

A recruiter's guide to insurance

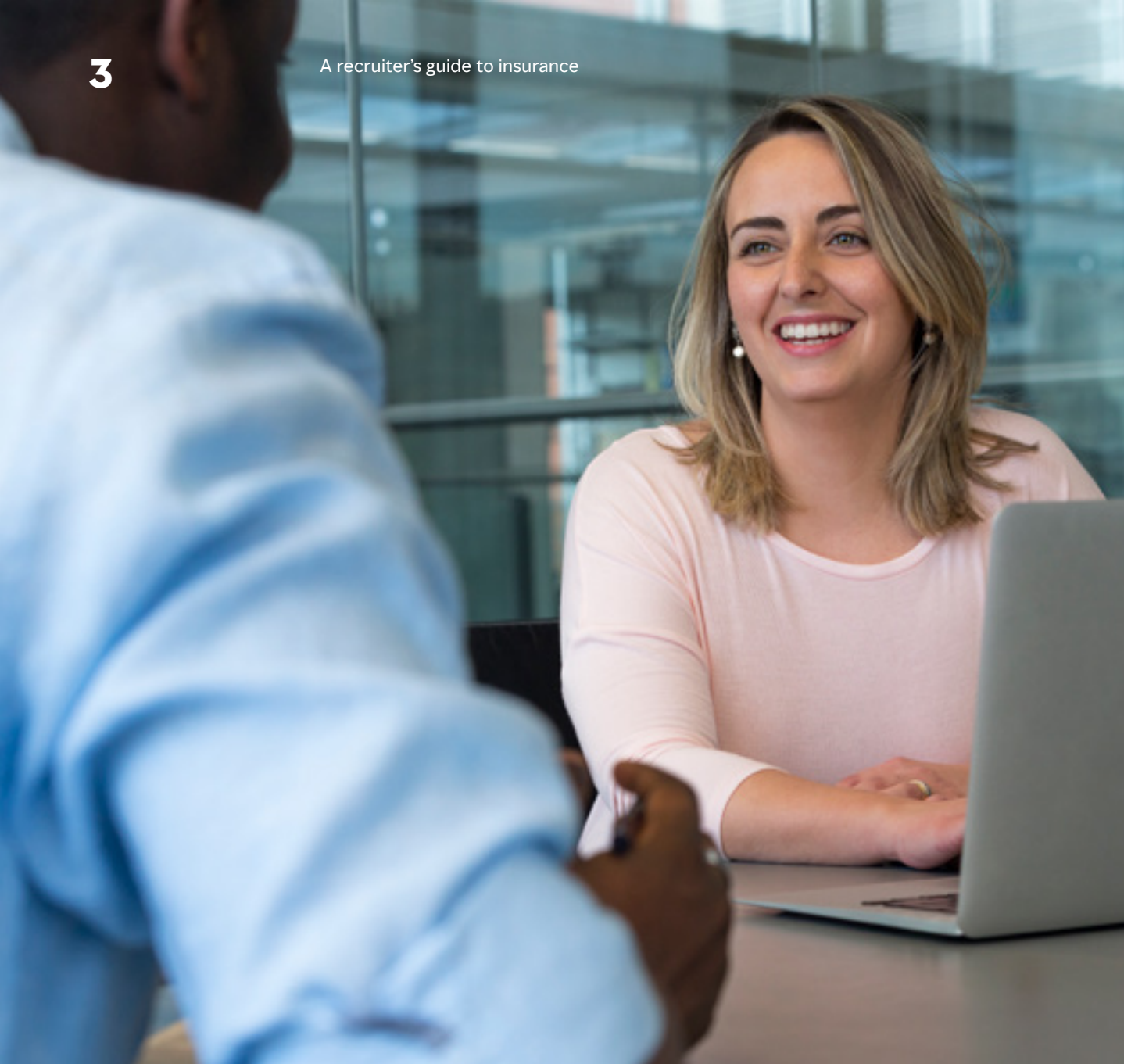
Review the options and decide what's right for you and your business.

This guide is interactive



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Rewarding but also risky

Recruitment can be a rewarding but also risky business. From headhunting and screening to placing suitable candidates in the right positions, your service is valued by clients. But equally, it's vulnerable to risks.

Even the most experienced staff can make mistakes, which can cause financial and reputational damage to your recruitment agency.

