

Review

Exclusively for clients of the Reich Group



Manchester
Evening News

BUSINESS OF THE YEAR 2010

Cover image courtesy of MEN Creative

Reich to judge the Manchester Evening News Business of the Year Awards

We are delighted to announce that for the first time we have been invited to be one of only four firms to judge the prestigious Manchester Evening News Business of the Year Awards.

These are the leading business awards in the Manchester area split into five categories for companies, as follows:-

- Turnover of over £50m
- Turnover between £25m and £50m
- Turnover between £10m and £25m
- Turnover under £10m
- Young Business of the Year

We join a very prestigious group of judging companies. On the panel this year are ourselves, auditors and accountants PricewaterhouseCoopers, Pinsent Masons Solicitors and The Co-operative Bank.

It is anticipated that around 80 of the leading companies in the North West will enter the competition this year. As in previous years, Reich, along with the other judges will visit each company to receive a presentation from their senior executives, followed by a Question and Answer session.

A second presentation will then be completed by the finalists, with the awards hosted by John Humphreys at a Gala Dinner at the Hilton Hotel in Manchester on 17th November.

Simon Taylor, Managing Director of Reich Group, said "As a business with our roots firmly in the North West and our head office based in Manchester, Reich Insurance Group are thrilled to have been selected as one of the prime sponsors of the 2010 MEN Business of the Year awards. We cannot think of a better way of supporting local businesses than sponsorship of these prestigious awards."

MEN business editor Kevin Feddy commented that "The awards are a wonderful opportunity to celebrate business success in our region. I am sure there will be no shortage of entrants to what has become the region's premier competition for businesses."

Whilst the closing date for 2010 has now passed, you can track the progress of the awards in the Manchester Evening News or on their website www.menmedia.co.uk/manchestereveningnews/news/business

What are we looking for?

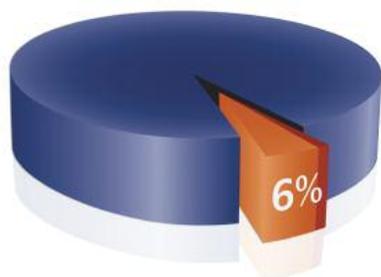
- Does the company have a good track record?
- Are their financials credible?
- Are their management committed and enthused about their business?
- What are their plans for growth?
- Does the company have a culture of excellent customer service?
- Do they invest in their staff?
- Are they environmentally aware?
- Can they manage the key risks facing the business?

When we visit a company who has entered the awards, we take an overall view and have to decide:

Is this company exceptional enough to win?

We will let you know the names of all the winners in the next edition of our Newsletter.

Insurance Premium Tax increase following the 'emergency' budget



Insurance Premium Tax (or 'IPT') currently stands at 5%. In the emergency budget on 22nd June 2010 it was announced that this tax will increase to 6% from 4th January 2011.

IPT is not reclaimable by those who are VAT registered. Whilst at Reich we will always do our utmost to get you the best insurance deal possible, the 1% increase from 04.01.11 is unavoidable and will be passed on by insurers to you, our clients. At least there is one ray of sunshine – we are not in Germany where the rate of IPT can be as high as 19%!!!

Branded Wording for Property Investors... a further update

We continue our focus on yet another aspect of our exclusive policy wording for our Property Investor clients. This time it's the turn of business rates – another useful addition to the Reich branded wording.

With effect from 1st April 2008 the Rating (Empty Properties) Act 2007 came into force in England and Wales. This piece of legislation means that empty properties are liable for business rates after the first three months (six months for factories and warehouses).

Imagine a situation where your building suffers a serious fire rendering it unfit for occupation.

The tenant vacates and after three months you are liable for the business rates.

We have extended the Reich branded wording so that this cost can form part of your claim against insurers up to a limit of £25,000 per incident or £100,000 in any one period of insurance.

We are continually adding additional areas of cover to keep the wording at the very forefront of the market and to ensure your valuable assets receive the widest possible protection.

If you have any queries about the cover provided by our branded wording please contact our Property Investors Department on 0161 834 8877.



