

Key Business Actions to Mitigate Risk

Risk managers must be prepared with the right insurance cover in place, a pre-emptive action plan and a business continuity strategy

1 Claim-scenario planning
Trying to predict the risks your business could be exposed to is not easy, but by looking at all potential outcomes and making sure your policy is fit for purpose, you can ensure you are covered for every possibility. It is best to test this using a range of different scenarios, understand how they would affect your business and what type of cover you would need.

2 Have a clear approach to wording
The simpler and more consistent you can make your policy wording the better, to avoid any ambiguity or disagreement if you need to make a claim. Problems can arise when you require more than one policy or are using multiple insurers for different policies, in which case you need to make sure terms and language are as similar and consistent as possible.

3 Define your limits
You need to have the correct limits and deductibles. This goes back to having effective claim-scenario planning in place, helping to determine how much you are willing to pay versus what you will be able to claim if an event occurs.

Legal insight

Clear policy drafting is of utmost importance. In particular, it is always best to provide definitions in the policy for SRCC and related perils so as to avoid any ambiguity and ensure certainty. Many of these perils have been considered and defined by the English courts, but such decisions may not always be relevant where the policy is subject to overseas law. Including definitions of the relevant perils and exclusions will assist in considering any claim that may arise.

