

YOUR BUSINESS

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“
MANAGING,
MOTIVATING AND
DEVELOPING
PEOPLE IS KEY
TO SUCCESS
”



BUSINESS ESSENTIALS

The key elements you need to achieve success



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A growing threat – why you need Directors’ & Officers’ insurance



Business owners without D&O insurance may face legal challenges that impact them personally, says Matthew Collins, Managing Director of the Ascend Broking Group

Directors’ and Officers’ (D&O) insurance is a type of management liability insurance that provides financial protection to a company’s executives and board members. It is designed to protect individuals from personal losses if they are sued as a result of serving as a Director or an Officer of an organisation. It can also cover the legal fees and other costs the organisation may incur as a result of such a suit.

In a key management role, Directors, Partners and Officers have extra responsibilities and liability to employees, the public, investors and regulators. They may face allegations of personal wrongdoing, such as breach of trust, breach of duty of care, negligent errors, defamation, health and safety failure or mismanagement

of pension schemes. Directors’ and Officers’ insurance can step in to help with the cost where key management figures might hold personal liability.

The level of responsibility is a key consideration. If you make decisions about your company’s protocol or investment, this type of cover may be necessary. Insurance can provide indemnity against compensation payments that may impact Directors personally.

Examples of potential exposure within a business include:

■ **Sexual discrimination and harassment:** Directors and Officers must continually assess their company’s policies and make sure everyone is aware of them, with regular and adequate training for employees, management and the board.



■ **Defamation:** As a Director or Officer, defamation is a serious risk if you make false statements that may harm the reputation of individuals or organisations. Implement robust internal communication policies and ensure the accuracy of any information you communicate publicly.

■ **Trading while insolvent:** This is a breach of fiduciary duty and can incur serious legal consequences, including personal liability for the company's debts and potential disqualification from holding future Directorships. You must closely monitor the company's financial health and promptly seek professional advice if insolvency is suspected.

■ **Diverting business to a new company:** You must act in the best interests of the company and its shareholders, and diverting business to a new company for personal gain may constitute a breach of fiduciary duty, resulting in legal liabilities and reputational damage.

■ **Health and safety:** Directors and Officers have a legal obligation to ensure the health and safety of employees, visitors and shareholders. You must take reasonable steps to minimise workplace hazards, implement safety policies, provide training and comply with regulations. The severe consequences include fines, penalties and potential criminal liability.



■ **Corporate manslaughter:** Companies are criminally liable for causing a person's death due to gross negligence or a serious breach of duty. The companies themselves can be prosecuted, but Directors and Officers can also be individually prosecuted if their consent, connivance or neglect contributed to the death. Implement robust health and safety practices and proper risk assessments.

■ **Misleading information:** Directors and Officers risk legal and regulatory consequences if they provide misleading information to shareholders, investors or the public. Transparency, accuracy and honesty must be prioritised in all communications and disclosures.

■ **Insufficient controls as a Director:** Operating in an environment with inadequate oversight and governance allows shareholders to file claims alleging negligence or breaches of fiduciary duty. Robust control mechanisms are crucial to mitigate risk and safeguard shareholder interests.

■ **Cheque errors:** Errors in handling company finances, such as mistakes in issuing or endorsing cheques, can expose

Directors and Officers to claims. Something as simple as not adding "Ltd" can land a Director in hot water. Proactive measures and meticulous financial controls are essential.

■ **Regulatory sanctions:** Directors and Officers who fail to comply with regulatory requirements can face claims from affected shareholders, alongside the sanctions from the Financial Conduct Authority. A comprehensive knowledge of the relevant regulations is vital.

■ **Carriage of goods:** Directors and Officers overseeing the carriage of goods must maintain diligent practices – for example, a Director transporting dangerous goods by air can fall foul of the Civil Aviation Authority. Claims can arise for damage, loss or delay.

■ **Acquisitions:** Acquisitions are fraught with risk for Directors and Officers. Any misrepresentations or omissions in the financial standing presented to the acquiring company can spark legal proceedings involving huge defence costs. Negligent or fraudulent misrepresentation can be avoided through due diligence, transparent communication and accurate disclosure.



To find out more about the benefits of Directors' & Officers' insurance, contact matthew.collins@ascendbroking.co.uk, call 01245 449 060 or visit ascendbroking.co.uk

Don't let your

There are many things that can go wrong in business – which is why insurance is essential to protect you and your company

Unforeseen calamities come in many different forms and have the potential to destroy everything you've laboured so hard to create, so it's essential to make sure your business is protected by insurance.

