

CAUNCE
O'HARA

THE BUSINESS
INSURANCE BROKERS



Guide to insurance for
recruitment agencies

TAKING CARE OF THE RECRUITMENT INDUSTRY THROUGH BUSINESS INSURANCE

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Introduction

All businesses require certain types and levels of business insurance, yet one of the most complex to insure is the recruitment sector.

Placing candidates with employers puts recruiters at risk of negligence claims simply because human beings are prone to making mistakes, and mistakes can cause damage, accidents, and cost money.

How can insurance protect your recruitment agency?

Many business owners understand the need for business insurance and which policies are of benefit to them. What is not fully understood is that no individual policy will cover all potential risks and claims.

This guide aims to highlight which policies protect recruitment agencies and recruiters and why they are beneficial.





As a recruiter you advise client about the suitability of candidates for role/s they are looking to fill. Professional indemnity insurance (PI) will cover you for claims against you by clients of alleged negligence or misrepresentation.

Recruitment agency insurance can include the following:

PROFESSIONAL INDEMNITY INSURANCE (PI)

Professional indemnity is arguably the most important type of business insurance, many clients simply will not deal with you if you do not carry a live PI insurance policy. Your primary role as a recruiter is to advise your clients as to the suitability of candidates for the role/s they are looking to fill. You also have the responsibility of checking candidate references and credentials, which exposes you to risks such as your candidate fabricating the details and qualifications on their CV.

Claims against recruiters for misrepresentation are many and typically the end-client will claim for their re-recruitment costs plus any other expenses incurred. Less commonly, there have also been claims from candidates against recruiters regarding the suitability of the workplace in which they were placed.

Another frequent type of PI claim in the recruitment sector is hiring clients withholding their fees if they deem the recruitment agency guilty of negligence. Cash flow is everything for most businesses and if a large client withholds their fee, it can put the recruitment agency's business in jeopardy. This is often leverage tactic by the end-client, but when there are genuine grounds for a negligence claim you will want an insurer who will consider paying the withheld fees. This can take place if the hiring client agrees in writing not to pursue litigation against the agency and is usually a faster resolution to the problem than months of defending a claim, whilst protecting the cash flow of the recruitment agency.

Vicarious liability cover is a simple concept whereby your recruitment agency will be liable for the negligence of your candidates. This is important as recruiters can be deemed as the employer of temporary workers, as such they can be deemed responsible for the temporary workers' negligent actions. It is important to check with your insurance broker if you are covered for vicarious liability as this extension is not always provided in standard policies.

It is important to be aware that PI covers claims of negligence, it will not cover claims from employees, nor will it cover liability claims from third parties.



Great price. Easy company to deal with. Knowledgeable staff.
What's not to like? We have been with them now for around
18 years and have had great service throughout.

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Liability insurances protect your business, your employees, and members of the public, by offering cover for compensation claims in the event of accidents.

EMPLOYERS' LIABILITY INSURANCE (EL)

If you employ staff, even if they are part-time and only work for you one day a week, you are required by law to a minimum of £5 million of cover. EL will help you pay compensation if an employee is injured or becomes ill because of the work they do for you.

You can be fined £2,500 for every day that you are not properly insured. Even if you do have EL, you can be fined £1,000 if you do not display your EL certificate or if you refuse to make your EL certificate available to inspectors when they ask to see it (1).

However, you may not need EL if you only employ a family member or someone who is based abroad (2).

Check with an insurance broker first to clarify whether you need this type of cover or not.

PUBLIC LIABILITY INSURANCE (PL)

As a recruiter you will most likely meet members of the public, including hiring clients and candidates, on your premises and in your clients' offices. While PL insurance is not mandatory by law it is worth considering to protect your business and those you meet in the event of a slip or trip accident on your premises or in the event you visit a clients' offices and accidentally cause property damage while you are there.

PL can cover the following:

Legal expenses – Should a claim be made against you the policy will provide cover to help with the cost of legal proceedings.

Cost of repairs – The cost of repairing damage to the claimant's property, such as accidentally knocking over and breaking a valuable ornament in their offices during a meeting, or a plumber causing a leak/flood to a customer's premises and damaging carpets as a result.

Medical fees – The cost of hospital treatment, including ambulance call-out, if a claim is made against you for these.

Compensation claims – Injury to third parties or damage to their property if an accident occurs on your business premises or your client's premises.



Excellent customer service and value for money. Best public liability, professional indemnity and employers liability insurance offer I've come across.

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Legal Expenses insurance provides cover for business insurance claims which are not covered by professional indemnity and other liabilities policies.

CONTRACT

LEGAL EXPENSES INSURANCE (LEI)

Tax Enquiry and Legal Expenses insurance will provide you with cover for legal representation costs incurred in the event you need to defend against a claim or to cover the costs of a tax investigation or other proceeding.

