

ABOUT TO START TRADING?

The risks & how to cover them



STEP 1: Public and employers liability

Once you start trading and customers start coming through your door you have a duty of care to ensure no harm comes to them.

Risks can include injuries due to tripping, food poisoning due to poor hygiene, spills damaging clothing or harming your guests for example.

WHAT TO DO?

1 Conduct a risk assessment

Work out some simple rules for your employees to ensure that, as much as possible, accidents in the workplace can be avoided.

2 Documentation is key

Get staff into the habit of keeping records. After an incident with the public ask on duty staff to write down all the details asap.

3 Photographs can be useful too.

Records including photographs should also be kept of all staff training. It should be signed, dated and reviewed as appropriate.

4 Employers' liability cover

Compulsory in the UK and protects against claims made by your employees for injuries sustained at work. Standard cover in a package business policy.

5 Public liability insurance

Protects against claims made by customers or other visitors if injured on premises. Not compulsory but critical for restaurant owners.

6 Directors & Officers liability

This policy provides cover for your defence costs for an actual or alleged breach of duty, neglect, misstatement, error or omission by any member of staff.

STEP 2: Damage to property and stock/produce

An incident that damages your stock or property can be costly.

Often if you have taken a lease any damage to the main structure of the unit will be covered by the landlord but make sure you have carefully complied with your lease to ensure the landlord cannot in any way pass on this burden to you.

WHAT TO DO?



Check lease obligations

Carefully check to see what you are responsible for should any damages or losses occur.



Check storage facilities

Ensure your storage facilities are adequate and afford proper protection to your stock or produce.



Insurance coverage

You are most likely responsible for insuring everything other than the empty shell. You might have inherited a kitchen from a previous tenant but you must replace it, so you need to insure it. If you under insure you may be penalised when it comes to claims payments.



Recovery time

Consider how long it will take your business to recover following a worst-case scenario such as a fire. A standard policy will pay loss of profits up to 12 months after but this is often not enough, particularly if you are in a listed building or access is difficult. You should seek to amend this to 18, 24 or 36 months.

STEP 3: Equipment/Plant failure

A breakdown of key equipment and plant can be catastrophic to your business. If the main chiller goes down on a Friday night or your air conditioning fails on the hottest day of the year this can be costly. Usually these crucial pieces of kit will be your responsibility to repair and replace, particularly if you have taken a lease of your unit.

WHAT TO DO?

1 Owner of equipment

Check who owns the equipment. If it is on a hire purchase agreement or rented there may be some warranties or a maintenance plan that comes with it.

2 Maintain equipment

Look after the equipment and ideally get it serviced regularly. This should hopefully mean it has less chance of breaking down.

3 Certain inspections

Lifting equipment such as dumb waiters, passenger lifts and pressure vessels needs to be arranged independently from regular servicing with an insurance broker.

4 Insurance cover

Insurance can be purchased for sudden electrical and mechanical breakdown but not for general maintenance or wear and tear.

5 Business interruption

You can also insure against any subsequent business interruption if you cannot trade following a breakdown of the equipment.

STEP 4: Key staff illness/absence

If you lose a key staff member to illness or if they suddenly leave or go on maternity leave this can have an impact on the efficiency and ultimately the bottom line of your business.

WHAT TO DO?



Clear recruitment & HR

This will ensure you get the right staff and keep them, as well as tending to their needs to prevent absences and making them feel part of the business.



Employment contracts

Is the notice period long enough? What can you do if a staff member wants to leave?



Contingencies

Is there someone that could cover a key role during an absence? Do you know any agencies that can get you key workers at short notice?



Insurance

For key people consider taking out insurance to protect the business in the event of an accident or in some circumstances following their death.



Personal accident policy

Can offer a weekly sum paid to the business if staff has an accident and is unable to perform their role. Inexpensive and can be tailored to suit you.



Key person policy

A key person policy is a type of life insurance that pays a sum to the company following that person's death whilst employed by the business.

STEP 5: Infringements of trademarks/copyright

This can have an impact in two ways:

1. Have you protected your own trademarks and considered other intellectual property? If not then you could get someone copying your logo or business ideas. This could have an impact on your trading and be costly if you need to pursue the competition in the courts.
2. Does anything you are doing infringe on anyone else's ideas? If so and you are pursued not only could this be expensive but you will also suffer harm to your image and brand.

WHAT TO DO?



Research the competition and see whether they are using any similar ideas and vice versa.

It may be that a simple change can avoid any possible infringements from your side and you can also monitor your competition to make sure no one is manipulating your brand ideas.



If you feel you would like to give yourself some financial protection you could consider a legal expenses insurance policy specifically for intellectual property.

This could cover your legal costs for enforcing or defending an infringement or validity claim, damages and lost revenue.

STEP 6: Cybercrime & viruses

With social media and online presence crucial to any business you need to ensure you have adequate protection from hackers and other cyber criminals. An infected website can prevent your customers from choosing to visit you and from being able to easily make bookings and so on.

Furthermore, it will harm your brand if you are not seen as a tech savvy, modern forward-thinking outfit. Costs to rectify any issues can also soon escalate unexpectedly.

WHAT TO DO?

- 1 Make sure you have adequate software in place** and that your booking and other systems are regularly checked, updated and maintained by a professional.
- 2 Any personal data that you hold is your responsibility to protect** so you might want to consider some financial protection through insurance.
- 3 A basic cyber policy will provide cover** for restoring your network following a data breach, forensic costs to investigate how they got in, PR costs for reputational issues, loss of profits if it stops you from trading and extortion expenses if your data/access is held to ransom.
- 4 You can also purchase add ons** such as cybercrime (theft of money rather than theft of data) and social engineering (when you are tricked into divulging personal information which is then used for fraud).



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