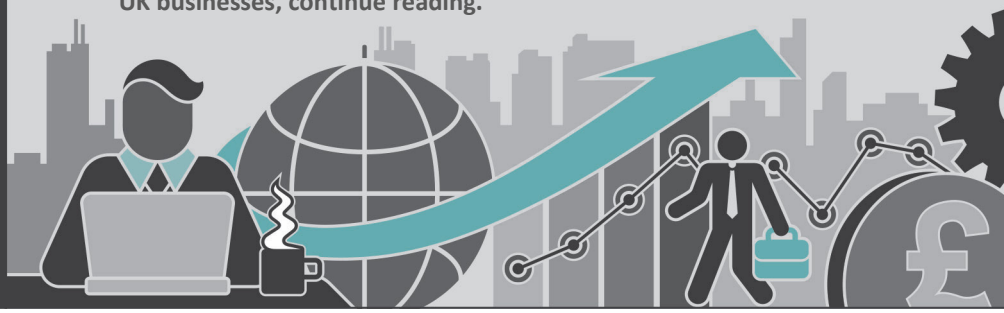
CI COMMERCIAL INSURANCE PROFILE

DID YOU KNOW?

For the fifth consecutive year, business interruption (BI)—which includes supply chain disruption—is the top global risk for businesses, according to recent industry research. And the costs of BI remain high—the average BI insurance claim was nearly £2 million, which is 36 per cent higher than the average direct property damage loss. For more about the top risks facing UK businesses, continue reading.



IN THIS ISSUE

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LI Insurance Services

Landscape Institute
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UK Companies' Top 3 Risks in 2017

Each new year brings with it a collection of challenges for businesses to overcome, and 2017 is no different. That is why your company needs to be adequately prepared for this year's forecast, which includes digital threats and shifting economic conditions. According to a recent industry survey, the following three risks are the most significant and worrisome that UK companies of all sizes will be confronted with this year:

1. **Cyber incidents:** Cyber incidents once again are the top risk facing UK businesses. Last year cyber crime directly cost UK businesses about £11 billion, according to Action Fraud, whilst losses due to cyber crime coupled with cyber defence spending cost businesses more than £34 billion, according to the Centre for Economics and Business Research. What's more is that 25 per cent of all businesses and 66 per cent of large businesses suffered a cyber attack last year, according to government research. Unfortunately, despite the potential damage that these attacks can cause, recent government research has shown that only half of all UK companies have taken the recommended steps to prepare for a cyber attack. Don't be a statistic—protect your business with robust anti-virus and malware software. And remember to create a thorough employee cyber policy and procure comprehensive cyber cover.

2. **Business interruptions:** Whilst BIs encompass both tangible threats—such as fires and floods—and more abstract threats—such as cyber incidents and supplier failures—all have the potential to bankrupt your business or ruin your reputation. In fact, in 2016, the average BI insurance claim was nearly £2 million. To safeguard your company against potential business disruptions, you should protect yourself with BI insurance.

3. **Macroeconomic developments:** It has almost been a year since Brexit caused a sea change throughout the country and its effects are still being felt today. The decision has forced industries to reconsider established business strategies in this new and shifting economic landscape. That is why it is critical to explore each facet of your organisation in order to identify new strategies and options.

Choose Bespoke Cover, Not Cheap Boilerplate Cover

In general, the more comprehensive and thorough a policy is, the more protected your business will be. Despite the security that an extensive policy can provide, only 38 per cent of SMEs ranked a policy's scope as being the top influencer when choosing a new policy, according to recent industry research. Instead, a majority of the surveyed SMEs ranked the cost of a policy as the most important factor. Whilst the cost of a policy is an important consideration, focusing solely on cost could expose your business to potential risks—such as underinsurance and unnecessary add-ons.

These potential risks are far more common if your business chooses to rely on a price comparison website to help you pick a new policy. In general, these sites offer pre-packaged policies that do not provide you with significant input on how they could be tailored to meet your business' specific needs. That means if you choose to use one of these sites, your business is forfeiting its ability to develop a comprehensive policy that adequately addresses your business' concerns. What's more, is that if your business were to experience a risk not covered or inadequately covered by one of these boilerplate policies, it could end up costing your business more than what you may have saved by choosing the cheaper policy.

The most effective strategy to ensure that your business is adequately covered for any potential risk is to contact LI Insurance Services today. By dealing with LI Insurance Services, your business can construct a bespoke policy that provides comprehensive cover for your business' specific needs. In addition, we can help identify potential gaps in your cover and offer guidance on how to shore up those gaps.

Update: Gender Pay Gap Reporting

On 28th January, the final draft of the gender pay gap regulations was published. Under the new regulations, if your company employs at least 250 staff members, you will be required to disclose the pay gap between your male and female employees. These amounts must be made publicly available on your company's website for at least three years. However, while the regulations come into force on 6th April 2017, you will not have to publish your company's findings until 30th April 2018.

But, that does not mean that your company should wait until 2018 to take any action, as you will be responsible for compiling data starting 5th April 2017. Your company should begin preparing now to ensure that you can adequately capture the following six pieces of information that you will need to include in your report:

1. The difference in the mean average of pay between male and female employees
2. The difference in the median average of pay between male and female employees
3. The difference in the mean average of bonus pay over the previous 12 months between all male and female employees that received a bonus
4. The difference in the median average of bonus pay over the previous 12 months between all male and female employees that received a bonus
5. The proportion of male and female employees who received bonus pay over the previous 12 months
6. The proportion of male and female employees in each quartile of the organisation's pay structure

Since this information will be made available to the public, it will surely affect retention rates. For that reason, your company should act now to assess and rectify any pay disparities within your organisation. To help compile your data, the Advisory, Conciliation and Arbitration Service (ACAS) has released a gender pay reporting notification and a gender pay reporting guide.

FIFTY-EIGHT PER CENT

of SMEs ranked customer service and possessing an understanding of their business as top influencers in choosing a policy.

Source: Insurance Business Magazine

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