

Mind Your Own Business

Official Newsletter of IFM Insurance Brokers Ltd, A Brokerbility company

First Edition

Overdrafts more popular than loans for SME's



SME's have been forced into paying higher rates through bank overdrafts thanks to the scarcity of loans.

Some 30 per cent of small business applied for a new bank overdraft facility or extension in the last two years, while 21 per cent applied for a business loan, says financial advisors CreditPal.

Chris Poll, CEO of CreditPal, says: 'Business

operators may feel an affinity with their current account provider, so seeking an overdraft extension rather than a loan from another provider may seem a more appealing option. The rates of interest they face paying, however, are likely to be far higher than for a business loan.' According to the British Bankers Association, the total value of SME overdrafts now stands at just over £9 billion.

But many small businesses believe that rates charged on business loans are artificially high. Research from Durham University found that the average administration fee charged by lenders under the Enterprise Finance Guarantee scheme is £2,430, with interest rates set at around 5.9 per cent.

Base interest rates have remained at 0.5 per cent since March 2008.

“ The total value of SME overdrafts now stands at just over £9 billion. ”

Get 2010 off to a flying start

Here are 10 New Year's resolutions to get your business off to a flying start in 2010:

1. Give your business a health check: Review the health of your business and identify potential issues and opportunities.
2. Review your cash flow: Dramatic changes in turnover such as Christmas bonuses and low productivity, can all have an impact on cash flow, make sure you have a strategy in place to boost this.
3. Motivate your staff: Staff can take a while to get motivated again after a long break. So set clear goals for the year ahead to help your employees stay focused.
4. Keep up to date with your taxes: Deadlines are looming. File your tax returns early so you don't have a last minute panic.
5. Promote your business regularly and consistently: If you want to attract new customers, you have to make promotion

a priority. Take the time to create a marketing plan for your business.


6. Join a new business organisation or networking group: There's nothing like talking to other business people for sparking new ideas, refining old ones, and making contacts. Making the effort to be a part of a group will revitalise your business.
7. Set realistic goals: Set achievable goals, rather than unrealistic pipe dreams that are so far out of reach they only lead to frustration.
8. Drop what's not working for you and move on: Don't invest a lot of energy into trying to make the unworkable workable.
9. Make business planning a weekly event: Keeping track of this will make you feel more focused and relaxed.
10. Learn something new: The New Year is a great excuse to introduce something new to your business whether it is a product to sell or an initiative such as contributing to a charity, it can keep your business fresh and exciting.



Business Bytes...

- Almost half of small firms have no business continuity plan or only have a very rough plan in place, the British Insurance Brokers' Association (BIBA) has revealed.
- Inefficient equipment and energy waste could cost UK small businesses £3 billion this year, research from the Carbon Trust has found.
- Big businesses paid their invoices an average of 14 days faster in November 2009 than the same period in 2008, according to credit rating firm Experian.

IFM Insurance Brokers Ltd
Cybor House 1 Tapton House Rd, Sheffield
Tel: 0114 268 4606
www.ifminsurance.co.uk

 Insurance brokers and consultants
A Brokerbility company

Rise in confidence drives 2.5% growth in early 2010

Source Reuters: 12:05 January 13th, 2010

Optimism and output are up to their highest levels in almost two years, leading to predictions of GDP growth of 2.5 percent in Q4 and Q1, according to the latest Business Trends report by accountants and business advisers BDO LLP.

Business Trends output index increased significantly in December to 99.7, up from 96.3 in November — the biggest rise since the end of the early '90s recession — while the optimism index rose to 100.5, up from 96.3 in November.

Taken together, the indices are consistent with annualised GDP growth of around 2.5 per cent in the fourth quarter of 2009 and the first quarter of 2010.

The decline in stock levels reduced gross domestic product by £4.6 billion in the third quarter, but increased confidence is likely to drive production to replace depleted stock.

“Back in July BDO predicted a saxophone-shaped recovery,” said Peter Hemington, Partner, BDO LLP. “The marked increase in

output and optimism suggests we are now on the brink of a sharp upturn.”

However, the saxophone might hit a flat note. Restrained lending, a likely increase in taxes and the possible effect of political uncertainty on sterling could all hamper performance later on in the year.

“This means renewed optimism should be paired with a sense of caution. Credit conditions remain difficult, so businesses must seize opportunities to secure funding and monitor their cash-flow closely — we're not out of the woods yet.”