Landlord jailed after serious fire

A landlord has been sentenced to a two-and-a-half-year jail term after a fire in one of his properties left a teenage tenant with severe burns and endangered the lives of neighbouring residents.

Both the Health and Safety Executive (HSE) and Norfolk Fire and Rescue Service brought charges against the landlord in question, after the incident in April 2009. The judge in question handed down his prison sentence and ordered him to pay £20,000 in court costs.

The tenant lived in a flat above a mobile phone shop in Norwich that was owned by the landlord. She was just 19 years old at the time of the fire, which left her with 80% deep tissue burns all over her body and a less than 1% chance of survival. The intense 600 degree heat destroyed almost all of the skin below her neck and it took pioneering skin grafting techniques to save her life.

Tenants living in the three adjoining properties, also owned by the same landlord, had a narrow escape. A woman living above the injured tenant's flat was rescued by fire-fighters as she prepared to jump for her life and the other residents climbed down a drain pipe to reach safety. A passer-by alerted people to the fire and has since been granted a reward by the courts.

Following the blaze a multi-agency investigation was launched involving Norfolk Police, HSE, Norfolk Fire and Rescue Service and Norwich City Council. There has been no conclusive judgment on the cause of the fire but it was revealed that the landlord had neglected to fit a working fire alarm system, had not installed the correct number of fire doors and had failed to provide an adequate means of escape. Further to this, the gas appliances in his four properties had not been properly serviced or inspected. These failures left his tenants completely unprotected.

Commenting on the case, HSE Inspector John Claxton said "The landlord failed in his basic duties and those failures nearly cost the life of a young woman. As it is, she has been left with both physical and emotional scars that will never completely heal. Landlords have duties under law to maintain their properties and ensure they are safe places for their tenants to live. This man ignored these duties."

If you are a landlord and are concerned about your health and safety responsibilities then please speak with your usual account handler in our Property Investors Department. We have contacts who will be able to provide you with appropriate knowledge and training to help prevent incidents such as this one from occurring.



Modern Methods of Construction

It does not necessarily follow that a brand new building is the best risk from an underwriting perspective.

In recent years, timber-framed buildings have experienced a resurgence in popularity due to their 'green' credentials. They are also quicker to erect and cheaper than more traditional forms of construction.

Modern multi-storey buildings such as apartment blocks, university accommodation and hotels are also commonly being built from pre-formed units delivered to site with services already installed. This so-called 'pod' construction is cheaper and quicker than standard methods.

Essentially, developers are obtaining savings in construction costs, planning committees are looking for greener options and the whole construction industry is looking for more environmentally acceptable and long-term sustainable methods.

So what are the drawbacks?

Timber is obviously a combustible material and poses a much higher fire risk than brick, metal or concrete. The increase is not only present post-construction but during the development as well as there will be storage on the site and timber elements of the structure will be exposed.

In addition, timber as a structurally supporting component of a building is likely to have a much shorter lifespan than, say, concrete. So whilst there are initial savings in the development, in real terms these have to be tempered with the additional costs of maintenance as the building ages.

Timber is also much more susceptible to water damage than concrete, brick or metal. This can have an impact on claims costs as well as maintenance budgets in relation to long-term gradual water ingress.

With 'pod' construction the individual room within the hotel or accommodation block is, in reality, a self-contained unit. How then will you replace one room on the fourth floor of an eight storey block? Additionally, all services will be contained within the pre-formed unit. To repair

or replace these pipes or cables following an incident, or to rectify a fault, is not a straightforward task.

In all of these cases there is a significant impact on the frequency and severity of claims. This needs to be reflected by the underwriter in the price i.e. these types of buildings will carry a much higher premium than more traditional buildings.

Please therefore be aware that the acquisition of a new building may be cheaper initially but may well prove to be more expensive in premium and maintenance costs than an older type property.



Young Drivers

Within the UK motor market underwriters often refer to one main statistic i.e. that each and every person is likely to be involved in at least one car accident within their lifetime. What is not as widely publicised is that **drivers in their teenage years are ten times more likely to have an accident than people in any other age bracket.**

The average cost of a claim for a young driver is £3,768, compared to £642 for a driver aged 50 to 60 years old. It is perhaps not surprising that insurance premiums for younger drivers are far higher than those for older drivers.

