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## First Corporate Manslaughter conviction delivers £385,000 penalty

Barnett & Barnett last reported on this case in August 2009 following the charge of Corporate Manslaughter being brought against the Gloucestershire based company, Cotswold Geotechnical Holdings, the first company ever to stand Trial under the Corporate Manslaughter and Corporate Homicide Act 2007.

The 27 year old victim died of asphyxiation after a 3.5m-deep trench he had been working in alone collapsed and buried him. The Managing Director (pictured centre) had already left for the day.

The judge handed down the £385,000 penalty on 17 February 2011, and confirmed that the company could pay the fine over a 10-year period.



The jury found that the company's system of work in digging trial pits was wholly and unnecessarily dangerous. The court heard that the company ignored industry guidance, which prohibited entry into excavations more than 1.2 metres deep, by allowing junior employees to enter into and work in unsupported trial pits, typically from 2 to 3.5 metres deep.

Barnett & Barnett can arrange Directors and Officers Insurance which can include cover for Corporate Manslaughter defence costs. We also provide Risk Management advice to assist in improving systems of work in order to avoid such tragedies.

## Cost of data breaches to UK business increases for the third year running

Once upon a time you could rely on negligence to be the number one reason for UK companies suffering data breaches. Now, it's more likely to be system failure – either way, the financial impact associated with corporate data getting lost or stolen is greater than ever before.

38 UK companies from 13 different industry sectors were surveyed, and it was found that the cost of breaches rose for the third successive year, according to the report. The average data breach costs UK firms £1.9 million – an increase of 13 percent from the year before. Cost of breaches ranged from £36,000 to £6.2 million.

Lost business ranked as the biggest contributor to overall data breach costs, accounting for 48 percent of the total, an increase of 2 percent from 2009. Costs for resetting accounts and communicating with customers made up 23 percent of the total and costs related to detection and escalation made up 20 percent.

According to the report, when a hostile attack is involved, the costs of a data breach are at their highest, at an average of £80 per record, up £4 on 2009.



Regulators are now cracking down to ensure organisations implement required data security controls or face harsher penalties.

If you are concerned about your exposure in this area, contact your Barnett & Barnett representative for further information with a view to taking out some Cyber Liability Insurance.

# In an unstable financial climate, bad debt can leave your business crippled

The much publicised Government public spending cuts, coupled with the increase in VAT at the turn of the year, are now likely to start biting as we begin the new financial year. The effects will inevitably be felt in the private sector. As contracts are cancelled there is potential for an increase in insolvencies as we saw in 2010 in the Construction sector with the likes of Connaught, Jarvis and Rok.

There continues to be significant problems in the UK Economy, but also in the Global Economy where many Regions are affected by conflict. These significant factors may indeed still lead to the notoriously debated "double dip" effect, the result of which would see further corporate failures and companies suffering from severe bad debt losses.

These are some of the areas of concern that pose real threats to businesses of all sizes. It is essential therefore that even successful companies take necessary steps to ensure growth is risk-measured and calculated, and that informed decisions can be obtained to enable the business to be protected. **One solution is Credit Insurance.**

### An indication

If your business makes a 10% pre-tax profit, a £10,000 bad debt means you have to make an additional £100,000 turnover to cover the loss. As with Motor Insurance, Credit Insurance is

based on many variables, so policies can be tailored to fit your business needs & budgets. As a guide you might expect to pay a fraction of just 1% of turnover for a comprehensive policy, in comparison to the value of reserves you may allocate for bad debts.



### How does it work?

Whether a loss is incurred through the insolvency of your customer or default on payment, Credit insurance can pay out between 80% and 100% of the invoice value insured. The premium is paid to cover a customer/buyer risk for an agreed period of time, up to a given value.

Barnett & Barnett will assess your business' commercial and political risk susceptibility. Commercial risk covers a customer's insolvency & protracted default, whilst Political risks would cover situations where customers are willing

to pay, but are prevented from doing so due to political circumstances beyond their control.

### Levels of cover

There are different types of Credit Insurance available offering different levels of cover:

- Comprehensive/whole-turnover insurance  
A Credit insurance structure that covers all of a companies open account sales. It will insure the range of buyers large & small, and in different countries. The insurer may limit the cover that may be outstanding at any one time per buyer - Buyer Limit.

