



Insurance Broking &
Risk Management

Insurance for the Small Business

Evolving small businesses need to ensure that they are adequately protected.

We all face risks, and by virtue of cash-flow considerations and limited financial reserves, small businesses in particular are susceptible to the immediate and knock-on effects of losses. In order to protect your business and improve the chances for long-term success, it is necessary to identify, evaluate and manage your risk exposures.

Insurance is one of the most common and affordable methods for managing loss exposures: the Insurer agrees to pay for specified losses up to a specified limit, and for this he is paid a premium, (usually annually). Insurance works because the losses of the few are spread on the shoulders of the many. Having this safety net in place not only guarantees the availability of funds to recover from a loss, but also affords the policyholder the freedom to grow his or her business, with a significantly lesser need to squirrel away money for a rainy day.

In designing and implementing an Insurance portfolio, the general idea is to insulate your business from the financial effects of a fortuitous loss. Provided your portfolio is well designed and managed, it can make the difference between recovering from a loss and literally having to shut down your business.

The small business owner should always think carefully about what Insurances to purchase in order to provide an acceptable level of protection at a cost that can be afforded. In the same way that every business is different, every Insurance programme is custom-tailored to the individual needs of a business. Here is a simple, general guide as to what you should consider in planning your Insurances.

Your legal obligations:

Regardless of the size of your operation, there are mandatory Insurances that every businessperson must effect. In Trinidad & Tobago these are:

- Workmen's Compensation Insurance, which compensates employers for earnings paid to employees as a result of sick leave and for injuries sustained in the course of their employment.
- Third Party Motor Insurance, covering the minimum third party liability limits required by law for any vehicles using public roads

Your contractual obligations:

Refers to any Insurances that you or your company may be contractually bound to by agreement.

- Examples may include the contractual obligation to Insure a building you are renting from a landlord, or perhaps an obligation to effect liability cover for your employees working on a third party job site.

The specific needs of your business:

The typical general Insurances taken out by businesses may not be mandatory or contractually bound, but make good business sense. Typically, it is far cheaper to Insure for these types of risk exposures than to undertake the potentially large financial burden in the event of a loss.

- Fire & Special Perils – Insures your building, contents, stock and other assets against losses due to fire, and typically includes the special perils of: riot & strike, malicious damage, explosion, hurricane, flood, earthquake, volcanic eruption, aircraft damage, impact damage, burst pipe, bush fire, and smoke damage.
- Business Interruption – Covers losses to your gross income (net income plus expenses) arising directly out of the destruction or damage to property that adversely affects the ability of the business to operate normally.

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-Burglary – affords cover for damage and losses sustained by you as the result of a forcible and violent entry into your premises.

-Public Liability – Covers liabilities to third parties arising out of your actions, the actions of your employees, or arising out of the use or consumption of your products.

-Professional Indemnity - Professionals such as Engineers, Lawyers and the like owe their clients a duty of care in relation to any service or advice they provide, and alleged breaches of this duty, whether justified or not, must be defended. Professional Indemnity Insurance provides cover for defense and for any financial judgements made by the court in favour of the wronged third party.

-Cash in Transit – Often referred to as a Money policy, this cover indemnifies the policyholder from physical loss or damage to money while being transported to and from a Bank, while on your premises and during collection from customers. It includes losses from hold-up, robbery and theft.

-Goods in Transit – covers all risks of physical loss or damage to goods while being transported to and from premises as well as from suppliers and to customers.

-Group Health / Employee Benefits – Reimburses plan members for covered medical expenses incurred as a result of accident or illness.

As an independent professional advisor, an Insurance Broker is your ally in managing your risks, by planning & implementing your portfolio and in managing your claims. By maintaining frank and open dialogue about your business with your Broker, he or she will be able to steer you in the right direction in designing and implementing an effective and efficient programme.

PRFC would be pleased to assist you in protecting your assets, and would welcome the opportunity to discuss your needs with you. Please feel free to contact **Rodney Farah** at PRFC Limited, on 868.628.PRFC or via our website www.prfclimited.com