



bollington care

Insurance for the Care and Charity Sectors

Autumn 2008

Bollington's foster agency insurance product goes from strength to strength

Industry accolade seals position as market leader

IN THIS EDITION

Latent Defect Insurance

Risks from Legislation

Protecting Personal Data

Finances in the Healthcare Sector

Bollington Care's specialist insurance product now protects almost a quarter of the independent foster agencies in the UK. Launched less than 2 years ago, this cover has revolutionised the way such insurance is arranged – with the essential covers arranged on one, easy to handle policy.

This achievement has now been recognised by Bollington reaching the final of the British Insurance Awards, at The Royal Albert Hall. The foster agency product was short listed under the Broking Initiative of the Year category.

Pictured is Bob Gratton, Executive Manager (right), receiving the award on behalf of Bollington.

As further evidence of its expertise in this field, Bollington has also been asked to act as insurance consultant in the negotiations for a new National Fostering Contract between local authorities and agencies.

So why has this product attracted such positive attention?

Exclusively for Bollington clients, this product was devised following feedback that agencies were facing difficulties arranging cover for their main insurance needs in a simple convenient fashion.

Rather than having several separate policies, Bollington's response was to arrange the main liability covers on one policy, easing administration.

This "all in one" cover was also arranged to provide protection not only for the agency but in some cases, for the carer and child as well.

As market leaders in this field, agencies can have confidence that when they use Bollington Care they are gaining access not only to cutting edge cover but also expert advice.

If you're a foster agency and not yet enjoying the benefits of this award winning cover, then speak to Bollington. You won't be disappointed.

For further details call 0845 603 8523 or visit <http://www.bollington.com/fosteragency>

The policy provides cover for claims against the agency for:

- Negligence or breach of duty of care
- Dishonesty of partners, directors, employees or self employed freelancers
- Medical malpractice
- Sexual abuse and molestation

And provides the following extra covers:

- Wilful damage or injury by the child in care to the carer's property or person including theft
- Covers the foster carer as well as the agency, against claims brought by third parties for accidental damage or injury to property or persons in care for bodily injury
- Covers the foster carer and child as well as the agency, against claims brought by third parties for accidental damage to third parties caused by the child in care.



"Bollington are market leaders in the field of foster agency insurance. During our recent comprehensive insurance review process Bollington took the time to understand our insurance needs and created a tailored, cost effective solution which also delivered considerable savings to our premiums. They continue to provide us with ongoing expert support and advice and are easily accessible when we need them. I would not hesitate in recommending their services to other fostering agencies"

Michael Hill
Finance Director,
National Fostering
Agency



If you want to talk about any of the issues raised in this newsletter, please contact us on

0845 603 8523

Protect you and your company against increasing risks from legislation

At Bollington it's our job to look at ways to minimise any potential loss to your company.

Government, local authorities and regulators now have more power than ever before in areas such as employment practices, trading standards, and health and safety. In addition to this the UK has a fast growing compensation culture.

Damaging Costs and Awards

New legislation such as The Corporate Manslaughter Act, increasingly holds directors, officers, employees and companies liable for their actions. Consider the following examples and ask yourself whether you or your company could afford the cost of defence if:

- The Crown Prosecution Service bring an action against your firm, under the Corporate Manslaughter and Homicide Act, following the death of a vulnerable service user who was left unsupervised and drowned in a bath.

The directors of the company also face prosecution under Health & Safety legislation.

- Her Majesty's Revenue and Customs alleges incorrect payment of tax or the DTI alleges you have continued to trade whilst technically insolvent.

There is also a potential risk from your own employees. Could you afford the costs of:

- Defending against an employee who alleges sexual harassment and paying any compensation awarded to them.

- Defending against and paying compensation to an employee who claims constructive dismissal on returning from maternity leave.

In fact the risks can come from anywhere – for example a candidate you interview alleges age discrimination after not being selected for employment.

You need to be sure that you can concentrate on running your business, safe in the knowledge that you and your company have adequate cover if such events happen. Even if you have got some cover at the moment, legislation is changing so fast that this may no longer be adequate. Also, existing cover may not be for enough – a limit of £1,000,000 could well be inadequate and we are often recommending a figure of £5,000,000, largely to take into account the potentially high legal costs which can be involved.

Ask Bollington

Insurance does exist to help so why not get a quotation?

You can't reduce the amount of regulation you face or stop the growth of the compensation culture but you do have access to the expertise of Bollington to help you defend your business should the worst happen.

