Inside this issue:

Work Vehicles
Young Workers
Fit Notes
Smoke Free Employees
Safety Fears
Social Care Insurance

Kennett insurance

Covernotes

Motoring your way through the downturn

Managing work-related vehicle risks can be of great benefit to your business and can help you save money. We examine the changing nature of motor fleet risks and how the recession may impact on them, with tips on how to best manage the risks:

Driver Fatigue - In times when household income may be dropping, the incentive for the wage earner to work longer hours increases. Keep a close eye on your drivers and give journey scheduling some serious thought. Ensure they are not working long hours without appropriate rest.

Increased Theft - Theft rises in difficult economic times so it is important to review your security. Look at fuel storage tank and key security. Where possible, remove catalytic converters from stock vehicles. Vehicles that aren't in use should be stored in a secure compound or garage (ensure that any parking areas are designated and approved on your 'O' licence if they are LGVs).

Claims - As a business owner who employs drivers, you can help reduce insurers' claims costs, which can in turn affect insurance premiums. Claims costs have been increasingly hit by drivers using credit hire vehicles or credit repair instead of the free services offered by the liable party's insurer. If an accident happens, notify your insurer immediately so if the third party requires a credit hire vehicle or credit repair, and you may be held liable, your insurer can offer these services reducing claims costs and streamlining the process.

Fraudulent Claims - A rise in fraudulent claims often correlates with an economic downturn. Undetected fraudulent claims increased by 24% in 2008 from two years previous, with detected fraud also increasing by 30% from 2007 to 2008 (www.abi.org.uk). Don't fall victim to these criminals' illicit gains. Make sure that your drivers know what information to record in the event of a collision e.g. full details of the other drivers, vehicle damage and also other passengers as phantom passenger claims are on the increase. Encourage them to make a note of witness details and where possible, take discreet photos of the scene without confrontation. Also, make sure that your drivers are familiar with the practice of 'staged accidents' – those in which other drivers cause a deliberate collision in order to make a false insurance claim. If your driver suspects that the accident may have been staged, involve the police and report it to the insurer immediately.

Driver Checking - In tough times, unemployed drivers may be tempted to use fraudulent means to get a job: thorough vetting of prospective drivers is therefore crucial. Make sure references are followed up and insist on seeing original licences to check entitlement. Use a reputable agency and make sure that all new drivers, even if they are only temporary, are checked and receive adequate training and instruction.

Vehicles - If you are downsizing your commercial fleet, remember to remove the disposed vehicles from your operator's licence and save costs by cancelling any maintenance, fleet management contracts or breakdown cover. When using temporary hire vehicles, make sure they're declared on your insurance policy or that provision is made to cover them within your existing motor policy. If 'O' Licensed vehicles are being used, be sure to declare them on your Operators Licence if they're hired for more than one month, as it is an offence not to do so. And don't forget to tell your broker about your motor fleet risk management activities as they can use this information to help to get you the best insurance premium.

Young people in the workplace

Employing young people can be a great way to get fresh talent and energy into your business. However, when employing younger people, you need to be aware that they may have different training needs to those of more experienced workers who are used to workplace risks.

The risk of injury when new to a workplace is higher as employees will encounter unfamiliar risks associated with the job.
They may also:

- Lack experience of or be unaware of how to raise concerns
- Not have reached physical maturity and therefore lack thestrength required
- Be overly eager to impress new colleagues

A risk assessment is an important tool in protecting your workers and your business. It helps you focus on those risks that have the potential to cause harm. Before employing an inexperienced young person, carry out a risk assessment taking specific factors into account. Tools to aid you can be found on the Health and Safety Executive website

www.hse.gov.uk/youngpeople/risks/index.htm.

As the employer, you need to be risk aware. You shouldn't employ inexperienced young people to do work which*:

- Is beyond their physical or psychological capacity
- Involves a risk of accidents that they are perhaps unlikely to recognise because of their lack of experience, training or attention to safety
- Involves a risk to their health from extreme heat, noise or vibration
- Exposes them to substances chronically harmful to human health *e.g. toxic or carcinogenic substances, or effects likely to be passed on genetically or likely to harm the unborn child.*

These restrictions will not apply in 'special circumstances' where young people over the minimum school leaving age are doing work necessary for their training under proper supervision by a competent person, and providing the risks are reduced to the lowest level as far as reasonably practicable.

