



Simply Business

THE SIMPLY BUSINESS GUIDE TO

# Insurance for small businesses

Guide #2

The UK's biggest  
business insurance  
provider





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Covering over  
300,000 businesses  
& landlords

## Finding a provider

*“If your business is your livelihood, it’s going to be crucial that you’ve got some back-up if things go wrong.”*

It may not be the most glamorous, but sorting your insurance is one of the most important parts of setting up and running a business. If your business is your livelihood, it’s going to be crucial that you’ve got some back-up if things go wrong.

Digital technology and growing consumer choice mean that it’s now easier to set up a policy than ever before, and the industry is also making strides in terms of customer service, claims procedures and renewal processes.

But for a newcomer, the world of business insurance can still be a confusing place. What really is professional indemnity insurance, and when would it cover you? Is business insurance required by law? This guide sets out

to answer these questions and more, beginning with a quick look at insurance brokers.

### **Brokers, aggregators and insurers**

The job of a broker is to do the insurance-finding legwork for you. Using their insider knowledge of the insurance market, a broker should be able to find a provider and policy that fits your needs, and negotiate a good price. The broker is acting as the mediator rather than underwriting your policy personally. They should be independent (i.e. without vested interests in a particular brand) and regulated by the FCA (Financial Conduct Authority).





Meanwhile, an aggregator or a comparison website uses information that you provide to find insurance options from around the web, usually displaying them in order of price so that you can compare policies and buy online.

Simply Business combines aspects of both broker and aggregator. Like a traditional broker, we're impartial experts in a particular part of the market: we specialise in business and landlord insurance. We work with a range of leading insurers including AXA, Hiscox and Zurich to find policies that fit just right for our customers. We also have internal underwriting capability, which means we can often find policies that fit just right for our customers. But using our site is a bit like using an aggregator: you fill in one simple quote form and then you can compare a range of prices and policies side-by-side. Our end-to-end online service means that you can use our website to compare quotes, buy online and make a claim. You deal directly with us throughout the process: we email over your policy documents, and consultants in

our UK-based contact centre are on hand if you need any help. And of course, we're regulated by the FCA.

You can also go to insurance providers directly, especially if you know what cover you want and how much you expect to pay. Companies that offer business insurance include AXA and Hiscox. Your bank may also be able to offer you a policy.

# Business insurance: the main types

## Public liability insurance

**What is it?** Public liability insurance protects your business if you're blamed for injury or for damage to property or possessions. This can be injury or damage suffered by clients, contractors or members of the public.

**Who needs it?** This is an important cover for any business that interacts with customers or other people. This could be because clients visit your premises, or because you visit their home or business. This means it's a particularly popular insurance type for shops, tradespeople and hairdressers. Some contracts, including most government contracts, specify a particular level of public liability cover.

## Claim examples

- You're an IT consultant who damages a client's computer by spilling a cup of coffee
- You're a plumber and you perform faulty repair work in a bathroom that causes a leak and leads to water damage
- You have a cleaning business. You leave a wet floor with no warning sign, and someone slips and breaks their leg

In each example, imagine that a compensation claim is made against your business for the injury or damage. Your public liability policy would cover the legal costs

and compensation payments, up to the limit of your policy and minus any excess.

**Buying a policy and choosing a cover level:** Your cover level is the maximum amount that the insurer will pay you for a claim. Simply Business offers between £1 million and £10 million of cover. When you're choosing a cover limit, you should check whether any of your client contracts require a particular level of cover. You should also think about the size and scale of the work that you do, and the scope for compensation claims.



*“Some business types are required by their regulator or professional body to have a professional indemnity policy. This includes solicitors, financial advisers, accountants, architects and some healthcare professionals.”*

### Professional indemnity insurance

**What is it?** Professional indemnity insurance covers claims made by your client for financial loss they've suffered due to a mistake you've made in your work.

**Who needs it?** This insurance is particularly important for any business that gives advice or provides a professional service. It's also useful if your business handles client data or deals with intellectual property.

Some business types are required by their regulator or professional body to have a professional indemnity policy. This includes solicitors, financial advisers, accountants, architects and some healthcare professionals.

### Claim examples

- You're handling sensitive client data and you accidentally copy the wrong person into an email, breaching confidentiality
- You're an architect who has drawn up plans for a house. Due to a mistake that you've made in the plans, the building collapses soon after it's built
- You're a designer and you use someone else's images in your design when creating a client's website, infringing copyright

In each example, imagine that a compensation claim is made against your business for the financial loss that

your client has suffered. Your professional indemnity policy would cover the cost of the compensation claim and any legal costs, up to the limit of your policy and excluding any excess.

**Buying a policy and choosing a cover level:** Your cover level is the maximum amount that the insurer will pay you for a claim. Simply Business offers between £50,000 and £5 million of cover. When you're buying your policy, check whether you're required to have a particular level of cover by your client contracts or your regulator. Also take into account the kind of work that you do, and the potential scale of the loss if you made a mistake in your work.

