

## MARSH INSIGHTS:

# OUTLOOK: PERSPECTIVES ON TOPICAL RISK AND INSURANCE ISSUES FOR UK CORPORATES

### BUSINESS TRAVEL — ARE YOU EXPOSED TO POSSIBLE NEGLIGENCE CLAIMS?

In December 2013, the *London Evening Standard* newspaper reported that the widow of an investment banker killed in a helicopter crash in the Andes had launched legal action against his employer, alleging it failed to ensure his safety by neglecting to make sure a safe flight operator was chosen.

Tomas Dusek was one of 12 passengers and two crew killed when the helicopter crashed into a mountainside. He had been on a business trip to survey a river in Peru. An inquest last November heard that the helicopter firm had been previously reprimanded over safety, and that the pilot was involved in a similar crash in 2005 in which two people died.

This case acts as a stark reminder of the duty of care employers owe to their employees when they travel on business, and prompts questions such as:

- How do you fulfil your obligations to protect the safety of your employees when they are travelling for business purposes?
- What information, instruction, and training do you give your employees before they travel on business?
- What systems do you have in place to assess suppliers and operators?
- Are you exposed to possible negligence claims if something goes wrong?

(CONTINUED OVERLEAF)



#### In this edition:

- Business travel — employers' responsibilities.
- Trading risks remain, despite the improving economy.
- Flooding — practical tips to aid recovery.
- Political risk hotspots and opportunities.
- In brief: Health and Safety at Work Act, British in denial about their health.

## BUSINESS TRAVEL — ARE YOU EXPOSED TO POSSIBLE NEGLIGENCE CLAIMS? CONTINUED

### Recommended key actions

- Ensure risks linked to business travel are captured in your health and safety policy, procedures, arrangements, and risk assessments.
- Require employees to make all travel bookings through a reputable business travel agency, and understand the vetting procedures which that agency uses to appraise and select suitable travel and accommodation suppliers.
- Ensure you, and each travelling employee, undertake pre-travel research about the geopolitical environment, culture, travel, health, and security risks of the country to be visited. There are various commercial organisations that offer this as an online information service, or you can refer to the [Foreign and Commonwealth Office website](#). The travel insurance facility arranged by Marsh includes a pre-travel advice service for policyholders.
- Train your employees in travel security and situation awareness. The travel insurance facility arranged by Marsh provides access to employee e-learning security and situation awareness programmes. It also enables business travellers to opt to receive security alerts by e mail or SMS, before and during each trip.
- Ensure you have procedures in place so you know the whereabouts of all travelling employees and are able to make contact with them quickly if rapid evacuation is required because of a sudden deterioration in conditions in the territory being visited.
- Ensure you have adequate business travel insurance in place – policies should be checked to ensure they include medical, non-medical and emergency travel assistance, and cover for medical and emergency repatriation expenses.
- Insurance cover can also be provided to cover hijack, kidnap, and ransom payments, together with specialist advice, and support from crisis management and PR consultants should such an incident occur.

Please contact us if you would like help with this issue.

## FLOODING — PRACTICAL TIPS TO AID RECOVERY

Many areas of the UK have experienced tidal surges and/or extensive flooding in recent weeks, with resultant property damage and disruption to operations for some businesses.

Marsh Risk Consulting has produced an [Adviser](#) document providing advice to organisations that may be affected by flooding. It outlines a general business continuity and health and safety checklist to help get your business running back to normal as quickly as possible.

For larger insurance claims involving extensive property damage and business interruption, our forensic accounting and claims service (FACS) team can assist. The FACS team provides proactive, on-the-ground support to help our clients manage and respond to a major flood loss. If you suffer a major loss out of normal business hours, please call our experts for assistance on +44 (0) 845 604 8588.

Do not dispose of any damaged goods until your insurers have had a chance to inspect them. It may help to take photographic or video evidence.



## TRADING RISKS REMAIN — ONE IN TEN OF THE UK'S ACTIVE REGISTERED COMPANIES IS IN NEGATIVE EQUITY

Although the UK economy is showing signs of recovery, there are now more than 227,000 companies with debts greater than their assets — an increase of 108% from five years ago. Collectively, these companies have negative net worth of almost GBP70 billion. (Source: Company Watch, September 2013).

These companies are at best only producing enough cash to service their debts, but not earning enough to restore their balance sheets to a healthy position. They are susceptible to any unbudgeted extra costs, or rises in interest rates. For these businesses, the risk of insolvency remains very real, despite improving economic conditions.

