The Beckett Group "Risk Review" Newsletter = A4. 5-Colour, 8pp

Technology Focuses on THATCH ROOF FIRES

EVERY YEAR between 60 and 70 of the UK's 50,000 thatched houses are seriously damaged by fire. Most of these fires are chimney or solid fuel related.

Risk management has a key part to play in preventing such catastrophes - and forms an integral part of an innovative new thatched property insurance policy now available from The Beckett Group.

Beckett Risk Management (BRM) has joined forces with the East Anglia-based thatch insurance specialist John Albion & Partners to offer an insurance package that provides all customers who burn solid fuel with a CCTV inspection of their property's chimney.

"This inspection is a pro-active diagnostic service, which is able to pinpoint any areas of risk - and enable them to be addressed before any real damage is done," says BRM's Trevor Pickerin. "Some of the reports that we have seen so far have highlighted significant areas of concern, which might otherwise have caused serious fires. For the owners of thatched homes, the reassurance this gives in terms of fire prevention is valued as a service in its own right."

Trevor adds: "Ultimately, the cost of insurance is largely driven by the cost of claims. That's why this type of risk management strategy plays such an important part in today's insurance market. John Albion's successful approach to preventing thatch fires also means its premiums are competitive."

This approach is unique. Brian Duffield, a partner at Albion, comments: "Our approach is radically different from that of other insurers, and we are delighted that The Beckett Group has recognised its validity by recommending our service to its thatched property owning clients."

Using CCTV to inspect a chimney for defects.

The John Albion policy is underwritten by Allianz Cornhill.

For further information, please contact Trevor Pickerin on 01284 756565 or return the pre-paid reply card.

Head Office:
The Beckett Group Ltd
Blenheim House
Newmarket Road
Bury St. Edmunds
Suffolk IP33 3SB
Tel: (01284) 756565
Fax: (01284) 750525
email: info@beckettgroup.com
Website: www.beckettgroup.com

Midland Offices:
Beckett Risk Management Ltd
The Oval
57 New Walk
Leicester LE1 7JB
Tel: (0116) 255 2929
Fax: (0116) 247 1429

Beckett Financial Services Ltd
130 New Walk
Leicester LE1 7EA
Tel: (0116) 275 6181
Fax: (0116) 255 5304

Healthcare Division:
The Beckett Group Ltd
High Street
Oakham
Rutland LE15 6AL
Tel: (01572) 755520
Fax: (01572) 755590

Norfolk Office:
The Beckett Group Ltd
18/20 King Street
King's Lynn
Norfolk PE30 1ES
Tel: (01553) 764281
Fax: (01553) 768390

THE BECKETT GROUP

With the insurance and financial services industries consolidating through international mergers and take-overs, we have created a strategy for growth and service levels which strengthens our market position and ensures that clients enjoy the best possible terms. We have developed a range of services, delivered by dedicated specialist teams, which reflect the growing requirements of our clients.

Asset Management
A discretionary investment and asset management service tailored to the individual requirements of private clients, company directors, charities and pension funds. Bringing the benefits of City expertise at lower cost and with higher client service levels.

Commercial Insurance
With a long tradition of competitive insurance services, providing bespoke cover to a wide range of organisations nationally and internationally. Incorporating risk assessment, business continuity planning, disaster recovery and cover for directors' liabilities, professional indemnity, product liability, marine and transportation, and much more. Our fully staffed in-house Claims Department is an additional service working for you should disaster strike.

Credit Insurance
Through its specialist credit insurance division, The Beckett Group is one of the largest independent credit insurance brokers in the Region. Backed by agencies with all leading credit insurers, we have the team to help you identify the risks and accurately assess the levels of cover appropriate to your specific requirements.

Disaster Recovery
Planning for business continuity or recovery from catastrophe requires the experience and skills of specialists who have handled the widest range of incidents. The Beckett Group is uniquely positioned to help at every stage, before, during and after.

Financial Services
Independent advice is vitally important in the complex areas of personal financial planning, employee benefits and pension schemes, investment and retirement planning. Our Financial Services Division is widely experienced in advising individuals and corporate bodies in setting up, administering and developing all types of arrangements.