“Businesses must seize opportunities to secure funding and monitor their cash-flow closely.”

Don't be alarmed....!

Commercial Property insurance policies contain within them a condition or warranty relating to the intruder alarm system.

Whilst the precise wording may vary, the principles are that:

- the system specification should be logged and agreed with insurers
- there is a maintenance contract in place with an approved company
- whenever the premises are unoccupied the system is fully operational.

In the event of a break-in, insurers will now request a copy of the as-fitted specification and a copy of the event memory log, to prove the alarm was set in its entirety.

If you have not already done so, we recommend the current as-fitted specification is passed to us to be logged here and you contact your alarm providers to ensure the event memory can be read if needed.

This will help insurers in their initial enquiries and speed up the claims process.



Employment Law – changes for 2010

Decrease of maximum unfair dismissal compensatory award

1 February 2010

Limits applying to tribunal awards and other amounts payable under employment legislation decrease, including the limit on the compensatory award for unfair dismissal. This decreases from £66,200 to £65,300. The new limits apply where the event that gives rise to the award or payment occurs on or after 1 February 2010.

Paternity leave and pay is extended

April 2010

Fathers may take up to 26 weeks' additional paternity leave if the mother of the child returns to work before the end of her maternity leave period. This will be available during the second six months of the child's life and may be paid if taken during the mother's statutory maternity pay period. This is intended to come into force in April 2010, for parents of babies due from 3 April 2011.

Right to request time off for training is introduced

April 2010

A right to request time off to undertake training is introduced. Employers will be obliged to consider seriously requests received, but will be able to refuse where there is a good business reason for doing so. Employers will not be obliged to meet the salary or training costs. This is intended to be introduced for employees in organisations with 250 or more employees in April 2010, and extended to cover



the earliest.

Social Security (Medical Evidence) and Statutory Sick Pay (Medical Evidence) Amendment Regulations 2010 come into force

April 2010

The Regulations replace the current “sick note” approach with a “fit note” system. They change the format of the medical statement to allow doctors to record whether a patient is fit or not fit for work, but also include a new option to indicate where someone “may be fit for some work now”; to simplify the process for GPs and employers.

Number of years' contribution required to achieve a full basic state pension reduced

6 April 2010

The number of years' contribution required to achieve a full basic state pension reduces to 30 years for both men and women.

Govt to set up ombudsman for grocers, suppliers



The government is setting up an ombudsman to enforce a new code of practice covering grocers' relations with their suppliers after a majority of retailers failed to agree a voluntary arrangement.

The code of practice was drawn up by the competition regulator after an investigation of the grocery industry from 2006 to 2008 concluded large grocery retailers were passing on excessive risks and unexpected costs to their suppliers.

The Competition Commission asked the government in August to create an ombudsman to enforce the new code after a majority of retailers failed to agree on a voluntary system.

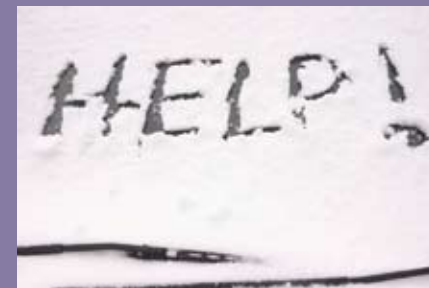
Consumer minister Kevin Brennan said that the new code would come into force on Feb. 4 and that a period of consultation

would follow on how best to enforce it, including who the ombudsman should be and the powers the position could carry.

"The power that large grocery retailers remain able to wield over their suppliers can still create pressures on small producers, especially in these difficult economic times, which ultimately may impact on consumers," he said in a statement.

"We do not anticipate a significant impact on consumer prices or workers resulting from the creation of an enforcement body."

The government also said it had agreed with the Competition Commission to revoke an order which currently allows land agreements that can restrict grocery retailing.



Businesses Want Snow Summit to Beat Weather

The Federation of Small Business says the bad weather has so far cost the UK economy an estimated £600m a day and that there should now be talks between local authorities, transport and salt mining companies, schools and the businesses to find solutions to deal with adverse weather.

Many small firms have been forced to close, lost business, or seen supplies dwindle because of the snow, with many roads left completely impassable, the FSB said in a report.

Small businesses have been particularly hard-hit during the recent bad weather, with staff unable to make it to work because of school closures and snowbound roads. School closures also meant many parents had to stay at home to look after children, missing further days at work.

