

the **COVER** story

Computing in the Cloud Is your data secure?

News from

Griffiths & Armour

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Cloud computing holds the promise of on-demand IT services, available at greatly reduced cost and with unprecedented efficiency and flexibility. The business drivers for cloud computing – low cost, flexibility and almost immediate accessibility – are compelling, and help explain why the adoption of cloud computing services is growing rapidly. Research conducted by the Cloud Industry Forum suggests that 48% of companies in the UK and Europe currently use a cloud-based service.

However, whilst cloud computing services offer massive potential for businesses, security standards and associated technologies are lagging behind the uptake of services, according to business continuity specialists ISM.

Steve Durbin, Global Vice President at the Information Security Forum states, “organisations need to pause and consider whether they are sufficiently protected, and not exposing themselves unnecessarily to threats to their information security, integrity, availability and confidentiality”.

From a business viewpoint, cloud computing services are transformational technologies that have the ability to provide easy and cheap access to IT services on demand. However, from an IT and information security perspective, they could equally be viewed as a disruptive technology with the potential to create a significant impact on already overstretched security resources in many organisations.

In many cases, there is little or no difference between cloud services and those provided under an outsourcing agreement with a third-party supplier. It is therefore important to apply the

same processes and procedures to cloud providers that are applied to other third-party suppliers.

Organisations cannot afford to ignore the information security implications of cloud computing services – they need to adopt a practical business-led approach to dealing with cloud providers without delay, focusing on knowing where the information resides, who has or needs access to it and how it could be compromised.

Working with Griffiths & Armour, organisations can manage the right risks and drive value by:

- **Understanding security – both now and in the future; knowing where you are and where you want to be guides strategy.**
- **Ensuring your insurance programme recognises and responds to the way you operate including any third party service providers.**
- **Having a risk-based information security strategy that aligns with business needs, enables compliance and maintains the integrity and confidentiality of critical information.**
- **Gaining an in-depth understanding of what constitutes the critical information of the organisation, where it resides, and who has or needs access to it.**
- **Devising a means to measure, monitor and report on the effectiveness of the security program and controls.**

If you would like more information or support in this area, please do not hesitate to contact us on marketing@griffithsandarmour.com

In this issue

- **Non-admitted insurance:** support of your broker is key
- **Contingency insurance:** certainty when adversity strikes
- **Health and safety inspections:** what to expect when the inspector calls





Latest News

Welcome to this latest edition of The Cover Story. Since our last edition there has been a lot of publicity surrounding legal referral fees relating to motor insurance claims, with a recent report estimating that referral fees in 2010 were £4.6bn!

Referral fees have been cited as the main reason for spiralling insurance premium costs and Jack Straw MP, has described it as a "racket" and a "dirty little secret" with a number of MPs calling for an outright ban.

Axa are the highest profile insurer so far to take a stand and cease the acceptance of referral payments, and I thought I would take this opportunity to make Griffiths & Armour's stance perfectly clear - *this practice contravenes our aims of risk and cost reduction for our clients, and we do not accept these payments.*

In this edition we offer advice and guidance across a range of topical issues. We also expand on contingency insurance, a niche area

where we are recognised market leaders. I hope you enjoy this edition and we look forward to speaking and working with you again soon.

Matt Donnelly

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Non-admitted insurance in global programmes

Non-admitted insurance is insurance of a risk located in a jurisdiction where the insurer is not licensed or authorised. Regulators generally require insurers assuming risks in their jurisdictions to be licensed or authorised so that they can protect the interests of their residents and constituents from unfair insurance practices and guard against insurer insolvencies.

Local views on non-admitted insurance vary greatly. Countries such as Canada, Singapore and Chile permit local residents to buy insurance from any insurer they choose, even if the insurer is not locally licensed, provided regulations related to the purchase and sale of non-admitted insurance are followed.

Other countries, like Brazil, Russia, India and China, take a different view and expressly prohibit residents from purchasing insurance from a non-admitted insurer regardless of who initiates the purchase or where the parties do their business.

Lawmakers are increasingly regulating previously unregulated or loosely regulated activities. Many of the countries where local policies are required today were not part of yesterday's programmes. The laws of these countries were less sophisticated or were non-existent, or the regulators simply took a different view of foreign insurance purchases.

The support and knowledge of your broker is key to ensure you comply with local insurance regulations and your internal governance requirements.



The key challenge for businesses operating globally is to review the situation regularly. Do not assume that once your local office has been told, they fully understand the requirements and processes you are looking to put in place. Dialogue must be maintained and processes checked regularly.

That said, do not look to force local operations into a global programme. There are a number of reasons why a local programme may be in your best interest.

At Griffiths & Armour, through the Assurex Global network, we have a wealth of experience in dealing with international insurance programmes, their compliance with local laws and their structure. We would be happy to talk through your options with you and/or to review the existing solution you have in place. Please contact us via marketing@griffithsandarmour.com if you would like to discuss further.

