

## Hard Times

When financial pressures begin to rise, it is common for Insurance providers to receive an increase in claims as businesses adjust to economic constraints. The claims can come in many forms such as injury claims from employees or third parties, employee grievances and property damage losses. In this article, we will review the best ways to protect your nursery and also explain the concerns of the insurers.

It is an Insurers primary duty to ensure that they have sufficient funds to pay claims made by their clients. In the past year, insurers have already seen a rise in the number of claims submitted whilst also having to take into account the reserves they need to make for a potential major claim. Insurance providers offer policies to protect a nursery against a wide range of situations, such as an outbreak of an infectious disease, a safeguarding allegation against a setting or an employment law dispute. When assessing these risks compared to the average individual premium the insurers charge, it is easy to see that the overall premiums could be eroded. Although some incidents are unavoidable, small claims can quickly escalate into a large claim payment if the nursery needs to be closed whilst the repairs take place. Even small claims have an associated administrative cost to the insurers, so it may be prudent not to pursue a settlement. This will pay dividends in the long term for you as an individual company, as well as the industry as a whole.

Another area of concern for insurers is the increase in fraudulent claims. All insurers have specialist teams to investigate incidents of potential fraud and the majority have zero tolerance for this type of behaviour. Although motor fraud claims are well publicised, more general frauds are becoming prevalent. Insurers work closely with policyholders to support them in the months or years it can take to resolve these situations but unless an actual payment is made to the third party claimant, it is worth mentioning this is not a criminal offence.

Business owners and managers also need to be alert to matters escalating from what can initially appear to be a trivial issue developing into a formal allegation of negligence. For example, some nurseries are finding themselves in a difficult situation when an allegation is made in an attempt to have outstanding fees waived. We recommend that the outstanding fees and the allegations are treated completely separately. If you find yourself in a similar situation, please contact your broker or insurer who can give you the appropriate guidance.

The old phrase ‘prevention is better than cure’ is key to the insurance industry and the strength of client’s documents often only comes to light when an insurer is trying to defend the nursery or if a business owner is trying to discipline a member of staff. There are key steps you can take to protect yourselves well in advance of any allegation and these centre around good quality policies and procedures. Imagine your frustration if:

- You wanted to dismiss an employee after a safeguarding allegation but were unable to legally do so due to a weakness in your employment contract or training records.
- or
- Your insurers are unable to defend an incident that you consider is purely an accident but you do not have adequate risk assessments in place to demonstrate safety measures were in place.

This may sound unlikely but the law so strongly protects the rights of individuals that these situations are becoming more common.

The difficult economic climate is unlikely to change in the near future and subsequently there will be further rises in insurance claims. It is therefore crucial that businesses ensure that all their policies and procedures are robust and up to date. Some of the documents you should carefully review on a regular basis include contracts of employment, training records, induction, safeguarding and risk assessments. There are tools available from a number of sources to ensure that all these types of documents are compliant and nothing should be left to chance. In addition, in respect of any situation you should seek guidance as soon as you can, so that you do not prejudice yourself or your insurer.



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