- Catastrophe cover  
Multi-debtor structure with a large deductible (Annual Aggregate Deductible), which would include a First Loss/Each & Every Loss / Threshold / Minimum Retention / Non-Qualifying Loss, to be written into the policy. This allows companies to set a level of risk for themselves before claiming from the insurer where Insured companies receive the benefit of significantly reduced premiums.

Barnett & Barnett have a specialist team of Credit Insurance brokers who can advise on the most appropriate types of cover for your business. For a quote, contact your usual Barnett & Barnett representative or call 020 8568 2021.

## Jim Dodd celebrates the success of FairFuelUK following the Budget



The 2011 Budget unveiled on 23rd March saw the government cut fuel duty by 1ppl, and scrap the 1ppl rise that had been planned for April. These land mark events have led to the thinly stretched haulage industry being 6ppl better off when compared to what might have been. A change worth millions to the industry that will save hauliers £1,500 per truck each year.

The Fair Fuel campaign in partnership with the Road Haulage Association and Freight Transport Association collected over 150,000 public signatures and 140 MP signatures, which led to the freeze on the planned April duty rise. The campaign drew unanimous support from the UK Freight and Transport industry, not least of all from our client Jim Dodd, of 21st Century Logistics. The tense final lead up to the Budget saw Jim encouraging industry colleagues to "take their company accounts, go and see their MP and explain how fuel duty is hurting their bottom line."

Barnett & Barnett would like to congratulate the haulage industry on the success of the campaign. We are ourselves RHA Associate Members with many haulage clients, and are proud to have developed a specialist understanding of an industry which makes such a valuable contribution to the UK economy.

## IMPORTANT REMINDER

### SPECIFIED ITEMS listed on your Household Policy?

If you have specified items listed on your household insurance policy, such as jewellery or fine art that required you to provide a valuation when first insuring them, it is important that you get these items reappraised at regular intervals. In the event of a loss INSURERS WILL ONLY PAY THE SPECIFIED ITEM LIMIT as listed on the policy schedule.

By their nature the value of these sorts of assets will fluctuate. For example, a large collection of jewellery will likely have been affected by rising gold price in recent years.

The regularity of valuations will depend upon the items themselves, if you are unsure or require further advice, please contact your usual Barnett & Barnett representative.

## New Pension Contributions Limits and Tax Relief - From April 2011

Financial Services

With substantial changes to pensions contributions tax relief over the past few years, you'd be forgiven for having lost track. The good news is that, for the year ahead, a simpler regime replaces the last Government's plans and interim anti-forestalling arrangements. In summary individuals will be able to:

- Make tax-relieved annual contributions of up to £50,000
- Obtain tax relief at their highest marginal rate on those contributions
- Contribute more than £50,000 in any one year by using unused allowances from the previous three tax years (carry forward)
- Build a pension fund worth £1.5m over their lifetime (Lifetime Allowance) without incurring any additional tax charge

Yet while these arrangements do simplify the rules, let's be clear about a number of points:

### Annual Contributions Limit of £50,000 for Tax Relief

- This limit is the total of all contributions to an individual's pension plans. It includes employer contributions, single premiums as well as any tax relief added to the premiums by the pension provider.
- Employee or personal contributions remain limited to 100% of earnings for tax relief
- Individuals can continue to make tax-relieved contributions of up to £3,600 per year without having any relevant earnings
- Contributions in excess of the £50,000 limit may still be made but will be subject to a tax charge on the scheme member

### Carrying Forward Unused Allowances

- Unused contributions "headroom" may be carried forward from the previous three years so long as the individual was a member of a registered pension scheme during those years
- Contributions made in the current year are first allocated against the current year's allowance (£50,000) and any excess contributions are allocated first to the oldest year's unused allowance
- Tax relief is available on personal contributions at the individual's marginal rate. But any such tax relief is limited to 100% of current year earnings in the current year.
- Regardless of the limits applying in recent years under the anti-forestalling rules, the carry forward rules apply straight away. This means that someone who has made no contributions in any of the past three years will have £200,000 of headroom in 2011/12

### Lifetime Allowance of £1.5m

From April 2012 the pension funds that can be built up over a lifetime will be limited to £1.5m, with excess funds being subject to a tax charge. This is a reduction from the current £1.8m

Special rules will be introduced to protect those who have already accrued funds in excess of £1.5m.