Contingency Insurance

Certainty when adversity strikes

World sporting events like the Olympics and Rugby World Cup (RWC) are financially lucrative to a number of parties, not just the organisers. As such, sponsors, advertisers, broadcasters and merchandisers should all consider protecting their financial investment against the event not taking place.

A poignant and timely reminder of the risks and challenges was highlighted in the organising of this year's RWC, taking place in New Zealand (NZ) and starting on the 9 September 2011.

Following the devastating earthquakes in February 2011, serious damage was inflicted on the Christchurch infrastructure including, stadia, hotels and transport links. A swift decision was made and in March 2011 the matches affected were relocated to other suitable venues across NZ.

The costs involved in moving fixtures forming part of such a major event are significant. Not only do replacement stadia have to be found but tickets need to be refunded and re-issued, advertising and sponsorship deals need to be renegotiated, and hotels have to be found for players, officials and spectators; all adding up to significant financial losses.

Luckily the RWC organisers in NZ had taken out contingency insurance. They have worked closely with insurers and loss adjusters to ensure that the event progressed without any hitches. However other parties with a financial exposure, such as hoteliers, may not have been as fortunate as they might not have considered their exposure to such a remote risk.

The earthquake was a wake-up call for contingency insurance markets as NZ was considered a fairly inactive area in terms of risk. That said, where there is known seismic activity there have been no noticeable increase in rates yet, although underwriters are definitely more cautious on which risks they will accept and the level of information they require to assess the risks.

Whilst the above highlights some issues facing major high-profile sporting events, similar issues can arise for any event organiser or organisation with financial exposure to events or exhibitions, no matter what industry they may be in.

For example, let's say an exhibition hall is destroyed by fire. All companies involved will either lose their financial investment or, if the event is rescheduled or relocated, additional costs would be incurred. This exposure is catered for should the company take out contingency cover.

At Griffiths & Armour we have a specialist division servicing the contingency market to assist with any enquiries you may have. Please contact David Close for more details either by phone **0207 090 1109** or email dclose@griffithsandarmour.com



Ryan Pierce

“ Luckily the RWC organisers in New Zealand had taken out contingency insurance. They have worked closely with insurers and loss adjusters to ensure that the event progressed without any major hitches. ”

Griffiths & Armour become **Airmic Marketplace** sponsors



Airmic is a members' association supporting individuals responsible for risk management and insurance. They provide research, training, networking, lobbying and market information for the benefit of members, who include some of the UK's largest private and public companies.

Griffiths & Armour are proud to be associated with Airmic and look forward to supporting them and their members for years to come. If you are an Airmic member, look out for our stand at next year's annual conference and our staff at various Airmic events from now on.

Health and Safety Inspections - what to expect

In March 2011 the Health and Safety Executive (HSE) published a brief guide for businesses, employees and their representatives entitled 'What to expect when a health and safety inspector calls'.

This guide explains what to expect when a health and safety inspector calls at your workplace. It also tells employees and their representatives what information they may expect from an inspector during a visit. We have summarised the key points here for your information as part of our core offering

Who enforces health and safety law?

Health and safety law is enforced by inspectors from the HSE or your local authority. Inspectors have the right to enter any workplace without giving notice, though notice may be given where the inspector thinks it is appropriate.

On a normal inspection visit an inspector would expect to look at the workplace, the work activities, your management of health and safety, and to check that you are complying with health and safety law. The inspector may offer guidance or advice to help you. They may also talk to employees and their representatives, take photographs and samples, serve improvement notices and take action if there is a risk to health and safety which needs to be dealt with immediately.

Inspectors may take enforcement action in several ways to deal with a breach of the law. In most cases these are:

Informal

Where the breach of the law is relatively minor, the inspector may tell the dutyholder, for example the employer or contractor, what to do to comply with the law, and explain why.

Improvement notice

Where the breach of the law is more serious, the inspector may issue an improvement notice telling the dutyholder to do something to comply with the law.

The notice will say what needs to be done, why and by when. The time period within which to take the remedial action will be at least 21 days to allow the dutyholder time to appeal to an Industrial Tribunal if they so wish.

Prohibition notice

Where an activity involves, or will involve, a risk of serious personal injury, the inspector may serve a prohibition notice prohibiting the activity immediately (or after a specified time period) and not allowing it to be resumed until remedial action has been taken.

Prosecution

The law gives the courts considerable scope for punishing offenders and deterring others. For example, a failure to comply with an improvement or prohibition notice, or a court remedy order, carries a fine of up to £20,000 or six months' imprisonment or both. Unlimited fines and in some cases imprisonment may be imposed by higher courts.

Griffiths & Armour provide a range of support to our clients to help with dealings with the HSE as part of our core offering. If you would like any additional information please contact us via: marketing@griffithsandarmour.com

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