



Blockchain, Bitcoin, Cryptocurrencies what are they? - A very, very simple guide.



You can't attend a meeting or read a newsletter at the start of 2018 without hearing about blockchain and Bitcoin. Here we attempt to demystify these complex topics and predict how they might affect your business in the future.

Simply put, blockchain is like one huge ledger that everyone has access to. It solves the big problem that was created when people first imagined dealing with a digital currency - double spending. What's to stop people using the same digital credit many times?

Because blockchain provides a ledger of every transaction ever made with a digital currency it is possible to validate every transaction that is going to take place. However this is complex and costly work. As a transaction takes place a number of organisations "miners" will try and solve the puzzle it creates in order to verify it. To solve this puzzle takes a huge amount of knowledge and energy in the form of electricity used to power sophisticated IT Hardware. These "miners" of course need to be paid for their efforts. They are paid in Bitcoin - A currency is born and it can be traded like any other currency.

There are other currencies (Ripple, Monero, Dash, Litecoin, ZCash, Ethereum) working in a very similar fashion, just like there are different currencies for traditional paper money.

Many experts are likening the emergence of blockchain and cryptocurrencies to the dawn of the internet and rightly so. This is the biggest change in the way we trade since the creation of the very first physical coin. Just like the tech bubble and race in the 90's some technologies and protocols will get a grip and flourish whilst others will fall by the wayside.

A report published by McKinsey predicts that the real benefits of blockchain will be felt in the early 2020s and right now this seems like a realistic prediction.

Cryptocurrencies have huge potential to streamline the processes of the SME business community. We recommend you keep a very close eye on this rapidly developing trading method. Ask your accountant about how to prepare.

CONDITIONS AND LIMITATIONS

The sole purpose of this publication is to provide guidance on the issues covered. It makes no claims to completeness and does not constitute legal advice with respect to any set of facts. The information it contains is no substitute for specific legal advice. If you have any queries regarding the issues raised, please get in touch with your usual contact or the authors of this publication.

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The Dukes dilemma

As you may have seen, the recent announcement of the date for the Royal wedding between Meghan Markle and Prince Harry presents the bridegroom's brother with a fixture clash!

The date has been set as 19th May this year, a date on which the FA Cup final is due to take place. Prince William as head of the FA usually attends the match and presents the trophy. The FA have announced that the FA Cup date is set in stone and cannot be moved for any reason, even for royalty!

So it would appear that Prince William may need to call on a substitute for his duties at Wembley. Luckily for him he won't risk missing his team in action in the final as Aston Villa, the team he has supported since he was a boy were knocked out of the competition in the third round by Peterborough Utd.

The occasion will surely be a day to celebrate with millions coming together to watch both events here at home and around the world, all eyes will be on the UK. Past history suggests that a Royal Wedding is likely to be the bigger draw. In 2011 there was no contest for which was the most popular televised event, with 24 million people tuning in to watch Prince William marry Kate Middleton and only 6.8 million switching on to watch Manchester City beat Stoke City in the FA Cup final.

Let's hope for great weather for a day which looks set to be enjoyed by many.



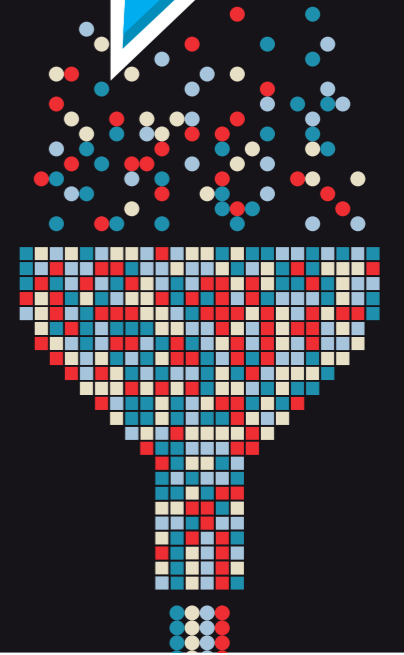
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The Inside View

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The Risks Of Holding Data



Over the last few years we have all become very used to businesses using new and innovative ways to collect and store information about us.