The maximum tax-free pension commencement lump sum will remain at 25% of the funds.

In conclusion, any individuals who think they might be at risk of exceeding the thresholds in terms of income or contributions should speak to their usual Barnett & Barnett representative to ensure that they avoid unexpected tax bills.

## Client Golf Day 2011

Our annual golf day was held on 18th May at Bearwood Lakes Golf Club. It was a fantastic day, one of our best, and though it was a little overcast at times we managed to stay dry.

Congratulations to the winners and a big thank you to Bearwood Lakes and everyone that attended, we hope you enjoyed it as much as we did. See you again next year!

We have e-mailed a copy of our golf day photo album to everyone who attended. If you have not received the email and would like to see the photos, please request a copy from our Marketing Manager, [Robert.leigh@barnett-and-barnett.co.uk](mailto:Robert.leigh@barnett-and-barnett.co.uk).

Results				
Individual winners	Winning teams (DRAW)		Nearest the pin	Longest drive
1. Cliff Williams	Neil Campling	Ian Livingstone	Ashley Taylor	Sean Stanley
2. Joe Middleton	Ian Timms	Gareth Evans		
3. Ashley Taylor	Martin Miles	Terry Francis		
	Gary Holloway	Derek Casey		



## Risk Management Training

The first of our 2011 Risk Management Training programme, Fleet Risk Management, was held on 12th April and was a great success. Our next course 'Director's and Senior Manager's Statutory Duties' will be held on Tuesday 12th July and will focus on the following areas.

- Introduction and Overview of Company Law
- Director's and Senior Manager's Duties, as codified in the Companies Act 2006
- Director's/Manager's Liabilities and potential legal claims
- Current Hot Topics - Employment Legislation, Data Protection, Corporate Manslaughter
- Focus on Health and Safety Obligations
- Directors and Officers Liability Policies and other indemnities

Our risk management programme is offered free of charge to our clients and contacts, if you would like to attend, please contact Sandra Read on 020 8568 1041.

## Staff Exam Passes

Congratulations to the following members of staff on achieving their chartered insurance institute qualification:

- Donovan Williams – passed IF4 achieving cert CII
- John Crane – passed IF3 achieving cert CII
- Kim Cartwright – passed IF3 achieving cert CII
- Jan Doyle – passed IF1, IF2 & IF3 achieving cert CII

## Key Contacts

Neil Campling - Managing Director	020 8326 1040	<a href="mailto:neil.campling@barnett-and-barnett.co.uk">neil.campling@barnett-and-barnett.co.uk</a>
Craig Kitchen - Commercial Insurance Director	020 8326 1046	<a href="mailto:craig.kitchen@barnett-and-barnett.co.uk">craig.kitchen@barnett-and-barnett.co.uk</a>
Ian Livingstone - Private Clients Director / Claims Director	020 8326 1047	<a href="mailto:ian.livingstone@barnett-and-barnett.co.uk">ian.livingstone@barnett-and-barnett.co.uk</a>
Jan Doyle - Private Clients Manager	020 8326 1008	<a href="mailto:jan.doyle@barnett-and-barnett.co.uk">jan.doyle@barnett-and-barnett.co.uk</a>
Richard Lane - Claims Manager	020 8326 1013	<a href="mailto:richard.lane@barnett-and-barnett.co.uk">richard.lane@barnett-and-barnett.co.uk</a>
Simon Cutmore - Risk Management Consultant	020 8326 1009	<a href="mailto:simon.cutmore@barnett-and-barnett.co.uk">simon.cutmore@barnett-and-barnett.co.uk</a>
Jason Laslett - Financial Services Director	020 8326 1023	<a href="mailto:jason.laslett@barnett-and-barnett.co.uk">jason.laslett@barnett-and-barnett.co.uk</a>
Robert Leigh - Client Experience Officer	020 8326 1049	<a href="mailto:robert.leigh@barnett-and-barnett.co.uk">robert.leigh@barnett-and-barnett.co.uk</a>

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Registered Office: 650 London Road, Isleworth, Middlesex TW7 4EG  
 Telephone 020 8568 2021 Facsimile 020 8560 7044  
[www.barnett-and-barnett.co.uk](http://www.barnett-and-barnett.co.uk)  
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