The FSB argued that the authorities did not learn from the lessons of last February's snowfall quickly enough and could have been better prepared for the recent spate of bad weather.

The Government was urged to put in place an emergency grant scheme for small firms severely affected by extreme weather, produce mandatory guidance for local authorities, including salt level recommendations, and increase its own private salt levels to supplement shortfalls where necessary.

FSB chairman John Wright said: "We need to be better prepared with more salt stocks for roads and better guidance for head teachers on when to close schools, to prevent staff from missing days of work and bringing the country, and the economy, to a standstill."

Taking the Credit.....



Notifying your insurer immediately after a car accident can reduce the cost of claims when cars from credit hire operators are involved

Credit hire is big business and access to a replacement vehicle for the non-fault party can be through any number of routes, insurers, brokers, garages, solicitors etc. However, the cost of providing this vehicle then becomes part of the claim against the at-fault party.

Recent research by the Insurance industry indicates that the average reporting time for new claims is in excess of 30 days from the date of accident. The additional third party hire costs incurred are estimated to add an average of around £1500 to each claim. This only serves to worsen the claims experience unnecessarily, a fact that is likely to be reflected at renewal.

By notifying us immediately after an accident where you are at fault, your insurers can capture the third party at the earliest stage. By providing them with a temporary replacement vehicle and managing their repairs your insurers can mitigate these add-on costs of the claim.

Brokerability ('brəʊkəbɪlɪ) *n.*, *pl. -ties.* possession of necessary broking skill, competence, or power; (considerable proficiency); [natural capability]:

Green Issues: Benefits of reducing, reusing and recycling your waste

Financial benefits

Your business can save money by reducing, reusing and recycling its waste. For example you can:

- Reduce the amount of landfill tax that you pay. The current standard rate of landfill tax is £40 per tonne, but this will increase by £8 a year until April 2013. By reducing the amount of waste you produce your business can typically save between 4-5% of its turnover because you will be paying less landfill tax.
- Reduce your costs for managing and handling your waste.
- Attract new customers and win contracts by showing yourself to be environmentally responsible.

You can often make these savings through little or no capital investment. They are often not just one-off savings, but could save your business money year

after year.

Environmental benefits

There are also environmental benefits in reducing, reusing and recycling your waste. For example:

- recycling an item made from recycled aluminium uses 5% of the energy required to make it from raw materials
- recycling two glass bottles saves enough energy to boil water for five cups of tea
- if less waste goes to landfill, there will be a reduction in the release of methane, which is a greenhouse gas and contributes to climate change.

Visit www.netregs.co.uk for more information.

Is your load secure?

Before starting a journey does your driver always check the load is properly secured?

All insurance policies include a General Condition relation to Reasonable Care. This places a responsibility on the policyholder to take all reasonable steps to prevent loss or damage.



In addition many fleet policies carry with them a specific exclusion relating to damage caused by an unsecured or unsafe load.

There have been recent instances where loads have come loose causing damage to vehicles and the fleet insurers have taken the view that these claims are not covered.

The same General Condition of Reasonable Care will apply to Goods in Transit policies.

The best advice ... always do your own checks!

Ministry of Justice Reforms – Important Message.....

The MOJ has announced plans designed to streamline the claims process for road traffic personal injury claims valued between £1,000 and £10,000 – around 80% of all motor personal injury claims.

The planned implementation date is April 6th 2010 and it means that, where fault is not disputed, liability must be admitted within 15 days of the claim being sent to insurers. This means that insurers have only a very limited time to carry out their investigations.

The priority therefore must be to ensure all claims involving third party injury must be reported immediately to allow insurers the maximum time to investigate.

Delays in reporting could mean claims being settled which could have been defended and possible cost implications for your claims experience.

Health & Safety at Work – Employer Responsibilities



Further guidance on directors' responsibilities in health and safety has been published by the Institute of Directors (IoD) and the Federation of Small Businesses (FSB).

Based on the HSE-IoD voluntary code, published in October 2007, the new document, is designed specifically for small-business owners and can be

accessed via their web-site www.fsb.org.uk.

The fact sheet emphasises the legal responsibilities of employers in regard to health and safety and the sanctions that can follow – for both businesses and individuals – if they fail to comply. It then outlines a simple route to compliance, with core legal requirements clearly marked for each of the four stages (plan, deliver, monitor, review), along with processes that may help businesses comply.

A leadership checklist is also included to help employers identify if they are adequately addressing health and safety in the workplace.

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Businesses should review their Health & Safety practices
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