The policy provides cover where most other insurance policies do not, including cover for:

Employment disputes

- ACAS early conciliation
- Employment tribunals response
- Pre-hearing review/employment status disputes
- Employment tribunal hearing
- County or High Court proceedings.

Employment compensation awards

- Awards of compensation
- Settlement of a dispute
- Tribunal fees.

Property and landlord and tenant disputes

- Property disputes
- Disputes with your landlord
- Disputes with your tenant
- Eviction.

Criminal defence

- Interview under caution
- Prosecution defence
- Motor offences.

Tax protection

- Aspect enquiry
- Full enquiry, including IR35 tax investigation
- National Insurance and PAYE disputes
- Current tax year enquiry
- VAT disputes.

Regulatory compliance

- Enforcement notice
- Statutory licence appeals
- Data protection defence
- Data protection compensation.

Court attendance costs

- Jury service
- Witness attendance allowance.

Employment extra protection

- Pension trustee defence
- Wrongful arrest
- Personal injury
- Discrimination defence.

Identity theft

- Unauthorised use of your personal data
- Contracts entered into by a third party, in your name or on your behalf, without your permission.

Contract disputes

- Contracts for goods and services
- Contracts for construction and repairs.

Some of these issues can leave you with significant costs to pay if you are not insured.

For more details of how your recruitment agency could benefit from this policy contact our team on 0333 321 1403.



They make dealing with my company's different insurances quick and easy, and their quotes are always very good.

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Protecting your office contents is vital for the smooth running of your business to help ensure you can operate in the event of instances such as theft or damage.

OFFICE CONTENTS INSURANCE

Whether you work in an office or from home, this insurance will cover your office contents including computers and electronic office equipment, furniture, stationery and documents whilst within your property. These items owned by the business would not be covered under a household insurance policy.

Your contents are covered for All Risks which includes but is not limited to theft, fire, water damage from burst pipes and malicious damage.

Level of cover

You can select to cover the value of your office contents up to £10,000. The cover is subject to an excess of £100 which means that you will pay the first £100 of any loss or damage. In respect of mobile phones, the policy excess increases to £250 for each and every claim. Don't forget that the value you should use is the new replacement cost of the items.

Additional cost of working

This section provides cover for any expenses incurred for temporary hire of replacement equipment following damage to any of your items insured under the office contents or portable equipment sections. It must be proved that you would have suffered loss of revenue had you not incurred the expense of hiring the replacement equipment.

PERSONAL ACCIDENT INSURANCE

This policy can provide financial aid on behalf of your business to members of staff who have suffered an injury within the workplace. Personal Accident insurance provides you with a monetary benefit when injury or death is caused by an accident.

As an example, one of your members of staff trips over a loose wire and breaks their wrist when trying to cushion their fall. They are unable to work due to the injuries sustained from this workplace accident, as such your Personal Accident insurance will respond to pay out compensation for their loss of earnings.



Excellent service from this company. Simple to state insurance requirements and quick and easy to purchase. This is not the first time I have bought from these people. Every time the same excellent service.

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Directors, managers and supervisors can face allegations and claims for which they may be personally liable. It is important to remember that only shareholders have limited liability.

DIRECTORS' & OFFICERS' INSURANCE (D&O)

The actions of directors and officers has been thrust into the spotlight. While many people believe they have no personal liability as a director or officer of the company they work for, in truth directors, managers and supervisors can face allegations and claims for which they may be personally liable. It is important to remember that only shareholders have limited liability.

Companies are protected by their liabilities insurances, but in many cases the individuals are not; particularly if they have acted without proper authority or if they have breached (even inadvertently) part of the Companies Act 2006.

This important cover offers protection against potential claimants such as:

- Creditors
- Employees
- Regulatory bodies (including HSE and HMRC)
- Customers/suppliers.

The core purpose of a D&O is to provide financial protection for managers against the consequences.

D&O protects your personal assets in the event of a claim of actual or alleged "wrongful acts" when acting within the scope of their managerial duties.

Wrongful acts can include: a breach of trust; a breach of duty; neglect; error; a misleading statement or negligent misrepresentation or wrongful trading committed or attempted by a director or officer while acting on behalf of the company.

Legal liability is moving away from companies and towards personal liability. Employees are more aware of their rights and are increasingly likely to make a claim. This means managers need to be on their guard.

The D&O policy effectively removes the financial risk faced by directors and officers, giving them protection should an allegation or claim be made against them.



Amazing service from start to finish easy to set up and, amazing knowledge of what I needed. Brilliant customer service from start to finish and very helpful.

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Secure handling of sensitive data about your candidates and clients is vital. A data breach from a cyber-attack can result in a loss of confidence, damaged reputation, and lost clients and revenue.

CYBER INSURANCE

As a recruiter you will handle personal, sensitive data daily and will need to adhere to data protection laws including the General Data Protection Regulation (GDPR), which was brought into law in May 2018 and applied to anyone who processes or controls data. This means that all departments and individuals within your recruitment business will need to be aware of the GDPR legislation and how it impacts their daily tasks. This applies to all areas of a company, from admin to HR to marketing and sales and to legal and procurement.

