

The future's bright, the future's energy efficient

For many years we have become aware when we buy our fridges and washing machines, we are seeing lots of information on energy efficiency.

From May 2008 many commercial buildings are now subject to new regulations. These mean that the energy efficiency within the building has to be assessed and certificated.

This raises value issues for developers and investors alike as an "A rated" building will be that much more attractive to tenants. Leaseholders and tenants will also see the benefit, as improved energy and efficiency should help keep energy/heating costs down.

The new legislation contains a phased timetable of introduction. Buildings will require recertification at least once every 10 years.

Insurers are keen to help their clients with the new legislation. There are a small number of specialist insurers who have been accredited and are able to provide the energy certification service. Your regular

broker can put you in touch with accredited insurers who will be able to produce a *quality report* at competitive costs.

The service includes a full assessment of the building, and reports on the current energy rating, and what options are available to improve the rating and reduce fuel/energy costs.

This new legislation affects every business, and a joint approach by landlords and leaseholders/tenants is often the best way forward.

A word of caution, if the *quality report* recommends changes, say in the building insulation, then it is worth picking up the telephone to your broker to discuss the implications. If you are considering changes, then the materials used, could have an impact on the Fire Safety Risk Assessment. It is always worth checking that the materials used are approved and preferred by the Fire Services and Insurers alike. Using materials that have not been checked with your Insurers could result in increased premiums or worse still cause serious cover problems if there is a claim.

6 th April 2008	EPCs required on construction for all dwellings EPCs required for the construction, sale or rent of buildings (other than dwellings) over 10,000m ²
1 st July 2008	EPCs required on construction for the construction, sale or rent of buildings other than dwellings) over 2,500m ²
1 st October 2008	EPCs required on the sale or rent of all remaining dwellings EPCs required for the construction, sale or rent of buildings other than dwellings DEC's required for all public buildings over 1,000 m ²
4 th January 2009	First inspection of all existing air-conditioning systems over 250kW must have occurred by this date
4 th January 2011	First inspection of all remaining air-conditioning systems over 12 kW must have occurred by this date

1 st May 2007	EPC required for the construction of a commercial building over 500m ²
4 th January 2009	EPC required for sale or rent of all buildings First inspection of all existing air-conditioning systems over 250kW must have occurred by this date EPCs for public buildings must be on display

30 th June 2008	EPC required for sale of all domestic buildings
30 th September 2008	EPC required for the construction of a new building
30 th December 2008	EPC required for sale of all commercial buildings EPC required for rent of all buildings
4 th January 2010	First inspection of existing Air Conditioning systems over 250kW must have occurred

EPC = Energy Performance Certificate DEC = Display Energy Certificate



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insurance matters

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INSURANCE INDUSTRY NEWS FROM CAPITAL & COUNTY



Corporate Fraud- The Hidden Hazard

Corporate fraud has been on the increase in the last five years. Major headline cases, such as Enron, Worldcom, Parmalat & REFCO are all examples of major corporate frauds. Last year, the largest criminal confiscation order in British history was handed down to Gerald Smith (£41m), due to corporate fraud.

However, corporate fraud does not only affect large corporations. It is expected that corporate fraud will cost businesses £50m this year, which many small and medium size enterprises (SMEs) will be unable to recover from and will face closure.

According to DTI figures, 99.3% of all businesses in the UK comprise fewer than 50 employees. Unfortunately, these organisations rarely have the luxury of internal controls and resources which can help uncover and fight fraud.

Businesses may be exposed to both internal and external fraud, perpetrated by employees or outsiders respectively and collusive fraud which involves both.

There are steps which may be taken to prevent or reduce the risk of fraud in a business. The most effective step is to develop an anti fraud culture across the business and introduce appropriate policies, controls and procedures.

However, even the most advanced system cannot prevent professional fraudsters from attacking the business and the increase in identity fraud over the past few years have further emphasised this fact. Whilst identity fraud is often seen as a personal threat, the dangers are also inherent in business. It stands to reason that the larger prospect of rewards available to fraudsters by committing identity fraud against a company are tempting.

Welcome...

to the Autumn issue of
Insurance Matters.

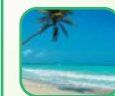
This issue will be looking at the worrying effects of corporate fraud and identity theft, changes to energy performance certification and now that summer has well and truly ended in this country, the growing trend towards buying a second or holiday home.

If you have any comments or requests for topics you would like to see covered in the future issues please contact us.

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Corporate Fraud continued...

Fraudsters attempt to obtain details of a company through a number of different means. Sensitive information can be found in rubbish, details held at Companies House, computer hacking, planting insiders within a business and on business networking websites. Over 80% of data breaches are avoidable, such as loss of computers or other data storage devices.

The data and information gained can be used to purchase goods and credit or take out loans in the company's name.

Fraudsters often submit false documents to Companies House to change the registered address or appoint rogue directors – Companies House estimate approximately 50 false documents are filed each month.

Fraudsters also may impersonate a legitimate business, such as a bank, to trick customers into revealing personal and sensitive information. Common methods used are phishing emails, bogus

websites and false invoices. "Long firm fraud" is where a fraudster sets up a legitimate business which trades normally for a period to establish a good credit history. Large orders are then placed, before the fraudster disappears without paying for the goods.

These are just some examples of the types of fraud that may beset a company. No business is safe from being a target, large or small and the practice is on the increase.

Whilst this subject seems to be topical in the present corporate climate, the insurance industry has historically recognised the risk and there are a number of insurance products that are capable of transferring the fraud risk away from the business.