However, this causes numerous problems. Many young drivers simply cannot afford to

pay the correct premium and then take great risks by either:-

- Not insuring at all
- Not disclosing themselves as the main user of the vehicle (stating a parent as the main user)
- Disclosing a friend's or relative's postcode as the garaging address

All of the above are done at great risk as the consequences could be:-

- a large fine
- six penalty points on your licence and your car confiscated
- a significant claim worth thousands of pounds being passed back to the main user of the vehicle who is then stuck with a 'debt for life'.
- The insurers simply refusing to pay out!

Others will turn to the internet for 'cheap & cheerful' quotes. Whilst these may be very tempting are they all they are cracked up to be?

On the 31st March this year, Quinn Direct, one of the main direct insurers covering young drivers (with almost 500,000 policyholders) went into provisional administration. The Financial Services Authority commented that their main concern was that their premium levels were not sustainable to meet potential claims, when compared to competitors. Yes, they had allowed many young drivers to obtain better premiums but what good would that have been had they eventually gone out of business leaving all their policyholders uninsured?

The young driver problem is not going to go away. Hundreds of youngsters are passing their driving tests on a daily basis and then regularly driving their own (or their parents') cars on Britain's roads.

At Reich we will always endeavour to find the best possible solution for our clients. Admittedly, this may not always be the cheapest option but it will always be with our clients' long-term security in mind. To us, this is by far the most important thing.

Chancel Repair Liability

Chancel land and chancel repair liabilities can trace their roots back to medieval times, when every parish had its own rector (or priest) who would receive an income from the land of the parish in the form of certain taxes (or 'tithes').

The cost of repairs to the church was split between the rector and the parishioners, with the parishioners traditionally being responsible for the western end of a church (the area where they sat) and the rector being responsible for repairs to the chancel (the eastern end of the Church). The rector would usually pay his share of the costs out of the taxes he had collected.

Chancel land still accounts for an incredible 40% of all land in England and Wales. Since medieval times, although the land may have been broken up into many small parcels, the liability for the repairs to a church chancel has been passed down to successive owners of the land or buildings that continued to exist. Whilst chancel repair liabilities are normally confined to rural communities, homeowners, purchasers and their solicitors should be wary of ancient settlements that have grown considerably in size, for example Fulham and Warwick.

On occasion the cost of chancel repairs has been enforced or claimed by the Church and in a recent legal case the owners of a house were forced to contribute £230,000 towards such

a cost. They also incurred legal costs of £250,000 and are now having to sell their home in order to raise the necessary money.

Thankfully, the Government has intervened and a Transitional Provisions Order was made which came into effect on 13th October 2003. This order effectively means that all chancel repair obligations will cease on 13th October 2013 unless the Church has noted their interest in any particular property or land with the Land Registry before this date.

Unfortunately, this legislation means an increased likelihood of a claim and liability being noted with the Inland Revenue as individual churches will look to either protect their interests or 'cash in' before the 2013 deadline.

Provided that the property is not substantial (a farm for instance), it does not have a chancel liability recorded on its title and no demands have been made by the Church in the recent past, then insurance cover against such liabilities is normally available at a reasonable cost.

To obtain a quote please call 0161 834 8877 and ask for the Property Investors Department.

The risk of employee and third party crime

Whilst still theft, petty pilfering by employees of items such as Post-it notes or pens is considered by most employers to be an acceptable trade risk.

However, larger scale thefts by employees, sometimes in collusion with those outside the business, costs UK companies hundreds of millions of pounds each year and can be a huge drain on profitability. It can go on for years and can sometimes involve a well-trusted and long-standing employee. Perhaps worse, it often goes uncovered. Whilst it is a risk which is very difficult to eliminate, what is not widely known is that it is a risk which is insurable.

Historically, some companies bought Fidelity Guarantee insurance policies which had specific 'systems of check' in place which needed to be followed exactly in order for the insurer to pay a claim. More modern policies fall under the umbrella of 'Crime insurance' and are much wider in their coverage.