They use our personal details, our buying behaviours, our purchasing history, our financial status to build a profile around us. Businesses hold, transfer and utilise vast amounts of personal data on a daily basis and to a large extent that is a positive shift, allowing us to interact quickly with trusted suppliers without constantly re-providing information. It also enables us to sift through the almost infinite amount of information in the public domain to find things that truly interest us. But as Spiderman says "With great power comes great responsibility" the more third party data that companies hold, the greater risk in the event of a cyber breach.

If your business is one which collects and stores any kind of staff, customer or prospect data then you will no doubt be aware of the introduction of the new General Data Protection Regulations (GDPR) which will apply from May 2018. The regulations have not been finalised yet, but details of what is expected can be found on the Information Commissioners Office (ICO) Website ico.org.uk

What you may not be aware of is that the first data leak class action appeared in UK courts recently. High Street giant Morrisons were found liable for the actions of a former member of staff who stole the data of thousands of employees and posted it online.

Workers brought a claim against the company after an employee stole the data, including salary and bank details, of nearly 100,000 staff. The High Court ruling now allows those affected to claim compensation for the "upset and distress" caused. Morrisons said it believed it should not have been held responsible and would be appealing against the decision.

“ High Street giant Morrisons were found liable for the actions of a former member of staff who stole the data of thousands of employees and posted it online.

The case follows a security breach in 2014 when the employee, then a senior internal auditor at the retailer's Bradford headquarters, leaked the payroll data of employees. He posted the information - including names, addresses, bank account details and salaries - online and sent it to newspapers. Lawyers said the data theft meant 5,518 former and current employees were exposed to the risk of identity theft and potential financial loss. They stated that the company was responsible for breaches of privacy, confidence and data protection laws. At the High Court hearing sitting in Leeds, the judge, Mr Justice Langstaff, ruled that Morrisons was vicariously liable, adding that primary liability had not been established.

Morrisons have incurred more than £2m in costs responding to the misuse. It is a sobering thought.

In addition to this, the ICO has issued two fines for breaches of data security in the last quarter of 2017; they fined London Borough of Islington £70,000 for a failure to keep up to 89,000 people's information secure on its parking ticket system website and Talk Talk Telecom Group Plc received a fine of £100,000 after it failed to look after its customers data.**

What can I do?

This all sounds scary but there are ways to manage and control your risk;

- Visit the ICO website to keep abreast of developments to the incoming GDPR regulations, download their guide to GDPR
- Consider undertaking an IT risk assessment of your business to identify any vulnerabilities
- Speak to us about the different types of Cyber Insurance that are available, we can work with you to create a blend of covers to suit your specific requirements, it may not be as expensive as you think

We all have a part to play in beating cyber criminals by remaining alert and compliant and being aware of our responsibilities when handling precious data that has been entrusted to us.

* <http://www.bbc.co.uk/news/uk-england-42193502> ** <https://ico.org.uk/>

Inside This Issue

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The Dukes dilemma

Terrorism – The rise of vehicles as weapons

As we have all witnessed in recent times, the nature of terror attacks has changed, it is impacting businesses in ways unforeseen just a few years ago.

Terror attacks using vehicles as weapons feel like the new normal and are incredibly hard to police or protect against. The tactic was used widely by militant groups in several attacks in Israel from 2008 onwards.

It has been adopted by small terror cells and lone wolf terrorists in Western Europe with devastating effect. In August, a van drove at speed down Barcelona's La Rambla Boulevard, crashing into people and killing thirteen.

In London, a terrorist drove into people along Westminster Bridge in March, killing four. Just three months later, eight people were killed by a group of three terrorists who drove a van into people on London Bridge.

The continued widespread use of vehicles as weapons has highlighted the difficulty authorities have of protecting "soft targets" and while more barriers and CCTV cameras will go up, this type of terror attack will continue to be hard to stop. *

The impact on business, whilst not as devastating as human casualties, is still nevertheless keenly felt. This summer's London Bridge attack left hundreds of businesses in and around Borough Market out of action for a week and a half, as police necessarily cordoned off large sections of the area. However, when these businesses tried to claim back the cost of significant business interruption on their terrorism policies, payment was denied for many as no physical damage – the traditional policy trigger – had occurred. The Federation of Small Businesses (FSB) as well as the CEO of Pool Re has been calling on the government to update this critical gap in cover, explaining that this kind of event can have a catastrophic impact on business.

But so far, nothing has been done to address the issue.

