

Welcome to our latest Newsletter. If you would like any assistance or have questions regarding the articles in this Newsletter, then please do not hesitate to contact us.

Higher Premiums for Motor Insurance

Drivers are potentially facing higher motor insurance premiums due to Government recent changes to personal injury payouts.

The insurance practice of leading management consultants, PwC is forecasting drivers aged over 65 are facing an extra £300 charge, while the average comprehensive motor insurance policy could increase by up to £75 a year.

Drivers under 22 could be priced out of owning a car completely as some insurers are warning their annual premiums could rise by up to £1,000.

The increases are due to the change in how compensation for life changing injuries is calculated.



When calculating an award of future loss, courts discount the lump sum to reflect the assumed rate of return a claimant will receive when they invest their payout.

The previous 2.5% rate has been unchanged since 2001. It has now been adjusted to -0.75% to reflect that investment income is lower today than 16 years ago.

The effect of this change has been to increase the value of

What is the Ogden rate or Discount rate?

When a personal injury claim occurs and a lump sum is paid as compensation for life-changing injuries. The amount awarded is adjusted to compensate for the amount of interest the claimant can expect to earn by investing it to ensure that the claimant is never under- or over-compensated.

The amount by which this is adjusted is known as the Discount Rate, but is often referred to as the 'Ogden' rate and is applied by the courts to an amount calculated to cover loss of earnings and any care costs for claimants.

Until recently, the Ogden rate has been set at 2.5%, meaning that for every £1,000 of loss calculated, the insurer will pay out £975. The claimant would then be expected to earn 2.5% interest a year earning them the full payment due.

claims for future financial loss.

For example, a payout made to a 27-year-old woman with a life-changing injury will increase from £6.5m under the previous rate, to around £14m under the new one.

A 23-year-old man making a claim for loss of earnings of £25k per annum until retirement his retirement at age 65 would have made a claim for almost £640k. On the new rate, a loss of earnings claim would be over £1.2m.

As the cost of claims increases, insurers need to charge higher premiums.

So next time you renew your car insurance, it is going to be even more important than ever before to check your liability levels and shop around for your motor insurance.

If you would like to get the best possible deal for you on motor insurance, contact us today on **03453 304 305** or send your enquiry to enquiries@prioryinsurance.co.uk



Managing Your Cyber Security

Cyber security may sound like a technical problem, but as we saw recently with the NHS attacks, preventing it is a management challenge.

It starts with carrying out a risk assessment and answering, 'how would our business cope if we came in one morning and our computers didn't operate?' 'What is our backup plan and who could we rely on to help us fix it if we had an attack?'

When you have a grip on your operations, remember your business has a responsibility to staff and customers to secure the data they use in the organisation too. The Data Protection Act requires personal data is secured and used appropriately.

Why should you do this? Because the threats from cyber criminals, hackers and identity theft are very real. When you understand the extent to which your business will be affected and what it could cost you, it becomes easier to justify the resources you'll need to put in place now to prevent it.

Computer security for small businesses should be multi-layered, using desktop security products such as anti-virus, anti-spam and firewalls, and network intrusion detection, and hardware technologies such as security tokens, disk encryption and biometric fingerprint recognition.

But above all, it is about management.

Define and train your staff on a security policy, including using strong passwords that include numbers and letters; not sharing or displaying passwords; and only opening email attachments from reliable sources. Encourage your staff to use the web responsibly, and stay vigilant when outsiders are in the office. Monitor access to the network, including memory sticks and other plug-in devices, which can be used to steal company information.

Four Ways To Help Your Organisation Avoid Business Cyber Crime

1. Keep your core software up to date

Most credit card breaches result from businesses failing to apply updates to their software as they are released. Criminal techniques are continually evolving, which means you must keep your cyber security, operating systems and technology as up-to-date as possible to give you a fighting chance to be ahead of them. Use the latest security software available and continually install the relevant patches.