Some examples of incidents which have been covered by Crime insurance include:-

Stock theft. A highly trusted long-standing employee stole £70,000 of stock over six months.

Finance department. A well-respected finance manager moved money to a personal bank account by manipulating refunds over nine years, stealing over £200,000.

Third party collusion. A gang in collusion with an employee stole over £100,000 of equipment by raising fictional invoices.

Any company can be exposed to crime claims, especially those who hold stock or carry out any type of financial transaction.

Insurance cover for these types of losses can be relatively inexpensive. If you want cover for such incidents then call our Commercial Department on 0161 834 8877 now for a quotation.

Money Centre

Reich have recently been appointed as exclusive insurance brokers to The Money Centre, who are the largest advisors for people with 'Buy To Let' properties in the UK.

They offer a complete solution for landlords by providing advice and facilitating introductions to preferred suppliers of specialist services.

Neil Patterson, Partner at The Money Centre said "Reich were like a breath of fresh air compared to our previous brokers, they quickly understood our business needs, and not only can they

provide a great service to our 240,000 clients but they also saved us over 30% on our own insurances!"

For more information please visit the Money Centre's website at www.themoneycentre.net



Ministry of Justice Reforms

If someone asked if you have heard of the Ministry of Justice Reforms 2010, it's very likely that you would shrug your shoulders. However, these new reforms are important as they affect anyone (both private individuals and fleet clients) who own a vehicle and who are unfortunate enough to suffer a Road Traffic Accident (RTA).

As you will know, at Reich we always advocate prompt notification of a claim (especially motor

related incidents). Early notification means that the information is still fresh in the driver's mind and gives insurers the maximum time to investigate a claim.

Going forward, immediate notification will be even more important. As of 30th April this year, should a personal injury arise, insurers only have 15 working days from the date of the accident to accept or deny liability. Not long at all really!

If the insurers achieve this then the third party's costs will be kept to a fixed amount. Failure leads to the case being taken out of the fixed costs regime meaning that the third party solicitors can charge far higher sums which will undoubtedly have an unwanted effect on the premium come

renewal. Even if the claim does not involve an injury, notifying the claim early will certainly lead to lower hire charges from the third party (if you are at fault for the accident) and could well lead to more successful defences of claims in their entirety (by allowing insurers to investigate claims earlier).

Help us to help you keep premiums to a minimum. If an accident occurs, don't delay. Notify either ourselves or the insurer (if you are a direct report fleet client) as soon as you possibly can.

Call the Reich Claims Department on 0161 830 5500 to find out more.

Were you covered by the volcanic ash?

Possibly the main complaint made by consumers when buying an insurance policy is that the underwriters are always quick to collect their premiums and then reluctant to deal with claims when they occur. At Reich we try to be selective with the insurers we recommend to our clients, in order to avoid such issues.

An example of such a problem was the eruption of the Eyjafjallajökull volcano in Iceland earlier in the year and the resultant ash cloud that caused the closure of UK airports. This disrupted the travel plans of countless passengers. Insurers were quick to issue press releases advising their own stance regarding cover for this disaster and these varied greatly.

Many insurers stated publicly that they would not indemnify their policyholders as, in their opinion, this was a 'natural disaster' and thus excluded from the policy. By complete contrast, several of the 'High Net Worth' insurers who provide bespoke policies for our clients with large/high value homes were prepared to pay claims for travel disruption. They felt the problem was not just the dust cloud itself, but also the winds that were pushing this into UK airspace and therefore preventing aircraft from taking off



and landing safely. Claims could thus be paid under the adverse weather clause of the policy.

As you would expect, following an incident such as this we received numerous calls from our policyholders asking for assistance and advice in ascertaining their entitlement from their airline or tour operator. In several cases, we have been able to successfully negotiate on behalf of our policyholders and persuade insurers to settle their claims in full.

For example, one of our clients was stranded in the Middle East and his tour operator couldn't provide any alternative means of transportation – nor were they able to give any advice as to when this would be available. We advised him of the level of cover that he had for such an eventuality and he was then able to utilise this sum of money to get both himself and his wife safely home.