# Business insurance: the main types

## Employers' liability insurance

**What is it?** [Employers' liability insurance](#) covers claims made by your employees for illness or injury that they suffer due to their work.

**Who needs it?** If you employ anyone, it's likely that you're legally required to have employers' liability insurance. You must have at least £5 million of cover, and you can be fined up to £2,500 for each day that you don't have a policy in place. Certain businesses are exempt, for example if your business only employs close family members. For further details, check [this page](#).

## Claim examples

- Your office manager trips on a loose floor tile in the office and breaks their leg
- A builder that you employ is seriously injured when they fall from poorly-constructed scaffolding
- A former employee makes a claim for illness caused by asbestos exposure during their work

In each example, imagine that a compensation claim is made by the employee or former employee. Your employers' liability policy would cover the cost of the compensation claim and any legal costs, up to the limit of your policy.

**Buying a policy and choosing a cover level:** Your cover level is the maximum amount that the insurer will pay you for a claim. As we've mentioned, the law requires you to have at least £5 million of cover. Simply Business offers £10 million of [cover](#) as standard.

## Business buildings and contents insurance

**What is it?** It covers your business premises if your business premises or your contents are damaged or lost due to something like vandalism, burglary, fire or flood.

**Who needs it?** If you own your business premises, you need to think about buildings insurance. If you rent your space, your landlord is responsible for covering the building, but you need to arrange your own contents insurance. You can also opt for specific covers like **business equipment cover** or **business stock cover**.

### Claim examples

- Your shop suffers water damage during a heavy storm
- Your office is broken into and your electronic devices are stolen

In these situations, your buildings or contents policy could pay to repair your property or replace your equipment, minus any excess.

**Buying a policy and choosing a cover level:** The value of your buildings insurance is based on the amount it would cost to rebuild your property from scratch. When you estimate this amount, you need to consider things like materials and labour costs, rather

than thinking about your property's market value.

Your contents, equipment or tools cover is based on the amount of money it would cost to replace your things. When you buy these insurance covers, it's really important that you make accurate estimates. Even if your building is damaged rather than completely destroyed, your insurer can proportionately reduce your pay-out if they think you're underinsured. For example, if they think that you've insured your building for half its actual rebuild value, they could reduce a pay-out for damage by 50%.

**Other covers:** There are many other covers that you can add on to your business insurance policy. Examples include **business interruption cover**, which covers your financial losses if your business is unable to trade, and **contractors' all risks cover** for builders and tradespeople.

*"It's really important that you make accurate estimates. Your insurer can proportionately reduce your pay-out if you're underinsured."*

9/10 insurance  
customers say we're  
good (or excellent)



A top-down view of a desk with a laptop, keyboard, mouse, coffee cup, and pencil. A large green rectangle is overlaid on the center, containing text.

## RETAIL INSURANCE

# Tailored cover for your business

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Simply Business is the UK's biggest business insurance provider, protecting over 300,000 businesses and landlords. We provide tailored cover for freelancers and companies up and down the country.

Use our [online quote tool](#) to tell us about you and your business. You can build a tailored policy by choosing the cover options and the cover limits that your business needs. We'll find you quotes from leading insurers, and you can compare the options and buy online in just a few clicks.

Once you've bought your policy we'll email your documents straight over, and if you have any questions you can contact an expert consultant in our UK-based contact centre. If you need to make a claim, you'll deal directly with our award-winning claims team.

Plus, if you're happy with your Simply Business experience, you can [earn a £25 voucher](#). If they buy a policy we'll send you both £25, to say thank you.

# 03

## Buying insurance

*“Check your client contracts to see if they require particular insurance and think about the type of work you do and the risks that your business is exposed to.”*

### **Think about the cover you need (and the cover you don't)**

Now you've got to grips with the business insurance covers available, you can make an informed decision about which covers to include in your policy. Check your client contracts to see if they require particular insurance, see whether your regulators or professional bodies demand a type of cover, and think about the type of work you do and the risks that your business is exposed to. It's a good idea to create a tailored policy so that you're not paying for cover you don't need. For example there's no need for employers' liability cover if you don't have any employees. If your needs change,

you can always add additional covers to your policy in the future.

### **Answer questions accurately**

Make sure you accurately estimate things like the rebuild cost of your property and the replacement value of your business equipment. If you don't, it could mean you're underinsured and you won't receive a full payment if you make a claim. It's also important that you're honest when answering questions about the type of work you do, the security measures you've got in place and the history of you and your business. The answers you give and the statements that you agree with will form



### Compare quotes with Simply Business

You just need to fill in a short form to get a range of tailored business insurance quotes. Compare policy details and premiums and pick the best insurance for you. Our panel of leading insurers includes Hiscox, AXA, Zurich and UK General.

