



20 Steps to Bullet-Proof Your Business

The building blocks of insurance for early-stage science & technology companies in the UK

Arranging insurance is often one of the last things an entrepreneur considers when starting a business – yet it's one of the first things their enterprise will need at incorporation. There are few off-the-shelf insurance products for science or technology-based businesses, so getting specialist advice is essential.

La Playa is one of the UK's leading science and technology insurance specialists, supporting individuals and organisations in innovative science and technology sectors with practical, jargon-free advice. We've created this guide as a convenient, plain-English explanation of essential insurance elements for these businesses – a route map to specialist, affordable insurance for science & tech entrepreneurs.

So what sort of insurance will my business need?

A Mandatory Insurance

Consider these insurance classes first. They are legal requirements so you have little choice in buying them!

1. Employers' Liability Insurance

Insurance against your liability to employees for their injury or illness arising from the work they do for you.

2. Third Party Motor Insurance

Mandatory if you use vehicles on the road in the UK on company business.

3. Engineering Inspections

The law requires regular inspection and certification of plant, machinery, tools and electrical installations to ensure that they remain safe for use. Technically, this is a mandatory inspection contract rather than compulsory insurance but historically insurance companies have offered these services.

B. Sensible Insurance Protection

Although these may not be legally mandated, they're of critical importance to most organisations. Your clients and suppliers may also require that you have them in place.

4. Public Liability Insurance

Protecting your business against allegations of negligence resulting in injury to third parties or damage to their property.

5. Product Liability Insurance

Protecting your business where it is legally responsible for any damage or injury caused by a product you have supplied.

6. Professional Indemnity Insurance

Protecting you against allegations that your negligence has led a third party to suffer financially. This is particularly relevant if you offer professional services or skills for a fee.

7. Directors & Officers Liability Insurance (D&O)

The term *limited liability* is a misnomer; individual directors and managers within an organisation face potentially ruinous personal liability for the decisions and actions they make. Protect your key decision-makers with a “D&O” policy.

8. Property Insurance

This protects your physical assets including buildings, improvements, office and laboratory machinery & equipment, computers & data, stock, documents, lab books, prototypes and R&D materials, temperature-sensitive stock and mobile equipment.

9. Business Interruption (BI)

This protects your income streams where there's an unexpected interruption to business operations. The insurance can protect you against repeat-R&D expenditure, loss of revenue, profit and other unexpected costs.

10. Terrorism Insurance

Especially important for life science enterprises, this protects against loss or damage resulting from acts of terrorism or from attacks launched by ideologically-motivated individuals.

C. Other types of insurance you should consider

11. Group Travel & Personal Accident

This covers staff travelling abroad on company business against emergency medical costs, repatriation, lost luggage, cash and travel documents, trip cancellation or disruption, personal liability and a host of other travel contingencies. Personal Accident benefits can be incorporated to provide a lump sum in the event of serious injury or disability.

12. Marine Cargo/Goods in Transit

It's much safer to insure your own property in transit. Reliance on your freight forwarder's insurance policy for lost or damaged freight could leave you significantly out of pocket.

13. Employment Practice Liability (EPL)

The cost of employee-employer disputes through tribunals and court actions is a significant threat to profitability. EPL protects against allegations of harassment, discrimination, unfair dismissal and wrongful disciplining.

14. Intellectual Property Rights (IP) Insurance

Just as you wouldn't hesitate to insure your office contents and other assets, it's important to insure your organisation's intellectual property (patents, copyrights, trademarks and the like). IP insurance gives you financial muscle to mount legal action against an infringer of your intellectual property. Visit our website to read about La Playa's PatentEnforcer™ product.

Life Science & Medtech specific

15. Clinical Trials

For life science enterprises, this is critical protection against the cost of settlement or liability where a clinical research subject suffers injury arising from participation in a trial.

16. Medical Malpractice

If your activities involve the direct delivery of clinical services to patients, you'll need medical negligence liability insurance ("medical malpractice"). This helps to fund legal defence costs and expenses, compensation awards and liability for paying claimants' costs.

Business Protection & Employee Benefits Insurance Arrangements

17. Key Person Insurance

A form of life insurance that protects against the financial consequences of losing key staff members. It can provide a cash injection to the business if a key person dies or suffers a serious illness, allowing the business to continue trading at a time of considerable uncertainty and financial pressure.

18. Business liability protection

A life assurance arrangement that can relieve pressure on the business to repay outstanding loans or overdrafts if an owner dies, suffers a critical illness or is away from work for an extended period due to accident or sickness.

19. Business succession planning

What would happen to the ownership of the business, should a shareholder die or be unable to return to work due to critical illness? It's important to make financial provision, not only from the perspective of the company and its owners, but also their families and dependants.

20. Employee Benefits

A comprehensive benefits package can help to attract and retain high quality staff, giving you competitive advantage. This might include income protection in the event of accident or illness, pension arrangements and life assurance.

Note: It's also worth checking your investment agreements, since specific types of insurance are often required by investors.

Backed by leading global technology insurers, and working with best-of-breed underwriters, La Playa's Science & Technology team will examine your business plan, identify the insurable risks and design a tailored insurance program providing comprehensive protection at sensible prices.

Flexible and efficient, we combine personal service with expert advice – the perfect partner to guide you through the complex and ever-changing risks your enterprise will face.

Advice you can trust from an expert who understands you:

- Tailor-made insurance & risk control programmes
- Exceptional personal service & advice
- Valuable due diligence services for entrepreneurs & investors
- Your advocate during claims
- Transatlantic capability

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