2. Don't go it alone

Did you know that 1 in 8 small businesses think it's their payment provider's responsibility to protect them from an attack? So your decision in choosing the right partner is key. Chose a partner that has standard products and services that can be scaled up or down to suit the size of the business, at a realistic cost.

3. Meet the industry guidelines

The Payment Card Industry Data Security Standards (PCI DSS) are guidelines to protect your business. They set out how you should store, process and transmit card-holder data and handle payments. They apply to manual and electronic transactions, and help to ensure customers' payment data stays protected and secure. Ignoring them puts you at greater risk of crime, fines and not being covered.

4. Strike the right balance

Even if you avoid a cyber attack, hackers may try to use stolen data on your website. That's why it's important to strike the right balance between monitoring for suspicious activity and responding to consumer demands for instant payments for a seamless customer experience.

Cyber-crime and fraud prevention can seem complicated, but they needn't be. Start by putting simple, everyday steps in place to ensure you and your customers are well protected.

If you are uncertain about how to protect your business from cyber-crime, contact us on **03453 304 305** or send your enquiry to enquiries@prioryinsurance.co.uk

Home Insurance and Comparison Sites

Comparison sites are great at saving you time and money on the face of it. However, cover varies widely and the cheapest quote may not give you the cover you actually need. In this case you could lose out if something happens to your home or your belongings.

No single comparison site covers the whole market, so it is worth checking with a couple of them to get a broader view. After checking three of the sites, you still need to go back and see if your current supplier can beat the best quote.

Comparison sites are prone to making assumptions to speed up the search process, so double check the cover before you buy as it may not be suitable for you. This all adds up to a lot of work on your behalf. It may be easier to simply go one broker that can look at the whole market and works for you.

There are three basic types of home insurance:

Buildings insurance covers the structure of the building and the fixtures and fittings. If you have a mortgage, buildings insurance is necessary to get your mortgage agreed. So, it's a must for landlords and homeowners.

Do not 'over cover' your buildings insurance. It's only the rebuild value that insurers want, not the resell value. You also need the cost of materials, labour and architects if necessary. It should also cover the cost of somewhere for you and your family to stay during the rebuild. We can help you calculate your rebuild value.

Contents insurance covers your belongings, so even if you rent, you should have a contents policy. It is unlikely your landlord will pay for this. Do not under cover your contents insurance. Be realistic about what your belongings are worth otherwise you may lose out if something unforeseen happens. Go through each

room in your house and work out how much all your furniture, crockery, white goods, clothing, books, toys, jewellery and miscellaneous items would cost to replace if you lost the lot.

The **combined cover** is for homeowners. Before taking out a combined policy, check the excesses, as some insurance companies have separate excesses for each insurance, which could be costly if you have, for example, flood damage which can cause problems with the structure as well as the contents.

If you decide to take out separate cover and you have a misfortune, the insurance companies may fight over who is liable for what. This is very rare, but can happen. If you arranged your insurance through a broker like us, we would manage that situation for you.

Finally, if you are using comparison sites to cut down the amount you are paying for home insurance, be aware that taking insurance out in monthly payments is going to cut down the amount you save by a large margin. Some insurance companies are charging more interest than some credit cards – there can be a wide range from 16.5% to 33.2% for monthly payments rather than paying all the premium at inception.

If you would like us to look at the whole market for you, contact us on **03453 304 305** or send your enquiry to enquiries@prioryinsurance.co.uk

Flood Risk - Check Your Insurance Cover

Inevitably, the British weather can cause flooding anytime. Britain has experienced several years of above average rainfall that many scientists attribute to climate change. Towns like Boscastle in Cornwall that was virtually swept away by flooding in 2004, or Hebden Bridge in 2012, are reminders to Britain and to the insurance industry, that some areas pose higher risks of flooding than others.

Insurers pay a great deal of attention to scientific information on flooding and calculate insurance premiums accordingly. As risks change, so the insurance industry devises new products to insure against them.

