



# JULY BUSINESS BULLETIN

SEVENTYSEVEN  
WEALTH MANAGEMENT

# Protecting Your Business

BY SEVENTYSEVEN WEALTH MANAGEMENT

Does your business have any key individuals whose absence would affect the successful running of the business or impact profits?

## Did you know:

- 99% of businesses said that they had at least one key person in their business that needed to be protected.\*
- 63% said the death of an owner would have the biggest impact on their business.\*
- 40% had no continuity plan if they were to lose a key person.\* There are a number of key questions that you should be asking yourself

In the event of a key person or business owner dying or getting critically ill, could a cash injection help secure the future of the business?

- If a cash injection is needed, has the business thought where this money will come from?
- Would a bank loan be possible?

The business should consider the timing of any finance which could be required in the future. The following things may need to be considered:

- Will market conditions dictate the lending policy?
- What is the credit rating of the business if it has just lost a business owner or key employee that plays a key role in profits?
- What personal security may apply to any borrowing?

## Key Person Protection

Key person protection is a life insurance policy written on the life of the key person but owned by the business. Critical illness can also be covered.

The business pays the premium and if the policy were to pay out, it would provide a cash lump sum into the business to cover any loss of profit, business debts and recruitment of new staff.

There are a number of ways in which a business may 'value' an employee. Insurers use various calculations to assess business protection applications and will generally review each case on its own merits – there's no 'one solution'.

Two of the most common calculations are:

- Loss of profits
- Multiple of salary

The main reasons for not having cover in place are often due to the perception that it is complicated and/or expensive coupled with a lack of awareness and lack of professional advice from a qualified adviser.

The reality is that this type of cover is essential for many businesses and is relatively straightforward to put into place.



SeventySeven  
Wealth Management



## We Outsource Our IT/Have an Internal IT Department – Why Do We Need Cyber Insurance?

By Simon Hammond, Morpheus Insurance

Cyber Insurance is an added layer of protection that some companies may feel isn't necessary.

Here are some of the most common misconceptions relating to Cyber Insurance and the reasons why it is a very important way to safeguard not only your online security but also your business as a whole:

### “We have a great IT team/pay our outsourced IT consultant to secure our networks, so we don't need Cyber Insurance”

A secure network is a fantastic way to protect your business from cyber threats, however, no person or business can ever be 100% secure. Your network is not the only way a criminal may attempt an attack.

Social engineering is a technique that targets the people in your business rather than your systems or network.

Cybercriminals may access your systems just to watch how a business works. They will learn who does what and which positions people hold within your business. They will study the type of language used by you and your staff and only when they are confident they can pull off a believable impersonation will they strike.

A typical example is an email supposedly from the FD to a junior member of staff asking them to make an urgent payment to a “new supplier.”

If the junior employee doesn't double-check this request in person and simply completes the request, your company could make a significant payment with no way to recover that money.

A secure network cannot protect you from this kind of social engineering, but a good Cyber Insurance policy can.

### “Our data is all hosted by an external cloud provider, so it's their responsibility, not ours”

This is simply not true.

If your cloud service provider is attacked and their service goes down, this may mean you cannot operate and you will incur additional costs as you strive to continue trading. Attempting to recoup these losses from your IT provider can prove extremely difficult.

### “We're only small, cybercriminals only target the big boys so we're not a target”

We've all seen recent news stories telling us about huge data breaches at big companies such as British Airways and Talk Talk and it is true that criminals will target businesses of this size as their potential return can be enormous.

It is also true however that criminals will also target small businesses as they are seen as “low hanging fruit” that are much easier to pluck. Smaller companies will have less security than bigger companies and the staff of SMEs are less likely to be trained to spot various types of suspicious behaviour that could lead to a breach.

Attacks on small businesses do not make headlines because they are not deemed newsworthy. However, according to a recent report, 58% of cyberattack victims were classed as small businesses.

### **Cyber threats are constantly evolving**

Cyber threats are constantly evolving with criminals continuously changing their approach to stay ahead of the curve. Cyber insurance policies are available to protect your business from a range of threats, not just limited to hacking or data breaches.

Cyber Insurance can cover your business against social engineering, business interruption and extortion. In the event that your systems are compromised, your policy provides 24/7 IT forensic support to identify, contain and repair a breach, plus restore the data. They'll also work with you to understand your specific vulnerabilities and proactively manage these in order to minimise the chance of a recurrence.

The multitude of ways in which cybercriminals could attack your business is evergrowing, meaning that Cyber Insurance is a must for any business.



SeventySeven  
Wealth Management



### What happened in the markets?

Global stocks generally performed well through the middle of May, as markets reacted to improving economic conditions and some central bank moves in Europe. This proved enough to counter continued fears around inflationary danger, plus the news of a potential minimum global tax rate.

The minimum global tax rate came from the G7 meetings, which saw finance ministers from the present economies agree in principle to a global minimum tax rate of 15%, as part of a range of measures to bring the global tax regime more in line with the world many companies now operate in. Although the measures could see multinationals pay more tax, these discussions still have a long way to go before they become a reality.

The Federal Reserve opted not to taper their asset purchase program which was good news for markets but did signal that the future strength of the economy very much still depends on the path of the coronavirus.

As more inflation data continues to come through, we will see if this forces central banks to act or if it is indeed a short term increase.

Past performance is not indicative of future performance.

The levels and bases of taxation, and reliefs from taxation, can change at any time. The value of any tax relief depends on individual circumstances.

SeventySeven Wealth Management Ltd is an Appointed Representative of and represents only St. James's Place Wealth Management plc (which is authorised and regulated by the Financial Conduct Authority) for the purpose of advising solely on the group's wealth management products and services, more details of which are set out on the group's website [www.sjp.co.uk/products](http://www.sjp.co.uk/products).

Our privacy policy is available on request or can be accessed via our website [www.77wm.co.uk](http://www.77wm.co.uk). If you wish not to be contacted in this way again then contact me using the details provided.

