

ALFRED'S ULTIMATE GUIDE TO INSURANCE

FOR STARTUPS IN THE UAE



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INTRODUCTION TO ALFRED'S ULTIMATE GUIDE TO INSURANCE FOR STARTUPS IN THE UAE

Start-ups are changing the face of the economy in the UAE. With technological advancements and evolving customer demand, a whole new generation of products, services and brands are being born. From eCommerce to Tech, Financial Services to Retail, ambitious start-ups are challenging the established players in their respective markets.

Whilst there are plenty of opportunities, starting your own business comes with its own risks, and things may not always go as planned. However, having the right insurance cover can give you some peace of mind and the confidence to take decisions and move forward in your startup journey.

In this guide, we will take a look at the risks your startup business faces, what's legally required, what to look for, how premiums are calculated, how to protect your business, and, if the worst happens, how to make a claim.

WHY DO STARTUP BUSINESSES NEED INSURANCE?



Keeps Your Business Up & Running

Business insurance should be at the top of your 'to do' list, ensuring you're protected against unforeseen risks and events, while minimising your exposure to any nasty surprises like fines, in the process.



Gives Credibility To Your Business

Your business insurance does more than protect your business. Having the right policies shows your customers and contractors that you take managing risk seriously. It also helps communicate to everyone that you'll provide the right protection, in case the worst happens.



Guards Human Resource

If you're building and managing a team, it's vital that you protect your employees from various types of risks: the main requirements being Employers' Liability insurance.



Helps Attract & Retain Employees

Having the correct insurance in place gives employees a sense of security; while offering benefits such as health insurance, helps to incentivise your employees to build a career with you as their employer.



Helps Win Over Investors

Having insurance gives you credibility by showing your investors that you're committed to protecting your business and their investment in it.



You're Offering Advice To Your Clients

If you're offering a professional service or advice: even online: then you could be liable if a client proves you have been negligent in the provision of that advice or service and they've lost out financially as a result. Professional Indemnity Insurance (PI) can offer you a defence in such cases and takes care of any legal or compensation bills if the claim is upheld.



You Have An Office & Infrastructure

If you have business premises, a good Commercial Property policy is a must. Offering cover for your Buildings (if applicable), Contents & Equipment, such policies provide insurance against a range of insured perils (Specified Perils) or “All Risks” (a range of perils including accidental damage).

Note: All-risk policies cover events except for those expressly excluded. Peril-specific policies list particular perils such as fire, flood, lightning, explosion, etc



You Have Got Data

It might be the big brands that hit the headlines, but SMEs are just as much of a target for hackers. Cyber liability insurance offers protections against hidden risks such as malware, ransomware and data protection breaches.



It's Legally Mandatory

There are some risks that you have to insure against to make sure you're within the law. These include essential medical insurance for your employees (eg. DHA cover if in Dubai and equivalent in other Emirates); Workmens' Compensation (including Employers' Liability) offering protection against injury, disease or death caused by employment duties; and motor insurance for your vehicles (minimum cover requirement here being Third Party Liability).

WHAT INSURANCE IS RECOMMENDED FOR YOUR STARTUP?

Professional Indemnity Insurance

Protects professional service providers or “advice givers” against financial claims from their clients and other relevant third parties (should negligence be proven) arising from any of the following reasons:

- Unintentional Breach of Professional Duty
- Professional Negligence
- Errors and Omissions
- Poor Advice
- Libel and Slander
- Infringement of Intellectual Property Rights
- Loss of Documents
- Unintentional Breach of Contract

Professional Indemnity Insurance would pay out the financial damages awarded by a court of law as well as related legal defence costs up to the limit specified in the policy. The cover is offered on an annually renewable basis but can also be offered for a specific project.

Download our [Ultimate Guide to Professional Indemnity Insurance](#) to know more.

Cyber Security Insurance

Cyber Insurance also referred to as Cyber Liability or Cyber Risk Insurance, is an insurance cover designed to protect individuals and organizations from the unforeseen costs involved to recover from or contain a cybersecurity breach such as spyware, malware, ransomware, hacking or data protection violation.

Note: In partnership with UAE's leading cyber insurers, InsuranceMarket.ae is able to arrange cover for SMEs and micro-businesses.

Complete and return our simple 1 page Proposal Form to enable us to get terms. Download our [Guide to Cyber Insurance](#) in the UAE to know more.

Employers' Liability or Workmens' Compensation Insurance

Any business that employs staff: whether permanent, part-time, freelance or contractors: is required to have employers liability insurance or workmens' compensation insurance. It covers you if an employee claims they sustained an injury, disease or became ill as a result of their work carried out under your instruction. Death of an employee as a result of undertaking their duties is also covered. Note that as a Liability Insurance, for any claim to be upheld against you, your negligence as an employer must be proven.