A cyber-attack resulting in a breach and/or loss of data could be damaging to your recruitment business, both financially and reputationally.

The risks of a data breach are not confined to immediate monetary loss, but also include:

- Loss of trust from existing clients = loss of future ongoing revenue
- Damaged reputation = takes longer to win new business and recover
- Negligence claims from clients = damages and compensation payments to clients
- Potential penalties/fines = significant revenue loss.

Cyber insurance will provide access to a cyber response helpline, manned by information security experts, as well as covering you for:

- The costs of restoring data and equipment
- Informing clients of a data breach
- Assistance in the event of a ransom demand
- Loss of your net profit
- Your legal defence costs and damages you are legally liable to pay to other parties.

The cyber insurance policy can be highly beneficial for a company's reputation and its ability to continue trading.



Excellent communication, always helpful and very easy to deal with on our recent business insurance renewal. Also very reasonable price and will use them for many years to come.

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Commercial Crime insurance features a genuine All Risks insuring clause, providing protection for all crime exposures, including theft from the insured by anyone (whether employed or not).

COMMERCIAL CRIME INSURANCE

Commercial crime is on the increase and can be perpetrated by those whom you least expect. Commercial crime insurance covers theft from the insured party by anyone (whether employed or not), including third parties.

Our commercial crime product features a genuine All Risks insuring clause, providing protection for all crime exposures, including theft from the insured by anyone (whether employed or not).

Unlike some policies, we don't limit theft by third parties to certain activities, e.g. incoming cheque forgery or securities fraud. As such, there is no danger that third party theft could fall outside of the cover and fail to trigger the policy. Our policy covers theft by a third party however it is perpetrated.

Commercial Crime insurance can be beneficial to anyone who owns or runs a business, no matter how large that business is. Theft and other crime against a business can have catastrophic consequences for the business itself and potentially to those who are connected to that business, such as suppliers and employees.

Examples of commercial crime claims include:

You are contacted by the fraud team at your bank advising of suspicious activity on your account. They have given you account details of a safe account and advise you to transfer your money stating they will not cover you for future losses if you do not make the transfer. You make the transfer not realising it wasn't the bank calling you, it was a fraudster. As a result, you have lost the money you transferred.

You open an email claiming to be from a supplier. Without knowing, you have loaded spyware onto your computer allowing a third party to track your keystrokes. Logging into your bank account provides fraudsters with all they need to access your funds, whilst logging into your system provides them with access to your sensitive client and candidate data.



Excellent service as all ways - when I have a question regarding my insurance they come back to me quickly and do not try to up sell when I speak to them.

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Drivers' negligence is not a stand-alone insurance policy, it is an extension to PL. Contact your insurance broker for more information to find out if they offer this extension.

DRIVERS' NEGLIGENCE INSURANCE

Agency drivers and couriers are a vital component of the UK's logistics workforce. If you are a recruitment agency who supplies temporary drivers, especially for heavy good vehicles (HGV's), then you can likely expect your clients to request that you hold Drivers' Negligence insurance.

Drivers' Negligence insurance is designed to cover the hirers vehicle claim costs under the recruitment agency's insurance policy, rather than the client making a claim under their own motor insurance policies, which would have a negative effect on their claims experience.

A typical accident covered under a driver's negligence policy can include a driver striking an object whilst driving such as reversing into a wall or bollard. Or the driver could be unfamiliar with the lifting mechanism of a lorry they're driving and end-up overloading the lifting platform and damaging the lorry.

Drivers' negligence is not a stand-alone insurance policy, it is an extension to Public Liability insurance. Contact your insurance broker for more information.

FIDELITY BONDING

Typically considered part of a business's approach to risk management, a fidelity bond is a form of insurance protection that covers policyholders for losses they incur as a result of dishonest acts of your placements, including drivers and warehouse staff.

In our Commercial Crime insurance policy this is called 'Client Crime' (3). You can learn more about what the Commercial Crime insurance policy covers by downloading the policy document at <https://quotes.agencyinsure.co.uk>



'Nearly 70% less expensive than the competition.'

The lady I spoke to was upbeat, helpful and well versed in the company products and their relevance to my situation.

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Arranging insurance for your recruitment agency is as simple as calling us on 0333 321 1403. Our team are on hand to take your call and answer your questions.

HOW CAN I ARRANGE BUSINESS INSURANCE FOR MY RECRUITMENT AGENCY?

Caunce O'Hara offer recruitment insurance that covers most of the aforementioned types of cover.

To find out more and for a quotation for your recruitment agency insurance contact 0333 321 1403.

Sources:

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Excellent, quick and efficient. On hand to answer all my queries.
Enquired and had the documents sent to me within minutes.
Will be using again!

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