If in any doubt as to whether your business is safe to employ young workers, you may want to get professional advice on identifying and controlling the risks. If a significant risk remains despite your best efforts to do what is reasonably practical to control it, you must not employ the person to do this work.

* Source: Health and Safety Executive.

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Fit Notes

The Government is planning to scrap the sick note next year and replace it with a 'fit note'. The current sick note asks GPs to make a decision as to whether their patient is unable to work and for what time period. The proposed fit note will allow them to indicate that an individual may be fit for some work if the workplace and/or duties can be temporarily amended.

It is estimated that sick leave costs the economy £100 billion, with around 175 million working days being lost to illness on 2006. It is hoped that the proposed fit note will encourage a change in culture and help people to stay in work, reducing the huge incapacity benefits bill.

The notes should leave managers better informed about their workers' needs and able to discuss ways of keeping them in work, even if this involves changing their working hours or altering their duties. A fit note for one of the biggest causes of sickness absence - back pain - may enable the employee to return to work earlier provided they are excused from bending or lifting while they recover.

It will be up to the employer to ensure that any specific medical advice contained in the note is complied with.

An employer's duty of care will effectively be increased as they will have been made aware of the duties that any specific employee is fit to do. They will have to make sure that the environment is suitable for their physical capabilities. Robust risk assessments will be needed.

For further information on risk assessment, please visit

www.hse.gov.uk

* Working for a healthier tomorrow, Dame Carol Black, March 17, 2008.

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Tobacco free employees

Many employers recognise the benefits of having a non-smoking workforce. Even so, the direct and indirect costs of tobacco use may surprise you! It is estimated that employees who take four ten minute smoking breaks a day actually work one month less per year than workers who don't take smoking breaks.

In addition, much statistical evidence suggests that smoking affects businesses in the following way:

- Less productivity and output
- More sick pay
- More sick days taken – 34 million working days are lost in England and Wales per year because of sickness resulting from smoking related illnesses*
- Increased stress levels

It is estimated that employees who take four ten minute smoking breaks a day actually work one month less per year than workers who don't take smoking breaks.

Are you sending the right smoke signals?

Businesses can help to improve employee health and welfare, while increasing productivity, by building a Stop-Smoking Plan. Help your staff quit smoking by promoting, or even funding stop-smoking resources. Counselling and nicotine replacement services can also increase the chances of success. In addition, let your employees know you support them. Build a Stop-Smoking Plan that allows staff to make multiple attempts to quit in various ways. What works for one person may not work for another. Let your employees know that you recognise how difficult it is to give up smoking, that you care about them and are giving them a number of different opportunities and resources to help them in their struggle to quit.

Working towards a tobacco-free workforce often requires careful planning, promotion, policy changes and additional resources. More information about helping your employees quit smoking can be found at: http://www.nice.org.uk/phi005 and http://smokefree.nhs.uk/

* Reproduced from British Medical Journal, Parrot S and Godfrey C, 328, 947-949, copyright notice 2004 with permission from BMJ Publishing Group Ltd.

Cutting corner fears

Whilst many businesses need to control costs to survive, this year there is real concern that organisations will also cut corners, leading to an unsafe working environment. A quarter of business leaders say that their organisation will face pressure to cut health and safety budgets during the recession, with 22% of workers in small businesses fearing that their employers will cut health and safety corners*. A reduction in spend and focus could mean that;

- Machinery, faulty or old equipment and vehicles may not be replaced. Servicing and maintenance may also be cut back, which could lead to machinery fatigue related injury claims
- Buildings may not be adequately maintained, making them hazardous or vulnerable to theft or weather
- Reduced spending on health and safety staff, processes and training may occur as firms strive to make money on core functions

In addition, in today's economic climate, increased liquidation and downsizing of suppliers can disrupt key partnerships, leading to unfamiliar working practices and greater risk of damage or injury.