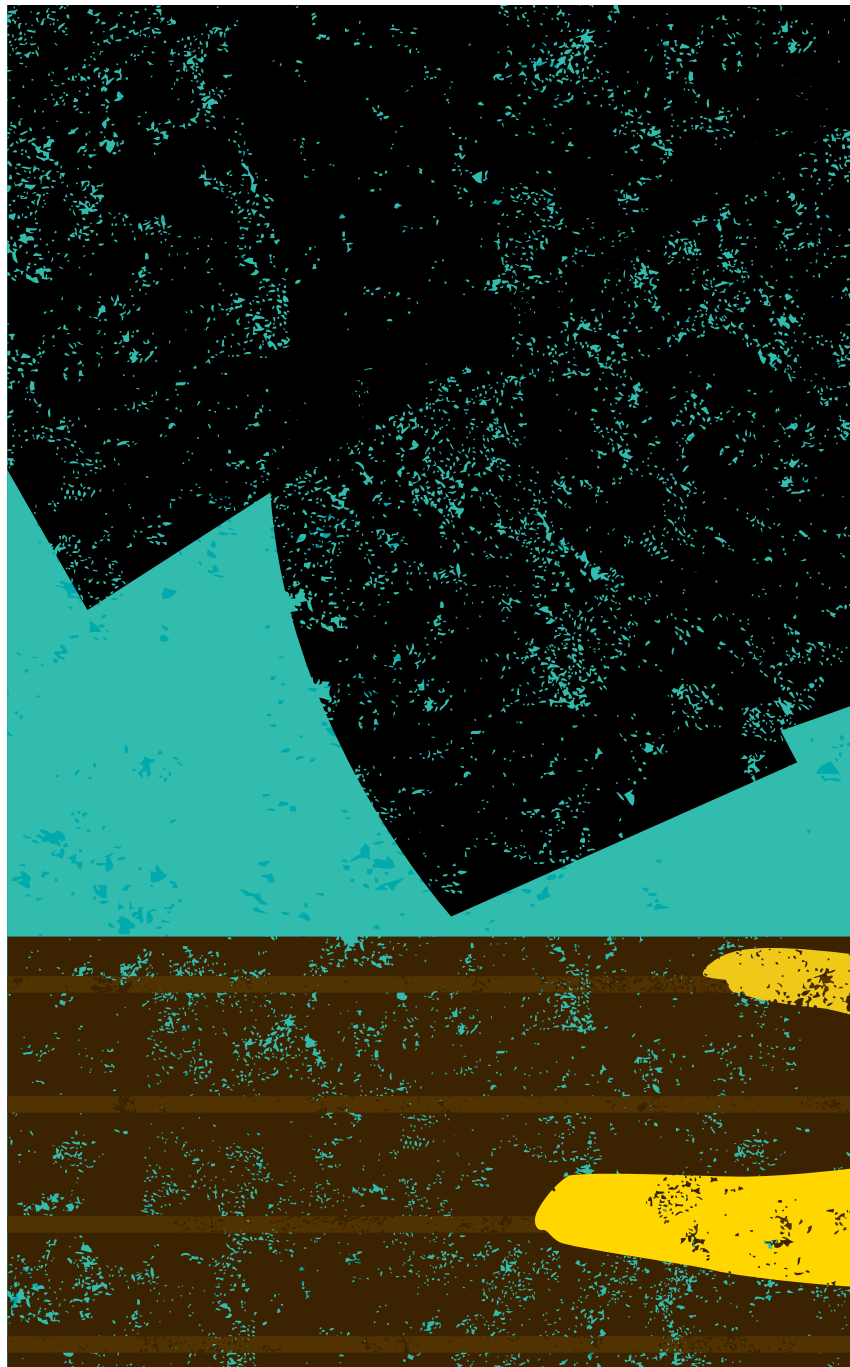
In the event of a disaster, the right policies could make the difference between keeping your business or losing everything, so it's something you should never skimp on. It's also important to shop around for the best insurance, as not all types of cover will be relevant to your business. Always be sure to read the small print (or ideally get an expert to do so) before you sign on the dotted line.

Employer's liability

Accidents can happen at work, just like anywhere else, so it's a legal requirement for any firm that employs people – whether on a temporary, full-time or voluntary basis – to take out employer's liability (EL) cover. This covers your business in the event that one of your staff members claims they've suffered an illness or injury as a result of working for you. Included in your cover are any legal and compensation costs involved in defending the case. The Health and Safety Executive (HSE) can fine you £2,500 for every day you don't have EL, so this one is essential.

Public liability

While this isn't compulsory, your clients and suppliers may well insist you have public liability (PL) insurance as a condition of working with them. PL covers your business



insurance slip