Download our [Workmen Compensation Insurance](#) Guide to know more.

Public Liability Insurance

An unforeseen legal liability can have severe financial consequences for your business. Public liability insurance will protect you against unforeseen incidents, such as if a customer slips and falls at your premises, or a visitor suffers damage to their personal property due to the environment being

unkept or unsafe. Note that Public Liability Insurance can also often be extended to include injury or damage caused by a product you have supplied (discuss with your insurance provider if this is something of relevance and interest as it is not generally an automatic coverage).

Download our [Guide to Public Liability Insurance](#) in the UAE to know more.

Office Contents & Equipment Cover

Whatever the size or sophistication of your office premises, **Contents and Equipment insurance** can provide valuable cover against a range of perils (including accidental damage and theft if selected options) for your fixtures and fittings, computers, office equipment, furniture and specified documents (check with your Insurer for this item). Meanwhile, portable equipment insurance protects everything you take out with you, such as laptops, mobiles, cameras etc. Note that specific terms and conditions may apply here such as increased excesses, insurance value limits, or territorial limits so ensure you check the cover adequacy for your situation.

WHAT SHOULD STARTUP BUSINESSES LOOK FOR WHEN SELECTING INSURANCE?

With the internet providing quick and easy access to a variety of options, purchasing business insurance can seem like only a couple of clicks away. However, for a start-up business, you need to dig a little deeper to find a comprehensive insurance package that best reflects your business needs.

■ Ensure You Pick The Right Insurer

As a start-up business, it's critical to pick the right insurance partner. Your Insurer needs to understand how your business works, the unique nature of your products/services/proposition or the specific technical/operational risks you face, so not having an insurance provider with the correct knowledge could mean you end up with unsuitable cover, or paying too much for your policy. Always choose a reputable specialist Insurer with demonstrable experience and respected, knowledgeable underwriters, who can help assess the risks you face and suitably tailor cover accordingly.

■ The Quality Of The Insurance

The right insurance is the correct combination of the best cover for the best price. We all want value for money but this should not be at the expense of ensuring that you have adequate risk protection. It's all too easy to be influenced by attractive lower premiums but will you still be happy when you find a claim isn't fully covered because you skimmed on cover to save on price? Don't be caught out by "false economy". Always look beyond price and read your policy documents carefully so you know you're sufficiently protected for the premium being quoted.

■ Look For A Provider Who Gives You The Flexibility

Start-ups grow dynamically, so look for a provider who gives you the flexibility to change your cover as your needs evolve.

WHAT YOU SHOULDN'T DO WHEN BUYING INSURANCE FOR YOUR START-UP BUSINESS?

- Buy the least expensive policy
- Have insufficient contents & equipment cover
- Skimp on coverage for liability insurances by selecting the lowest liability limits
- Fail to keep your insurance relevant by adjusting coverages to reflect changes in your business as they occur
- Fail to fully disclose all the details of your business and its activities when purchasing cover
- Fail to ensure potential income loss as a result of damage to or loss of your company's physical assets

- Fail to take insurance from the start of your trading/operation: insurance operates on the basis of an “effective date” with some policies being also based on a retroactive date” (subject to relevant declarations of no known claims/incidents to the Insurer). These reflect the date from which your policy is valid. Problems can arise if, for example, the retroactive/effective date of your policy is March and you face a claim in October relating to work you undertook in February: in this case, your insurance started a month too late and therefore you wouldn't be covered.
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HOW TO GET THE COVER AND HOW ARE YOUR PREMIUMS CALCULATED?

Having done your initial research for suitable Insurers and made a selection of who to approach, you will need to provide them with an accurate picture of:

- The background of your venture: why this business, why now and why in the UAE?
- Your business plans (typically a 3-year projection)
- Details of your previous experience (qualifications, years spent working in this industry segment, if applicable)
- Your proposition: products, services, unique selling points/value add's, ie. the “whats” of your business
- Your target market: what research you have undertaken, what were your findings, who you have selected to target, how will you generate interest in your business, how will you convert interested “prospects” into live customers?

- How you will operate your business: eg. days and hours of trading/operations, employee management, health & safety policy, etc.
- What you consider to be the identified risks. And what is your attitude towards risk and risk management actions, ie. are you risk-averse, cautious, sensible, pragmatic/realistic, or a risk-taker?

All of these points give the Insurer a detailed picture of you and your business and allow them to conduct an initial risk assessment, upon which they will decide whether to proceed with the next phase, which is providing you with a quotation for an insurance policy. Note that they may ask you to provide this information on one of their standard forms, which is generally called a Proposal. Some Insurers, however, capture this information on their systems, print it off as a computer-generated Proposal and only ask you to sign it if you decide to proceed to a quotation stage.

