

Commercial Property Factsheets

Insuring your business

Premises

1. Insure your premises against the costs of **rebuilding**, including the costs of site clearance and professional fees.
2. Include the value of any **fixtures and fittings**, such as cabling.
3. Keep evidence of the **condition** of the property (for example, a photographic record), particularly if there are any unusual or valuable features.
4. Check what **exclusions** any insurance policy has. For example, policies may exclude damage caused by acts of terrorism, or damage to plate glass windows. If these risks are unacceptable, you may want to arrange additional insurance.
5. If you lease your premises, check how **responsibility** is split between yourself the landlord. If in doubt, take advice on the provisions of the lease.

Equipment

6. Major categories typically include computers and other **IT equipment**, machinery and furniture. **Vehicles** generally require separate insurance.
7. You can choose to insure on a '**replace as new**' basis or allowing for **wear and tear**.
8. Check how equipment that rapidly becomes **obsolete**, such as IT equipment, will be treated if you make a claim.
9. Keep **evidence** of maintenance, inspections, and any other procedures that affect the condition of the equipment.
10. Check your obligations to insure any **equipment owned by third parties**: for example, equipment that you lease.
11. Consider whether you need insurance for equipment **outside your premises**: for example, laptop computers used while travelling. Equipment used by employees at home is not generally covered by their domestic insurance policies.
12. Check exactly what **insurance cover** you get. For example, standard equipment insurance does not cover the costs of IT equipment failure or of recovering lost data. You may want to arrange additional specialist cover.
13. You may want to arrange **separate maintenance agreements** for key equipment. Check that your maintenance arrangements at least satisfy your legal obligations.

Stock

14. **Key stock lines** typically include raw materials, work in progress, finished goods and office supplies.
15. Keep **records** of stock location and cost.
16. Stock is generally insured at cost (rather than sale value). If stock levels fluctuate over time, get cover for the **maximum level** of stock.
17. Check whether you need to insure any of your **stock held by third parties**: for example, distributors.
18. Check your responsibilities to insure any stock **owned by third parties** that you hold.
19. Make appropriate arrangements to insure **stock in transit**.
20. Your insurance policy is unlikely to cover you for theft unless there has been forcible or violent entry. Make sure you have a

TOLLERS • BUSINESS LEGAL • TOLLERS • PRIVATE CLIENT

www.tollers.co.uk

This document was created on 05 May 2010

While great care is taken when compiling these materials, no responsibility is accepted for their content or accuracy. They are for general guidelines only and action should not be taken without obtaining specific advice.

suitable **security policy and security procedures**, or arrange additional insurance to suit your circumstances.

Other insurances

21. **Legally required** insurances include employers' liability insurance and third party insurance for vehicles.
22. **Liability insurances** can include public liability and product liability. These, and other insurances, can include insurance for legal costs in case of a claim.-
23. **Business interruption insurance** provides essential cover against the knock-on effects of incidents: for example, if you are unable to trade because of damage to your premises.
24. You may want comprehensive insurance for **vehicles**. Bear in mind that if employees use their own cars for business, their normal private insurance cover is unlikely to apply.
25. **Personal insurances** can include 'key man' insurance to protect the business against losing an essential employee, directors' liability insurance to protect directors against possible claims, and health insurance to benefit individual employees.
26. The most cost-effective way of protecting your business is often to arrange a suitable **insurance package**. Check carefully that any package covers your particular needs.
27. Even the most comprehensive insurance rarely fully covers the costs and disruption your business can suffer. Effective **policies and procedures to minimise risks** are an equally essential component of protecting your business.