- Do you understand the financial health of the customers you trade with on credit terms?
- Do you have monitoring systems in place to give you early warning of problems?
- Do you have insurance as a safety net, in case you are left with a large loss when a customer fails to pay you?

### How insurance could help

Credit insurance provides protection by paying a percentage of the debt (usually up to 90%) up to a trade credit limit. Marsh is seeing an increase in the number of businesses purchasing trade credit insurance, with many doing so for the credit management discipline and customer insight it provides as much as for the insurance protection. This discipline and insight can be especially important when moving into unfamiliar markets or territories, or when seeking to increase trade with key customers.

Please contact us if you would like an initial conversation with one of our trade credit insurance experts.



## POLITICAL RISK HOTSPOTS — AND OPPORTUNITIES

The instability and uncertainty created by the Arab Spring has significantly increased the level of dynamic political risk for direct foreign investors operating in the Middle East and North Africa (MENA), according to the [2014 Marsh-Maplecroft Political Risk Map](#). More than 60% of countries in the MENA region have experienced a significant increase in the level of political violence since 2010.

Produced jointly by Marsh's Global Credit & Political Risk Practice and risk analysis and mapping company Maplecroft, the annually- released map draws from Maplecroft's Political Risk Atlas 2014 and highlights dynamic political risks across 197 countries, including conflict, terrorism, macroeconomic stability, rule of law, and regulatory and business environments.

Over the past year, East Africa was host to the most countries that witnessed an increase in political violence, according to the map.

Despite these risks, the map shows investors can still find opportunities in the growth markets. Overall dynamic political risk has significantly improved since 2010 in six growth markets: the Philippines, India, Uganda, Ghana, Israel, and Malaysia. This steady improvement in part reflects a fall in political violence in the Philippines, India, and Uganda, but also significant improvements in governance levels in Malaysia and Israel. A positive business and macroeconomic environment has also helped to lower the overall level of risk in these key economies.

"Companies with direct foreign investments and cross-border contracts continue to operate in a fast-changing, highly volatile global political landscape that can quickly escalate with negative consequences," said Evan Freely, Marsh's Global Credit & Political Risk Leader. "It is imperative that companies stay abreast of the key issues impacting the regions in which they operate and have plans in place to protect their strategic interests from the threats of unforeseen political changes and violence."



## NEWS IN BRIEF

### 40TH ANNIVERSARY OF THE HEALTH AND SAFETY AT WORK ACT

This year will mark 40 years since the Health and Safety at Work Act received royal assent. The Health and Safety Executive (HSE) says:

"Arguably it is one of the best pieces of legislation on the statute books — although we know it is often misunderstood and misinterpreted. It has protected millions of British workers, and driven sharp reductions in incidents of occupational death, serious injury, and ill health."

In 1974 alone, the number of fatalities to employees covered by the legislation in place stood at 651. The latest figure for 2012/13 was down to 148 for employees and self-employed combined. The HSE says: "The actual reduction is probably more than this as data for sectors not covered by health and safety law pre- 1974 was not collected. In the same time frame (and with the same caveat) non-fatal injuries have dropped by more than 75%. There is still room for improvement clearly, but the change in the last 40 years is quite remarkable."

## NEWS IN BRIEF CONTINUED

### BRITISH IN DENIAL ABOUT THEIR HEALTH

A recent study has revealed that two thirds (66%) of Britons are in denial and believe they are in good or excellent health, despite showing two or more risk factors that could increase their chances of getting a disease. The first Britain's Healthiest Company Report, run by PruHealth, the health insurer and Vitality wellness programme provider, and our sister company Mercer, the global consulting leader in talent, health, retirement and investments, surveyed almost 10,000 employees.

Mercer says: "The data showed that whilst individuals were typically overly optimistic about how healthy they are, and ignore key risk factors, they were also open to change. 80% wanted to improve their BMI and 61% wanted to become more active. It can take very little cost for employers to help facilitate such changes within their businesses. If allowing flexibility around taking lunch hours to allow staff to attend gym classes, or providing showers so that cycling to work is more attractive, leads to just a 1% increase in productivity then that's a great investment for any business to make. We're being approached by more and more companies looking for help generating savings from their current benefit expenditure in order to make such initiatives cost neutral and to generate greater value from their spend."

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