



THE SECRET INGREDIENT

For SME Businesses to

SUCCEED

Insurance can free up small business owners to do what they do best – delivering great products and services to their customers.

Running a small or medium-sized business can be an all-consuming task for owners so it is no wonder that insurance is often seen as an afterthought. Day-to-day focus should be on keeping customers happy and having enough cash flow to pay suppliers and staff.

However, without the correct insurance in place, a single incident can trigger a multitude of unforeseen consequences that can result in an extremely disruptive and expensive situation for owners.

We will look at three different industry scenarios to illustrate how one event can quickly spiral out of control:

Restaurants

Restaurants are busy enterprises that come with a number of risks due to their constant interaction with members of the public.

Unless there are meticulous hygiene standards in the kitchen, there is an ever-present danger that suspect food could be served – or it could be prepared using contaminated water – resulting in customers being hospitalised due to food poisoning. It only takes one such incident to ruin the reputation of a restaurant, leading to sanctions from public health authorities, and potentially resulting in the business being shut down altogether.

In July 2019, the food hygiene grades of two catering companies were cut when 302 people fell ill in separate incidents¹. Furthermore, just last month, two caterers had

their licences suspended after 39 people fell ill in separate cases of suspected gastroenteritis.

Other pitfalls can occur on a daily basis for entrepreneurs running a busy restaurant, for example, a blocked water pipe could cause water to leak into kitchen or public areas. This could result in a customer or member of staff slipping, suffering an injury and result in the injured person choosing to sue the restaurant for negligence. The restaurant owner would then be in a position of potentially having to pay hefty compensation and medical bills. These incidents could also lead to the restaurant having to close down temporarily due to flooding, leaving the owner with an expensive repair bill and no income while the problem is being fixed.

Schools

Fights amongst children in the schoolyard are a common occurrence, and schools and colleges have a duty of care to the children that they teach. When a fight breaks out, if teachers do not intervene in time, it could result in a child being injured, leading to their parents suing the school for mismanagement and negligence.

Contagious diseases can also easily spread in enclosed spaces such as classrooms. In such instances, the school may have to shut down leading to a loss of income. There are also cases that are more serious, when a disease might lead to the death or permanent disability of a student.

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Offices

Offices hold large amounts of customer data such as email addresses and phone numbers. If a company's computer system were to be hacked, then the personal data of its customers could be taken and used by criminals. If such an event took place, not only would there be expensive legal bills if customers decided to sue the firm, but any bad publicity could be damaging to the long term reputation and profitability of the business.

Conclusion

Any of these scenarios could be catastrophic for any entrepreneur. Fortunately, insurance cover is available to protect small business owners from all of these unfortunate eventualities.

Operating a business will never be risk-free. However, businesses which work with insurance companies and brokers to get the correct level of insurance coverage in place, can at least be assured that when bad luck strikes, it need not turn into a disaster for their company.



Sources

- <https://www.channelnewsasia.com/news/singapore/mums-kitchen-cherish-delights-licence-suspended-food-poisoning-11896744>.

alliedworldinsurance.com

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