If the unexpected happens, recruitment agency insurance will protect your business, but there are different types of insurance cover to consider. It's important to understand what protection each cover provides and what's suitable for your business.

Recruitment insurance tailored for your business

Recruiters are contending with a range of challenging issues. Here at Marsh Commercial, we understand the challenges and risks you face. Because we believe 'one-size doesn't-fit-all', we created 'Recruiters Choice', cover that's customised for your business.

Recruiters Choice offers typical insurances you may need, including:

- liability cover to help protect your business, colleagues, and contractors
- cyber and data insurance to protect against hacker damage and cyber extortion
- protection in the event of a public relations crisis, should you need to manage adverse publicity
- directors and officers liability, and corporate legal liability cover up to £100,000.



Recruitment insurance explained

This guide explains the different types of recruitment insurance available to help you decide which is right for your business.

Click the icons to find out more:





Public liability insurance

Many businesses have adopted a hybrid approach to virtual-physical office working. Still, you will likely meet with clients and potential candidates at some point during the recruitment process.

Accidents can and do happen. Suppose a client or candidate suffers an injury: a slip or trip when visiting your office, or their property gets damaged; a broken laptop following an unfortunate encounter with a cup of coffee. If this is due to your work, you may be liable to cover costs associated with the incident.

Public liability insurance will protect your business from claims relating to accidental damage and injuries during the recruitment process.

Vicarious liability cover extension

If your business places temporary staff, you may become contractually liable for their negligent acts, errors or omissions. In simple terms, vicarious liability cover can protect your business from these types of potential claims. Having this cover in place is essential.

Areas covered include:



Compensation
for any injuries or damage caused to property.



Legal expenses
defending yourself.



Cost to repair
damage to the claimant's property.



Medical fees
for hospital treatments, including ambulance call-outs.



Professional indemnity (PI) insurance

Your clients are relying on you to find the right person for the job. You're responsible for ensuring the necessary checks are carried out and references obtained and verified.

But what if the checks aren't thorough enough and your client claims you have misrepresented the candidate?

Say you mistakenly place someone in an unsuitable role, resulting in the candidate leaving the post. Whether you agree or disagree with these claims, you may face expensive legal fees to defend yourself.

If your business is accused of providing inadequate advice, services, or negligence that causes a client to lose money, PI insurance will cover any legal costs and expenses you incur defending against these claims. You'll also be covered for any damages or costs that may be awarded.

Other types of PI cover include:

Withheld fees

If a client believes you have been negligent, you may find they will withhold fees during a disagreement or dispute.

If it's a high-value client, this could significantly affect your cash flow and be extremely dangerous for your firm's financial situation. However, if the client has substantial grounds for the claim and, providing they agree in writing not to pursue litigation, your insurer will consider paying these withheld fees. This offers a faster alternative to defending a claim at the same time as protecting your cash flow.

Vicarious liability cover extension

If your business places temporary staff, you may become contractually liable for their negligent acts, errors or omissions. In simple terms, vicarious liability cover can protect your business from these types of potential claims. Having this cover in place is essential.



Employers liability insurance

As well as being a legal requirement, if you have people working for you, employers liability insurance will protect your business if an employee is injured or becomes unwell as a result of their work. It will also cover any associated legal and compensation costs and other damages.

Employers liability insurance can also be extended to include offshore oil and gas and renewable energy activities, but will need to be requested if required.

It's important to know you risk being fined up to £2,500 a day for each employee not adequately covered.

Vicarious liability cover extension

If your business places temporary staff, you may become contractually liable for their negligent acts, errors or omissions. In simple terms, vicarious liability cover can protect your business from these types of potential claims. Having this cover in place is essential.





Drivers negligence insurance

If you supply temporary drivers, particularly for heavy goods vehicles (HGVs), depending on the terms agreed with your client, you may be liable for specific damage caused by the negligent acts of the drivers.

Rather than your client making a claim under their own motor insurance policy—which would affect their claims experience—this insurance covers vehicle claim costs under your policy. For this reason, your clients will likely want confirmation you hold drivers negligence insurance.

Drivers negligence insurance is not a standalone policy. It is an extension of public liability insurance, which covers damage to your client's vehicles.