Another client of ours was stuck in the USA incurring substantial costs in keeping his family accommodated. On this occasion the insurers were persuaded that this was indeed an adverse weather situation and that the client's outlay was covered in full.

In conclusion, the volcanic ash cloud served to highlight that all insurance is certainly not the same. It certainly pays to consider taking out more comprehensive cover with an established insurer, even though this may not always be the cheapest option available to you. What's cheap in terms of premium is usually lacking in cover in our experience. Fine if you never have to claim but if you do, what's the point?

Our clients affected by this event were certainly happy that they had arranged their personal/travel insurances with Reich.

Dental benefits – the facts

In each edition of our Reich review we are focusing upon a different aspect of Healthcare insurance. Last edition we looked at Health Cash Plans – this time we turn the spotlight onto Dental Plans.



More and more companies are thinking about the best way of looking after their staff and are keen to offer benefits that they will really value and consistently use. Dental plans fall neatly into this category and show staff that their employers genuinely care about their health.

Earlier this year, a survey was undertaken to ascertain which employee benefits companies were thinking of introducing. 33% of businesses surveyed said they were considering adding a dental plan in 2010 and a staggering 90% thought that good dental health supports overall wellbeing.*

The dental industry is changing. There are interesting and challenging times ahead and these are reflected in the dental plans we can arrange for clients. These plans are designed to suit employees' varying dental needs with a focus on preventive care.

There is no getting away from the fact that dental treatment can be expensive. Whether your dentist is private or NHS there is a cost involved. We know from experience that some employees are very reluctant to see their dentist, not just because of the expense (or even the perceived pain!), but because of the problems the dentist might find. We can arrange plans that encourage employees to go to their dentist and hygienist on a regular basis so lessening, if not removing, the possibility of needing costly and time-consuming dental treatment.

Many dental problems are entirely preventable. This is why looking after employees' oral health is so important. Mouth cancer can be successfully treated if caught in the early stages and, more often than not, it is dentists who will spot it. The health implications of ignoring dental fitness simply cannot be ignored and there is now

further evidence to show that general and oral health is strongly linked. A study carried out by the British Heart Foundation shows that poor oral hygiene has been linked with a higher risk of developing heart disease.**

This all goes to show just how valuable dental benefits are – not just to help pay for expensive restorative treatment but for those essential trips to the dentist once or twice a year. Please call one of our expert Healthcare Team on 0161 834 8877 and they will discuss the various options with you.

Sources: * Dental Benefits Survey – research undertaken by YouGov March 2010

**British Medical Journal, Department of Epidemiology and Public Health, University of London – posted on the British Heart Foundation website on 28th May 2010.

Corporate Chartered Status – an update

Readers of previous Newsletters may remember that we successfully attained Corporate Chartered Status from the Chartered Insurance Institute (CII) in 2008 – there was a short article celebrating this fact in Newsletter 11.

The CII have recently issued a declaration (The 'Aldermanbury Declaration') stating that they want the professionalism and quality of advice provided by insurance brokers to be recognised and on a par with accountants, solicitors and surveyors etc.

In fact, less than 60 brokers in the whole of the UK have attained the status of 'Chartered Insurance Brokers' and Reich are therefore a proud member of a very select group. According to current figures, we are actually the third largest in the UK in terms of the Gross Written Premium that we control.

As a Chartered firm we must ensure that staff acquire and retain the necessary knowledge and skills to deliver the highest quality advice. They must also work in an ethical manner that

places clients' interests at the heart of the advice they give.

In order to attain Chartered Status there are six key criteria which we need to meet, as follows:-

- i. A minimum of one of the board/management team must hold the CII Chartered Insurance Broker title
- ii. One of the board/management team has to take on the role of Responsible Member
- iii. The entire management team plus 90% of all customer facing staff need to be members of the CII
- iv. Access to a Chartered Insurance Broker must be available to the public
- v. An appropriate professional development programme must be put in place
- vi. Core values and business practices should align with the CII Code of Ethics

We comply fully with all of the above and being Chartered means we can:-

- Use the term 'Chartered Insurance Brokers' on all business stationery, promotional materials and company signage

- Describe ourselves in these terms in any communications we produce

Our Chartered Status distinguishes us from the competition. Clients, customers and Insurer Partners of Reich are dealing with a broker whose qualities have been recognised by the Chartered Insurance Institute and is one of the most professional brokers in the whole of the UK.