For a no obligation review of your current arrangements visit:

www.bollington.com

or give us a call on:

0845 603 8523

Unravelling the red tape – did you know:

- There are over 60 national regulators in the UK with a budget of close to £3bn*
- Regulators employ 41,000 staff including 12,000 inspectors and enforcement officers*
- 238,546 employees took their employer to tribunal last year**

* Source Hampton Report 2006

** Source Employment Tribunal Annual Report 2007

Protecting Personal Data

Losses of personal data have been a regular feature of recent news reports. Whether it's a building society employee having his company laptop stolen or the tax authorities losing CDs containing personal banking details of millions of people, these incidents seem on the increase and attract the worst publicity. What's more it can also lead to prosecution and lost business. So what can be done to reduce the risks?

Modern technology makes it easy to store the most detailed personal data in high volumes. But with this capacity comes an onerous responsibility. The care and not for profit sector is not immune from this – patient details and lists of donors are just two examples of the types of data held.

Recent incidents show how susceptible every organisation is to data theft. Data going missing is not just embarrassing, it can also result in civil action being taken by the aggrieved party and even lead to prosecution. If a company persistently breaches the Data Protection Act, a criminal action in the Crown Court can result in an unlimited fine and the reputational damage could be irreparable.

It's small wonder that protecting such sensitive information is now one of the key concerns of the information age.

Here are just some of the practical measures you can take to reduce the risks:

Review data for sensitivity

- By being aware of the classification of data you can more easily adopt the right level of protection
- For example, customer data that could be used for financial fraud should be given the highest level of protection
- Anonymised data does not require such high levels of protection.

Keep data secure when in transit

- Where emails contain sensitive data encrypt them and where files are sent by email, electronic connection or by disc ensure that the file is encrypted.

Control the use of USBs

- They are small and can be easily lost – ensure any sensitive data held on a USB is encrypted and wipe the data when no longer required.



Data protection clauses in contracts should outline the authorised use of data

- Make sure that where personal data is shared with suppliers or business partners, both parties are clear about how the data can or cannot be used

Fair processing

- Ensure that customers or other individuals are told about any non-obvious uses of their data and are provided with an opportunity to opt out if appropriate
- Email marketing can only be done when the individual has positively opted in to receive marketing emails.

Remember that data protection applies to paper records too

- Operate a clear desk policy to make sure that sensitive or company information cannot be viewed by anybody who should not see it.

Be careful when out on business

- Security breaches often happen when travelling, such as laptops being stolen from pubs and restaurants and manual files being left on trains.

Home workers need to consider data protection too

- Ensure that your home working environment is geared towards protecting work data. For example, use lockable desk pedestals or filing cabinets where appropriate.

Follow the company's rules on IT security

- Keep passwords secure and never share them
- Never share system log ins
- Follow the rules on virus controls
- Never respond to spam emails or provide your personal data in response to one.

Dispose of unwanted data carefully

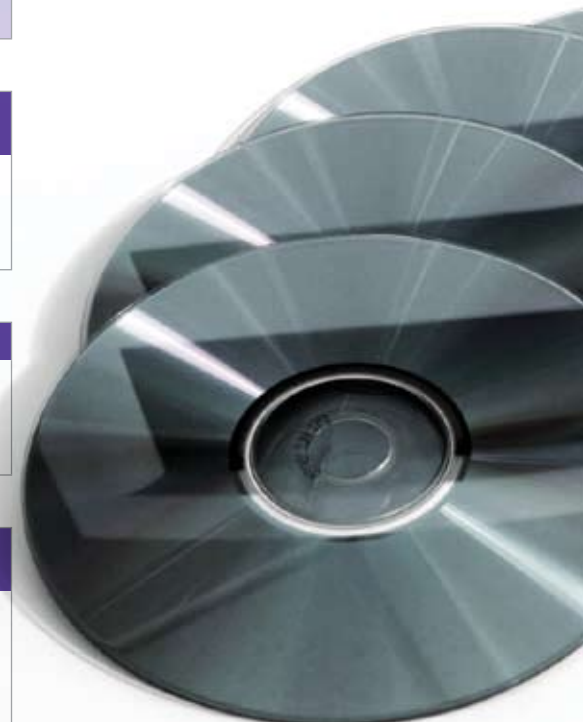
- Don't dispose of it with the general rubbish. Shred paper records.

Data security risks need to be identified with rules and procedures then set up to make sure information is properly protected.