It's important to note this insurance doesn't cover third-party injury or damage to a client's vehicle or property due to road traffic accidents. This needs to be covered under a separate motor insurance policy.





Directors and officers (D&O) insurance

Directors and key managers of a recruitment firm have essential and complex roles. Each day brings different challenges and decision-making, which may present risks to your professional reputation and your business.

For example, you may be accused of knowingly carrying out a wrongful act during your duties, such as:

- breach of trust
- breach of duty
- neglect
- error
- misleading statements
- negligent misrepresentation or wrongful trading while acting on behalf of the company.

Directors and key management staff who are not insured face a greater risk of being unable to defend themselves against these claims. They could be disqualified from holding director positions in the future and face high financial costs from civil proceedings following awards and damages. They may also face criminal prosecution with the potential for fines and even imprisonment.

Your recruitment business may be covered against some claims through public liability and other recruitment agency insurance, but as a director or manager, you will have to pay the cost of any legal defence, awards, or settlement payments that occur because of the claims made against you.

This cover is usually arranged on a 'claims made' basis which means your business is covered for any claims made during the insurance period, regardless of when the event occurred.



Office insurance

Wherever you run your recruitment firm—from a home office or external premises—if your workplace becomes inaccessible or you cannot operate from it, consider the impact on your business.

Similarly, how will your business function if the office equipment you rely on is lost, damaged, or stolen? Imagine losing your laptop on the way to meeting a client, or your office is flooded, and your computers, furniture, and other office equipment are damaged and need replacing.

Office building and contents insurance will give you peace of mind that your business will suffer minimum impact if the unthinkable happens to your premises and equipment. It's important to know that domestic household buildings and contents insurance will not protect these items if you work from home.





Cyber insurance

When you run a recruitment business, you'll rely on technology to collect and store candidate data. Even with firewalls and virus scanners, your business is constantly at risk from cyber threats, including those caused by human error. It's essential to have the right cyber liability insurance that offers the necessary protection.

The amount of personal data you hold digitally—CVs, salary information, bank details to name a few—makes your business attractive to cyber-criminals looking to access and steal this data. The impact could be disastrous if you are a cyber-crime victim.

Cyber insurance gets you immediate access to experts who can work quickly to stop the attack and fix your systems. You'll also get support from legal experts who can deal with data breaches and PR professionals to avert any publicity crises, and protect your reputation in case of an attack.





Medical malpractice liability insurance

If your medical practice client faces a claim from a patient that relates to an allegation of neglect during treatment or therapy, their medical indemnity insurance will protect them against legal costs and claims for damages.

However, if the staff member involved in the incident in question is temporary or a contractor you have placed, you could be liable for this claim. Medical malpractice insurance protects recruitment companies should claims be made against you for the actions of temps or contractors.





Legal expenses insurance

From defending claims of unfair dismissal to responding to an investigation into your agency's tax or financial affairs, legal representation costs can be pretty significant. Legal expenses insurance covers all fees and expenses from solicitors, barristers, witnesses, court, and opponent's costs if awarded against an insured risk.

A commercial legal protection policy can include cover for:

- employment disputes and compensation awards
- legal defence
- property protection and bodily injury
- tax protection
- statutory licence protection
- contract disputes
- disciplinary hearings
- debt recovery
- tenancy disputes.

You can also benefit from access to several advice helplines, including:

- legal advice helpline
- tax advice helpline
- health and medical advice helpline
- business law helpline.

Why choose Marsh Commercial?

We're passionate about advising, protecting, and supporting recruitment firms like yours. We aim to provide you with flexible insurance cover, complemented with a range of additional benefits at no extra cost.

As an REC member, cover features you can benefit from include:

- **premium discount of 10%** for all REC members new to Marsh Commercial
- **reduced excess** for professional indemnity from £500 to £250
- **professional indemnity limits of £5,000** to cover event cancellation costs, £10,000 for identity fraud and £5,000 to cover the unauthorised use of your telephones by anyone working in your office
- **no excess** on the first claim of your policy, other than for drivers' negligence claims, if your business has a turnover of up to £10 million
- **option to spread the cost** of your premiums – interest-free
- **access to online HR systems** – free of charge
- **a 10% no claims rebate** on your previous year's premium.

We've been supporting REC members for over ten years, your choice for insurance is in good hands.

For more information about Recruiters Choice, please visit:

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