Spotlight on our Claims Department

You, our readers, will know that we usually like to focus upon the staff in a specific department. This edition, it's the turn of our Claims Department whose sole aim is to ensure that, should you be unlucky enough to suffer a loss or accident, the claims process is as quick, straightforward and painless as possible. We last ran a feature on the team in 2006 but, since then, our claims department has doubled in size from three to six members. This is a really large claims department for a broker but we have a real expertise in this area and feel that claims service for our clients is a hugely important part of the Reich experience.

David Lennon – Head of Department Group Claims and Risk Management, ACII

Whilst David's title may have changed and his role expanded, he is still charged with managing the company's claims function. His focus on excellent service remains resolute and he ensures that the claims department 'oils the wheels' of the insurers. David's specialism is in liability claims, however he is now close to completing his International Risk Management Diploma and is keen to add these skills to the service he provides. David reports to Simon Taylor our MD and himself a Fellow of the Chartered Insurance Institute of Loss Adjusters.

Richard Hargreaves – Deputy Head of Claims Department, Dip CI

In recognition of his sterling efforts and personal development, Richard was promoted to Deputy Claims Manager. In David's absence he is the man to call if you want to discuss any contentious or difficult claims. Richard has now been with us at Reich for nearly 10 years, having joined us from AXA; an indication of our low staff turnover. He has recently attained his Chartered Insurance Institute (CII) Diploma in Insurance (in addition to the Certificate he already holds).



Left to right: Nick Higgins, David Dobson, Jo Smith, David Cannon, David Lennon and Richard Hargreaves.

David Cannon – Technical Claims Handler, Personal Lines, Cert CII

David has now been with Reich for over five years, and in recognition of his Personal Lines claims experience was promoted to Technical Claims Handler in 2008. He has also achieved the CII's Certificate in Insurance and is now studying for his Diploma in Insurance. At Reich we actively encourage and support our people to obtain relevant qualifications as we firmly believe that this is yet another way in which we demonstrate our professionalism and dedication to quality.

Joanne Smith – Technical Claims Handler, Commercial Lines

Joanne is one of our newer members of staff and joined us in April 2008 as part of the acquisition of WB Tidey & Company Limited. She worked for Tidey for 21 years, rising from her first position as Office Junior to Claims Manager! She now adds her very considerable knowledge and experience to the Reich team. Joanne's specialty is Motor Fleet although she can handle all claims across the board. Her focus upon client service has seen her fit in well and she is a vital member of the team.

Nick Higgins – Claims Handler, Cert CII

Nick joined Reich in late 2006 and initially assisted both the claims and the commercial department, thereby getting a good grounding across the company. A business graduate, Nick now works fully on the claims team and has quickly become a great all-rounder. Nick has now obtained his CII Certificate in Insurance and is also pressing on with studies towards his Diploma.

David Dobson – Claims Handler

David is the newest member of the claims team, having joined in August 2009 from a local broker in Manchester (their loss, our gain!). He brings with him specialisms in motor, household and commercial claims. David has proven himself to be a fantastic addition to the claims team and is studying towards his CII Certificate in Insurance qualification.

Simon Taylor – Managing Director, ACII, FCILA

The claims department regularly draws upon the knowledge and experience of Simon Taylor, the Managing Director of the Reich Group.

Even though the business has expanded considerably in the last five years, Simon still maintains a very hands-on approach to claims. Viewing claims as the 'shop window', and always ready to employ his twenty plus years experience of loss-adjusting, he gets involved as and when required.

With the claims department further enhanced by the additions of Joanne, Nick and David, it continues to go from strength to strength giving you, our clients, the complete claims service, which we already believe is the envy of the market.