Note that a quotation is:

- An offer by the Insurance Company to provide insurance to you based on the information you have supplied to them
- A time-bound document: ie. only valid for a specified number of days (this varies from Insurer to Insurer and according to the insurance type can be valid for anything from 7 days to 45 days, so check the quote carefully)
- A term-bound document: the quote will contain a number of terms and conditions known as “subjectivities”. Failure to comply with any of these may force the Insurer to withdraw their quote and offer to provide cover
- Part of the overall insurance contract and will only come into force once confirmation that you wish to proceed has been given and payment of the quoted premium (amount due for the insurance policy) has been made.

In order for the Insurer to produce a quote, you will need to supply:

- Insurable values for items of property (ie. computers, contents, buildings, etc). Note that in the case of property the basis of settlement can vary with some policies offering coverage on a replacement basis if an item is damaged or lost/stolen, whereas others offer cover on a market value basis (for example some items of large machinery). You should always discuss with your insurance advisor/provider which applies or works best for you.
- Anticipated turnover and wage roll for your business. This is used to calculate premiums for Liability policies. In the case of Employers' Liability/Workmen's Compensation, you will also be asked to give details of your employees (number, occupation, manual/non-manual labour).
- Limits of Liability (ie. amounts to insure) in the case of Liability policies.

The Insurer will calculate the premium by applying a rate (ie. a %) against the insurable value/declared monetary value) x period of cover (policies are generally annually renewable), add all the items covered together and arrive at an overall premium.

It is very important to state the correct insurable values to your items. Failure to adequately cover your items in order to save money can result in any claims being downsized or even rejected if it is proven that you “knowingly underinsured”.

WHAT TO DO IN THE EVENT OF A CLAIM?

Unfortunately there may be a time when you need to make a claim. It's important to follow some simple steps to ensure that your claim process is as smooth, worry-free and prompt as possible. Here's our top tips (although note you will need to follow the process guidelines that your Insurer will have provided you in your Policy Document or supporting documentation so these are just a generic guide):

- Notify your Insurer as soon as possible of the incident: providing full facts regarding circumstances, whether a Third Party (another person or company) is involved, and full details of the nature of the claim (ie. items lost/stolen/damaged, person injured, vehicle damaged/crashed)
- In the event of a break-in, theft, car accident, human accident, call the Police and any other relevant authorities. Make sure you co-operate fully and obtain a Crime/Incident Reference Number.

- Do not admit liability (ie. blame or responsibility) for the incident. This will prejudice any defence that your Insurer may be able to offer and render them unable to negotiate your position. Keep communications to a minimum and simply exchange relevant, essential information such as name of Insurer, telephone number, your full name. Make sure you get this from any Third Party involved too.
- If there were any witnesses to the incident, make sure you take their details if they are happy to provide.
- Take photographic evidence of the incident (items damaged, car damage and location etc) as this may help with liability (fault) decision. Take care not to take any personal images of other people involved as this could not only cause offence but also contravene local privacy laws which may lead to your prosecution.

- Check to see if you have any original purchase receipts/bills of sale/warranties etc for items lost or damaged in support of your proof of ownership, purchase price and age of item. Technical product information such as product booklets and operating manuals can also help support your claim if the item was a unique or special model.
- If in any doubt, do nothing! Always speak to your Insurer before taking any action. You don't want to prejudice your claim!
- When things are underway, take time to think about the circumstances. Could the claim have been avoided? or the amount being claimed minimised? What action could you take to stop the incident happening again? These are all factors of risk management: essential to keeping your business healthy, your claims low and your premiums as reasonable as possible!

HOW CAN INSURANCEMARKET.AE HELP?

As a leading insurance service provider in the UAE, we have

- Access to all leading Insurers to get you the best quotes and do the comparison for you!
- The ability to negotiate more favourable terms due to the large volumes of business we place with each Insurer
- The expertise to read the fine print for you and offer advice on cover
- Great knowledge of the market and are aware of each Insurer's capabilities in terms of pricing, claims and other service turnaround times.
- A full-service claims and policy admin team made up of:
 - A dedicated team to manage the administration of policy including but not limited to managing additions/deletions
 - A dedicated team to follow up on claims matters including but not limited to reimbursement claims follow up, resubmitting and negotiating on claims initially rejected, prior approvals etc.

- The ability to handle any complaints relating to Insurer or service-provider issues as we are aware of all key contact points: just contact your dedicated Advisor and we take care of the rest!
 - A free of cost service to our valued clients with no hidden additional fees or charges.
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KEEP YOUR GROWING STARTUP SAFE FROM
VARIOUS BUSINESS RISKS **WITH ALFRED**

GET BUSINESS INSURANCE TODAY!

Our team of qualified advisors is here to help you customize
your insurance policy as per your business needs.

SPEAK TO AN ADVISOR

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