

# Partners&: Insurance 101 for Life Science Businesses

**Insurance forms part of the building blocks of financial protection for any company. It can be a confusing world to navigate, especially when it comes to the specialist needs of science and technology businesses.**

**We've created this guide as a convenient, plain-English explanation of essential insurance elements for your business – a route map to financial resilience for science and tech organisations.**

## Employers' liability insurance (EL)

It's a legal requirement in the UK to hold employers' liability insurance for any business with employees who are paid, voluntary or temporary. Insure your liability to employees for work-related injury or illness.

Employers' liability covers compensation costs and legal fees for claims made in respect of injury, illness or harm caused to your employees whilst working for your business where it is alleged the business or an individual at the business has been negligent.

## Public and products liability insurance

Public liability insurance is designed to protect your business against the cost of personal injury or property damage claims made by your clients or members of the public.

Product Liability Insurance helps protect your business against claims made against your product you make or products you provide if proven to be found faulty or cause injury.

Although not a legal requirement, these covers may be required under contracts that you sign, including leases for offices or labs.

## Professional negligence ("errors & omissions") insurance

Professional negligence insurance protects you against allegations that your negligence has led a third party to suffer financially. This is particularly relevant if you offer professional services or skills for a fee.

- It's often a contractual requirement for technology providers
- It can help in allegations of contract breach, negligence and dishonesty

Basic cover can be extended to protect against allegations of privacy breach and intellectual property infringement (but this excludes patents)

## Cyber and privacy insurance

Cyber insurance comes in many shapes and sizes; there's no "one size fits all". It's important to tailor cover for your specific business. Makes sure you have cover for cyber-crime, fraud and ransomware.

To be of any value, a cyber policy must provide coverage in two ways;

- "Third party" cyber coverage – protecting you from liability following a data breach or system outage due to a cyber event, and
- "First party" cyber coverage – protecting you (as the "first party") against your own costs in dealing with a breach, such as having to pay for IT forensics, breach notification costs, legal and other costs following a cyber event.

## Management liability insurance (MLP)

The term "limited liability" is a misnomer; individual directors and managers within an organisation face potentially ruinous personal liability for the decisions and actions they make.

Also known as Directors' and officers' liability insurance or D&O, MLP can protect your key decision-makers from claims arising from decisions and actions taken within the scope of their normal duties in running the business.

This cover is usually required by investors and is critical if you're spending investor cash.

## Property insurance and business interruption (BI)

Property insurance protects your physical assets, including buildings, improvements, office and laboratory machinery and equipment, computers & data, stock, documents, lab books, prototypes and R&D materials, temperature-sensitive stock and mobile equipment.

Business interruption insurance protects your income streams where there's an unexpected interruption to business operations. It can help financially with repeat-R&D expenditure, loss of revenue, profit and other unexpected costs

## Intellectual property rights (IP) insurance

Just as you wouldn't hesitate to insure your office contents and other assets, it's important to insure your organisation's intellectual property (patents, copyrights, trademarks and the like).

IP insurance gives you financial muscle to defend yourself against allegations of IP infringement, but you can also buy insurance to help you mount legal action against an infringer of your own intellectual property.

## Clinical trials liability insurance

This is critical protection against the cost of settlement or liability where a clinical research subject suffers injury arising from participation in a trial.

## Key person insurance and shareholder protection

Key person insurance is a form of life insurance that protects against the loss of profits that could result from the critical illness or death of a key individual (often a director or the brains behind the business), by paying out a cash sum so that the business can continue to operate. Investors will often require key person cover to be in place.

Shareholder protection insurance provides the funds for the remaining shareholders to buy back shares from the individual or beneficiaries, and retain control of the company if a shareholder or partner were to die or be diagnosed with a serious illness.

## Employee wellbeing, engagement and benefits programmes

A comprehensive employee benefits package can help you to attract and retain high quality staff. This will usually include death in service, income protection, pension arrangements and often private medical and dental benefits.

The delivery and communication of any benefits is key to them being valued by your team – and many now come with added value options, such as discounted gym membership and rewards for health and lifestyle choices and activities.

## Contact us



For support on insurance requirements, please feel free to contact:

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