### Our pledges to you

We pledge to keep things simple, shunning the jargon. We pledge honesty, with the facts all up front. We pledge to stay human, with the focus on you. And we pledge to listen, so that we can improve.

part of your contract with the insurance company. Even though answering questions inaccurately may make it quicker or cheaper to get your insurance sorted, it also makes it much more likely that any future claim won't be paid.

### Compare and shop around

When you're choosing a business insurance policy, compare policy details as well as price. These are some of the things you should look out for:

- *Is the insurer a trusted brand?* Check independent customer review websites as well as looking at the company's 'about us' page and checking for awards and accreditations.
- *What are the conditions and exclusions?* These can limit how and when claims are paid.

- *How much is the excess?* This is effectively the contribution you have to pay towards a claim. Choosing a lower excess often means a more expensive premium.
- *Are there any extra covers included with the policy?* Some insurers may offer additional covers that are more useful to your business than others.
- *What's the claims process?* In case you ever have to make a claim, you want to know that the process is clear and straightforward.

# Risks and claims

**A**lthough it's important to know your insurance is there if you need it, nobody wants to have to make claim. Take some simple measures to protect your business.

## Keeping your business safe

To prevent the kind of problems that might lead to a public liability or an employers' liability claim, it's a good idea to do a risk assessment so that you can identify possible problems and put measures in place to avoid accidents. The Health and Safety Executive (HSE) has developed [a guide](#) to help you conduct a risk assessment if you have a premises like

an office or a shop. At the most basic level, doing a risk assessment involves walking around your property and considering the things that could cause accidents, and then working out how you could make things safer. Think about tidying away cables, fixing loose flooring, and using 'wet floor' signs after you've cleaned. If you're more likely to be working on client sites, always avoid leaving tools and equipment lying around and make sure that you leave the site clean and tidy.

In terms of avoiding events that could lead to a professional indemnity claim, always keep in mind your professional and legal responsibilities. Keep an impeccable paper trail: file your notes and your email

conversations with your clients, and take minutes when you have meetings or phone calls. All of this could help to back you up if your client makes a claim against you. When you're doing work, make sure that you have all the information that you need and don't be afraid to ask questions. If you make a decision too hastily or when you're lacking all the facts, you could make a potentially costly mistake. Be extremely careful when you're dealing with client data and confidential information, and double check both the recipients and the content of emails before pressing 'send'.

To prevent theft, follow basic measures to keep your building, stock and possessions safe. Invest in a good



security alarm and smoke alarm for your premises, and make preparations for dealing with extreme weather conditions like flooding or snow. If your business is at risk of flooding, you can register to receive flood warnings on the [Flood Warning Service](#). You should also put together a flood plan, including key locations of things like fuse boxes and stopcocks. Make it clear who will have the responsibility for making sure these are secure. Also consider the actions you can take to protect your most important items, like your stock and your computer equipment, in the event of a flood. You can find more flood guidance on the [Flood Protection](#) page.

There are also measures you can take in preparation for cold snaps. Start by checking your pipes for cracks, as burst pipes are often caused by water entering pipes and then freezing. You can insulate outdoor pipes with lagging if you're worried they might freeze. Also remember to turn your heating on at regular intervals, even if your property is empty.

### When something goes wrong

If something happens and you think you'll need to make an insurance claim, it's really important that you contact your insurance company straight away. If you've bought your policy through a broker (or through Simply

Business), call them first. Check your documents for a specific phone number for the claims department. A claims handler will give you a claim reference number and then tell you what to do next.

If you're making a claim for something physical like flood damage or vandalism, it's a good idea to take some photos immediately. If a crime has been committed, then you also need to report it to the police and get a crime reference number to supply to your insurer. If possible, avoid calling your usual plumber or repairman until you've spoken to your insurance company, as there may be a specific process you need to follow or specific suppliers you need to use to make sure they cover the cost. However, you should still take any emergency measures to stop further damage taking place.

It may be a good idea to write down the sequence of events that led to the accident or damage, so that it's clear in your head and you'll be able to run through it accurately again in the future. If someone (a client, for example) is making a claim against you, tell your insurer straight away, and forward them copies of the letters or emails you've received.

### Checklist for keeping your business safe

- Assess business risks: use HSE risk assessment templates to help
- Keep a paper trail: file your correspondence with customers
- Invest in alarms: make sure you'll be warned of a fire or break-in
- Check your pipes: cold outside? Keep an eye on plumbing

### Simply Business claims

If you buy a policy through Simply Business, we're your first port of call when you need to make a claim. You'll be in safe hands: our claims team were named 'claims team of the year' at the 2014 Commercial Insurance Awards. You can tell us about your claim by filling in a [claims form](#), or call the 24-hour claims line on 0333 207 0560.



Simply Business

### **About Simply Business**

At Simply Business, we protect people like you – the small businesses who are building Britain's economy.

We also provide news, guides and inspiration to the small business community in our Knowledge Centre and social media channels.