If spending cuts are enforced, businesses should look at ways to ensure that health and safety is not compromised. It is potentially afalse economy to cut back spending on health and safety procedures and processes when you consider the positive cost benefits from an operation that is well maintained.

When managing costs, businesses may also look at their insurance programmes; some firms may be tempted to cut estimates and sums insured or simply cancel covers to reduce premiums. We recommend you speak to us for advice as these actions could have huge ramifications for your business. We can give you advice on the costs and risks to your business, enabling you to maintain essential covers and keep your business adequately protected.

*Source: Health and Safety Executive. Reproduced under the terms of the Click-Use License.

Social Welfare Challenges

The U.K. care sector is evolving. Changing demographics, combined with the transfer of responsibilities from local authorities to charities, not-for-profit and private sectors, have led to new exposures for those involved in care delivery.

Some of the greatest challenges in the care sector are faced by those dealing with ongoing mental health issues and drug and alcohol addiction. Organisations that provide care for people with learning difficulties or are involved in running childrens' homes, foster agencies, hostels, half way houses, and supported living, also have varied and complex exposure to risks.

In addition, the U.K. has an ageing population. In 2008, there were just over 1.2 million people aged 85 or over. By 2033, this number is expected to be 3.2 million. The impact on the U.K.'s care sector will be significant. Sadly, many elderly people develop Dementia or Alzheimers and carers for the elderly need to consider their increased liability exposures when dealing with these degenerative diseases.

Insuring your premises and transport is standard practice, but what about your social care liabilities? Each organisation in the care sector is unique and faces different issues. Here are some things you should consider when purchasing insurance for an organisation in the care sector:

- Carers who deal with the vulnerable should consider professional indemnity cover and those dealing with high risks groups, drug users for example, should ensure that 'bodily injury' is not excluded from the cover.
- Care organisations are vulnerable to allegations of abuse and whether or not these claims are substantiated, they still need to be properly defended. You need to arrange the most suitable level of abuse cover for your organisation .
- Directors, officers and trustees should seek indemnity against management failure to protect the organisation and its clients.
- Members of the public might be affected by any failure of your organisation and the costs may be high so ensure you are protected with adequate levels of public liability insurance.
- Your employees might also be affected by the nature of their work so make sure your employers' liability insurance is matched to the organisation's risk.
- Many care organisations employ medical professionals, generally on an ad-hoc basis. While the administration of pre-prescribed drugs is catered for under most public liability policies, what happens when a medical professional becomes involved at your instigation? Cover should be extended to include your liability if you as an organisation become embroiled in a subsequent allegation of medical malpractice.
- Placing all your liability insurance with one insurer is also considered good practice as it can help the claims process should the worst happen. While there are many types of insurance to consider, some insurers make it easy by providing flexible insurance packages that cater specifically for the needs of organisations in the care sector. Please speak with us to find the best package and level of cover for you.

HSE breach

A director and his Cambridgeshire firm have each been fined £7,000 after an employee had to have part of his leg amputated.

Nicholas McCarthy and his firm, Fenland Electrical Network Services, pleaded guilty to charges of breaching the Health and Safety at Work Act, brought by the Health and Safety Executive (HSE). In addition to the fine, Mr McCarthy and his firm were also ordered to pay costs of over £5500 each.

The incident occurred when a group of linesmen were training to carry out an emergency descent from a mobile elevated platform and one of the men fell because his harness was not attached. He suffered a fractured pelvis, spinal injuries, tendon damage to his left ankle and an injury to his right leg, which was later amputated below the knee.

This case highlights the need for knowledge and understanding of safe working at height.

This newsletter contains a gener al overview of the UK SME insurance market based on our understanding as insurance brokers and risk consultants. It is not intended that it be used, and should not be used, to replace specific advice relating to individual situations. In particular, we do not offer either legal or accounting advice .

Whilst we endeavour to provide accurate and up to date information, we cannot guarantee this and you should not rely on the information contained in this newsletter without seeking further more detailed advice to suit your particular needs.

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