The Information Commissioner's Office (ICO – www.ico.gov.uk) provides a series of informative guides on data protection including a Good Practice Note for small to medium sized organisations. It's worth having a look at this.

Insurance does exist to protect against civil actions and to cover defence costs if a prosecution is made under the Data Protection Act. However, nothing can protect against fines or the reputational damage caused by adverse publicity.

The best protection, as ever, is to minimise the risks in the first place. Most of the recent security breaches which have received such extensive media coverage could have been prevented with some simple precautions. A little time spent on this area now could prevent a lot of problems later on.



Beware the Hidden Dangers in New Builds

If you're developing or purchasing new build care homes consider taking out latent defect insurance to protect you if the completed structure becomes damaged because of a defect in the design or construction.

You might think that traditional buildings insurance will protect you but such damage is a standard exclusion from cover.

What usually happens is that the construction contract contains what are called collateral warranties. These are provided by the parties who have been involved in the design and/or the build. In turn these warranties are backed by insurers to the designer/builder.

Where collateral warranties exist and damage occurs, the route for the buildings owner is to prove the designer or builder is negligent. This is expensive with no guarantee of success – and it all assumes that the negligent party remains in business.

The losses incurred from a buildings defect can be substantial. For example, the home may have to be closed and residents accommodated elsewhere. This will not be covered by your own care home insurance. In the meantime you are involved in lengthy and expensive litigation.

Latent defects insurance can take these worries away. It provides for protection against damage due to a defect in the structure of a new build property during the first 10 years of its life. In the event of a claim you go directly to your own insurer, saving you the worry of:

- Wondering whether the architect or builder is still in business

- Whether you can prove negligence against them if they're still around

- Whether you can fund the litigation

- Whether the architect or builder has renewed the relevant warranty cover

- Lengthy proceedings

- Losing income if the home has to be closed – latent defects insurance can protect income in such circumstances.

Latent defects cover could save your business. Just one real life example of what can happen where there is no such cover, illustrates the point.

A lift shaft in a care home developed cracks and it was determined that this was a result of poor workmanship on the lift shaft basement. It took seven years for the court case to be won by the care home owner. The next day the contractor went into liquidation.

New latent defects insurance policies exist, designed specifically for care homes. For further information please contact Bollington Care and ask for Carl Shaw on

0845 603 8523



Changes in Healthcare Sector Funding

Richard Hall, Head of Healthcare Commercial Banking from The Royal Bank of Scotland looks at some of the issues that are currently affecting home care providers.

Shifting demographics, changing lifestyles, new regulations and costs of labour are just some of the external factors that are playing a part in reshaping the healthcare sector. The UK population is set to age substantially over the next 65 years and this will be a fundamental driver of demand for all aspects of social care, including Home Care. Generally people are living longer and data from the Government Actuary Department show that by 2026 there will be almost 2.1 million people aged over 85 in the UK. In addition changing lifestyles mean that care provided from relatives is likely to reduce and the requirements for long-term care will invariably increase, particularly the need for dementia care.

The Home Care Sector has seen an increase in consolidation over the past few years, as companies seek to take advantage of economies of scale, and enhance their market share. Increasingly, operators need to understand the strategy of their Local Authority as many are now carrying out 'tendering' exercises. This often dramatically reduces the number of 'preferred' providers in an area, with the winners receiving a block contract. Due to this and other influences we expect to see a decline in operator numbers over time from further consolidation of smaller and regional operators.

Restructuring your business or contemplating business acquisitions can mean operators that have previously only required traditional banking services now need more specialised funding options.

When we consider a request for borrowing, management strength is key. How well is the business positioned within the market? Do they have a track record of winning and renewing contracts? Are inspection reports positive? What are staff turnover rates like and has the business historically traded profitably? We pride ourselves in getting 'inside' the business with you, and really understanding how it works, what the

strategic aims are and, importantly, how we can assist your growth aspirations.

This calls for a real appreciation of the way home care agencies operate from bankers with a real specialism in healthcare finance. RBS can offer such expertise. Our dedicated Healthcare Teams are experienced and committed. Whether you merely need straightforward banking products, funding to cover the period between paying staff and payment from Local Authorities, or if your business is looking to expand organically through the acquisition of another agency, we can talk through your financial needs and discuss and add value to your plan.

For further information about products that RBS can offer, please call:

0800 138 5514

or email richard.hall@rbs.co.uk
Please mention you read about them in the Bollington Newsletter.



If you want to talk about any of the issues raised in this newsletter, please contact us on

0845 603 8523