There are two types of flood risk insurance: buildings flood insurance that covers structural damage to property, and contents flood insurance that covers your belongings, furnishings fixtures and fittings.

If you have standard insurance but you live in a high risk flooding area, you will need to change your policies to specific flood risk cover. If you don't have flood insurance and your property is damaged by flooding, there is a chance that your insurer will not pay out on a standard insurance claim.

If you find that insurance costs for your property are high, or that the level of risk to insurers is so great that they will not insure you at all, there are still options. We can help secure a policy from specialist insurers who offer policies on higher risk homes.

As with most potential disasters, nine tenths of the solution lies in pre-emptive action. It is important that you identify your level of risk and work with the official and industry bodies that exist in order to limit it. Insurers will tend to look more favourably on claimants who have done whatever they can to limit the risks and prepare for the potential deluge.

The alternative is a large clean up bill and an unsympathetic insurer. Be prudent, act now.



Avoid Property Underinsurance

Reducing insurance premiums is often seen as a reasonable approach to minimising overheads. However, lower levels of cover can lead to major problems when it comes to making a claim.

You may not get the full replacement value of your property you're claiming for, leaving you to find the shortfall or replace with a cheaper, more inferior version.

Even worse, your property could be destroyed and you might not be able to afford to re-build it as you under-estimated how much it would cost to do so when you took out your cover.

The worst-case scenario is your insurer could decide that the under-insurance is so great it constitutes a lack of 'due diligence', which could invalidate the whole policy and you won't be able to claim at all.

Avoiding underinsurance starts with a clear valuation of what your property is worth and what it would cost to replace it from scratch. They are not the same thing; so be methodical and if you're not sure how much something is worth, get it valued.

Through our business partners, we can provide detailed rebuild cost assessments in a comprehensive written report, including a description of your property, the current sums insured, references to information sources and an estimate for the rebuild period.

Virtually any type of property can be assessed, including office,



retail, industrial premises, and residential properties. Most of the time we can do this over the phone, but we'll be happy to arrange a site visit for an additional fee.

Through our Network and business partners, we can provide you with a choice of valuation or rebuild cost assessments. Contact us today on **03453 304 305** or send your enquiry to enquiries@prioryinsurance.co.uk if you are uncertain about the true cost of replacing your property.

A brief explanation about Business Interruption insurance

Business interruption insurance (also known as business income insurance or BI) is a type of insurance that covers the loss of income that a business suffers after a disaster. The income loss covered may be due to disaster-related closing of the business facility or due to the rebuilding process after a disaster.

It differs from property insurance in that a property insurance policy only covers the physical damage to the business, while the additional coverage allotted by the BI policy covers the profits that would have been earned.

This extra policy provision is applicable to all types of businesses, as it is designed to put a business in the same financial position it would have been in if no loss had occurred.

This type of coverage is not sold as a stand-alone policy, but can be added onto the business' property insurance policy or comprehensive package policy such as a business owner's

policy (BOP). Since BI is included as part of the business' primary policy, it only pays out if the cause of the loss is covered by the overarching policy. Insurance covers under a BI policy include:

- Profits
- Fixed Costs
- Temporary Location
- Commission & Training Cost
- Civil Authority Ingress / Egress

Coverage generally extends until the end of the business interruption period determined by the insurance policy. Most policies define this period as starting on the date of the covered peril and the damaged property is physically repaired and returned to operations under the same condition that existed prior to the disaster.

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Our firm is a member of COBRA Network, one of the UK's largest organisations of independent commercial insurance brokers. This gives us significant negotiating power in the insurance market. We fully retain our business independence and take advantage of this combined negotiating strength to ensure we provide you with insurance cover that best meets your needs at the most competitive rate. The combination of our personal service and the powerful resources and support of a larger organisation puts us in a unique position to meet your business and individual insurance needs, enabling us to deliver and maintain excellent client service.