Where many commercial package policies will cover the business for trading fraud

committed against the company, under the theft section, fraud committed by employees (fidelity) is often limited or excluded altogether. A Fidelity Guarantee policy would indemnify employers from financial loss resulting from the acts of employees.

A Directors & Officers policy (D&O) would indemnify directors and officers of a company for losses arising from claims made against them by reason of a wrongful act related to their duties.



Protect Your Identity

Identity theft is Britain's fastest-growing crime, increasing at nearly 500% a year.

With thousands of innocent people suffering from huge financial losses each year, protecting yourself against it has never been so important.

The tactics of identity thieves are becoming harder and harder to protect against. With the heavy use of the internet and new automated systems, finding information is easy, with just your credit card details it is possible to collect birth certificates and even order passports in your name with little hassle or danger. There is practically no information that cannot be found somewhere, and this form of personal theft is only the start of it.

With the recent Government admission that 25 million pieces of child benefit data have been lost, it seems that simply protecting your everyday data is not enough. It is expected that if this lost data falls into the wrong hands, it could easily cause billions of pounds worth of fraud related damage.

This damage could not only leave millions of families out of pocket,

but have much stronger effects to their everyday lives. Such thefts can often severely change your credit records, reputation and future employment as many cases can take months to be found, and then further months to prove. All in all this is making identity theft a serious national problem with few available solutions.

So how do you manage to protect yourself when even "safe" homes of information are leaking your most valuable data?

Whilst it is vital to be as cautious as possible with physical documentation, including the disposal of bank statements and credit cards, it seems identify theft is a crime that can effect even the most careful. Making the answer less of protecting against it, and more of saving yourself from the damage the theft can cause.

Insuring yourself against criminal uses of data will effectively reduce the damage you could incur significantly. By covering any legal fees needed to resolve the situation and by offering expert advice, you can successfully help to limit the disruption to your life.

Ownership of holiday homes continues to grow unabated...

Dreaming of big blue skies, sparkling white sandy beaches, sipping wine at a table outside in the sun? In short, thinking of living anywhere else but here? If so you are not alone...

- The number of Britons with overseas homes has surged to 3.6 million and this figure is expected to double within the next 5 years.
- Overall, the overseas British property market is worth £44 billion, and is expected to more than double by 2012, as the number of Britons buying overseas grows by 13% each year.
- 1 million UK residents have now bought a second property overseas either as a holiday home or for retirement. The remaining 2.5 million properties are owned by British citizens living permanently overseas.
- Spain and France are still amongst the favourite places to buy although other countries are gaining popularity.
- More than 43% of Brits are considering the idea of buying a place in the sun as a holiday home, a place to retire, an investment or even as a cheaper way on to the property ladder.
- You can expect growth in what has become known as "BARBIS" - Buy Abroad, Rent in Britain, - "JET to LETs" - who rent out their foreign property as an investment, and "FLY n FLOPS" - holiday home owners who just want to sit in the sun.

Protecting Your Home in the Sun

It is all too easy to be swept away by the thrill of buying a property in the sun, and leave arranging the insurance to the last minute. Many people buying properties abroad rely on insurance arranged on their behalf by the banks or property sales agents in the countries they have bought homes in. These policies often have inadequate cover in comparison to UK policies.

Perhaps most worrying is the fact that overseas insurers have very low levels of Property Owners/Public Liability limits of indemnity. In Spain this is typically only £100,000 - many Brits rent out their property and do not realise that should someone be injured while staying there, you will be sued here in the UK where injury awards and legal costs are significantly higher. £100,000 public liability cover is simply not adequate for the overseas home owner.

Overseas insurer's home insurance policies typically do not provide the levels of cover you would find from a UK insurer. Please contact your usual broker for details of the cover that can be provided.



RISING FUEL COSTS - NEW RISKS

Every business has been impacted by the rising cost of fuel, but some businesses, particularly those within the transportation and logistics sector are facing new threats.

There is an increased spate of opportunists and targeted thefts of fuel from vehicles. With larger vehicles, especially those with reserve fuel tanks, losses in excess of £1,000 are happening.

Not only is this distressing for businesses and employees alike, a vehicle with no fuel, or worse still one where damage to tanks has occurred during the siphoning off of fuel are costly to a business in a number of ways. The knock on of the driver being stranded, requiring recovery and then not being able to meet schedules just add to what can be a very bad experience.

With no two insurance policies being identical insurers attitudes vary, ranging from those who agree that the fuel loss and damage are valid claims under Comprehensive policies, to those who will argue the "small print" and that fuel is not an accessory and is not covered. There is one matter on which all Insurers are agreed. None considered the delay and disruption costs would be insured.

Businesses unfortunate enough to be targeted in this way, often have to weigh up whether it is worth putting in an insurance claim as this

may have an effect on future premium. Also many policies now have the same excess on 'theft' as they do for 'damage'.

Thefts of fuel are not just limited to vehicles. Thieves will also target other fuel supplies. External fuel tanks in yards are another 'easy target' and many Property Insurance policies covering theft, only pay up if there is a break-in to a building. If you have external fuel tanks or underground supplies, then this needs to be discussed with insurers. They may be prepared to cover you for 'theft of property in the open' either within your policy or by special agreement.

Postscript. Fortunately it is not all doom and gloom. Increased fuel costs have created challenges, such as fuel economy to keep driving costs down. One of these challenges might be your insurance premium. Increased fuel costs, has meant we are all more aware of fuel economy.

Educating drivers on fuel economy can have a positive affect on driver behaviour - essential journeys only, route planning, heightened safety awareness, tyre maintenance etc. If a business can show that its vehicles are not on the road as often, and you have safer and more aware drivers, then insurers should be able to recognise this when assessing their premiums.