What can I do to protect my business against lost earnings if I cannot access my property following an attack?

The good news is that there are insurance policies available that provide the option to cover lone wolf style attacks that focus on civilian casualties rather than property damage. This protects against the often significant costs of business interruption due to a terrorist attack which results in denial of access to your premises where there is no physical damage to any property.

Speak to us to see how we can help you to assess your risk and work out what covers will be suitable for you.

* <http://www.telegraph.co.uk/news/2017/10/31/terror-attacks-using-vehicles-feel-like-new-normal-incredibly/>



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Car crime on the rise powered by technology

Police data reveals there has been a 30% increase in car thefts over the past three years, as thieves bypass modern vehicle security systems* This is a worrying trend at a time when the cost of motor insurance is already looking set to rise.

Many of us enjoy the convenience of keyless entry to our cars, with some cars not requiring the key to ever leave your pocket or bag. However, the technology which is designed to make our lives easier is actually contributing to the increased problem.

Steve Launchbury, of Thatcham Research, reported recently: "As the car is more digitally connected, obviously that opens it up to new types of criminality."

"When you have keyless-type vehicles where you physically just press a button and walk away, you've got the risk now of the signal being captured."

Police recently released footage of one of the first "relay crimes" caught on CCTV. A relay crime is one where thieves steal vehicles without needing the keys. In the CCTV footage, two men in white suits and masks were seen pulling up outside a victim's house carrying relay boxes.

They used one box to receive a signal from a car key inside the property and then transferred the signal to a second box next to the targeted Mercedes on a driveway. The car's system was tricked into thinking the key was present and the thieves were able to unlock the vehicle.

The crime took less than a minute and the Mercedes has not yet been recovered.

How Can I protect myself?

The devices can receive signals through walls, doors and windows, but not metal. So one precaution is to keep your car key in a metal tin, another good idea is to invest in a traditional manual steering wheel lock.

For high value vehicles, tracking solutions can provide some peace of mind and help with vehicle recovery.

Speak to us about vehicle security and how your insurance is affected

*<http://news.sky.com/story/car-thefts-spike-as-gangs-adapt-to-new-tech-11193798>

Big Changes – Are you covered?

An upcoming regulatory and tax change leaves customers facing the prospect of rising insurance premiums in the coming twelve months. This combined with the challenging trading conditions faced by many businesses right now could see business owners tempted to reduce their overall insurance bill by reducing covers or not accurately assessing the risks they face. This is a worrying prospect which could leave many small and medium sized organisations dangerously under-insured.

Short term gain, longer term losses

Although short term savings can be made by taking cheaper options, underinsurance leaves many companies facing financial oblivion should the worst happen. What's more, claims involving disputed insurance payments can take significantly longer to process and settle, lengthening the time needed to replace buildings, machinery, vehicles and stock.

The importance of conducting a full risk assessment

Recent adjustments to the Insurance Discount Rate (often referred to as the Ogden rate) have also seen insurers needing to dramatically increase the value of the reserves they set aside to pay injury claims. The potential rise in the settlement figures of such claims mean that it is vital to consider whether the limits that you have in place for your liability insurance policies are sufficient to pay out in the event of a claim.

Speak to us and we can help you to assess these limits.

What else should I consider?

Another important consideration when assessing your insurance programme is whether you have the right indemnity periods in place for any business interruption insurance you hold.

Business interruption policies are unique in that they are limited by both a sum insured and an indemnity period. The Business Interruption Insurance indemnity period is the period during which the business' results are affected due to the loss or damage, beginning with the date of the loss or damage and ending not later than the maximum indemnity period. If the maximum indemnity period expires before 12, 18, 24, 36 or 60 months – then claim payments will cease, even if the sum insured has not yet been exhausted.

When deciding upon the length of the period you need to work out how long it would take your business to recover back to today's trading levels following a fire, theft or flood.

Inadequate indemnity periods are a common cause of underinsurance, as customers often underestimate how long it would take to recover following a loss. Sadly there are many examples of businesses that have not been able to recover from a large loss due to the inadequacy of their business interruption indemnity period.

Business Interruption Insurance can be a complex area. You need to get the cover basis, sum insured, maximum indemnity period correct to help your business survive a major loss. We can help you to undertake a full assessment of your risk and work with you to create a programme of covers that will avoid making these costly mistakes.