Healthcare
An independent advisor brings clarity to the maze of healthcare options. Our Healthcare Division has long experience of negotiating on behalf of international companies as well as regionally based organisations. Our market knowledge ensures that all options are explored in a more thorough way than can be achieved dealing direct with insurers.

Personal Insurance
Household and contents insurance for quality properties requires a detailed approach which cannot be matched by direct insurers or Internet based services. By tailoring insurance services to individual properties and contents inventories, we can often provide better cover at a better price. We work closely with specialist contents valuers to provide a superlative service.

Risk Management
Risk management has moved to centre stage with the rising legislation on corporate liability, increased regulation and more stringent environmental controls. Our specialist team will audit your current health, safety and risk management processes, survey your premises, processes and people, and develop an action plan to provide the optimum protection, cost-effectively.

www.beckettgroup.com
Further information about all our services can be found on our website.

RISK review
www.beckettgroup.com ISSUE 22

IN THIS ISSUE

British Quality FOUNDATION Key Member

INVESTOR IN PEOPLE

BECKETT'S GROWTH Continues With FURTHER ACQUISITION

Left to right Robert Beckett, Beckett Group Chairman, and Paul Somers.

HOSE SOMERS, insurance brokers of Thetford, has merged with The Beckett Group. Paul Somers founded the company 18 years ago but feels that smaller brokers are at a serious disadvantage because of the weight of red tape and the increasing difficulties of finding insurance cover for clients in a shrinking insurance market.

He says, "The incredible consolidation in the insurance market, with five major conglomerates dominating the industry, has totally changed the dynamics of the market place over the past five years. In addition, the compliance regime of the Financial Services Authority means a huge increase in the cost of administration."

Robert Beckett, Chairman of The Beckett Group said, "This is the sixth acquisition we have made in the past three-and-a-half years. For any broker, client service is the touchstone of success but this is under threat for small brokers with the imposition of the new regulatory structure for the insurance industry through the Financial Services Authority next year. The added bureaucracy and costs simply add to the operating costs in a significant way.

"By joining with The Beckett Group, Hose Somers will be able to offload the burden of administration and regulatory control to concentrate on servicing their clients. It is clear that below a certain size brokers have increasing difficulty fulfilling what clients require. Negotiating good terms with insurance companies becomes more difficult, and clients need a wider range of advice in the increasingly regulated world they operate in."

The Beckett Group now employs more than 200 people in four locations - Bury, King's Lynn, Leicester and Oakham.

Robert Beckett suggests that many smaller brokers will be looking for an exit. He says, "Some 50% of principals are within 10 years of retirement and the impact of the new regulatory regime under the Financial Services Authority will place even greater pressure on these smaller firms - both in terms of costs and administration."

At present, the Group is in acquisition discussions with four other regionally based brokers.

THE BECKETT GROUP

PROTECTING YOUR COMPANY ASSETS

By Andrew Peachey,
Senior Consultant, Beckett Financial Services

IF A MAJOR shareholder in your company were to die or become critically ill - where would that leave you, your business and your employees?

All sorts of problems can arise if a significant shareholding is sold to a third party - which is why we recommend that all limited companies take out Shareholder Protection Insurance.

Shareholder protection pays out a lump sum if a director or other shareholder dies - and can also include critical illness cover. The proceeds are then used to purchase the deceased or critically ill director's shares by the remaining directors/shareholders.

This cover is only relevant for non-public companies, and all the shareholders must be covered - whether or not they are serving as directors.

And The Cost?

Typically, £100,000 cover for a male non-smoker in his mid 30s would be around £10 per month for life cover, or around £25 per month for combined life and critical illness cover *(source: premiums based on Standard Life's five year renewable term policy, sourced from the Exchange).*

It is worth noting that an individual is statistically three times more likely to contract a critical illness or condition at any given time than they are to die *(source Hanover re 1998).*

For further information, please contact Andrew Peachey on 01284 756565 or return the pre-paid reply card.

Smaller Firms Now Recognise The Risks
D & O Cover: DEMAND SOARS!

By Tina Pawson

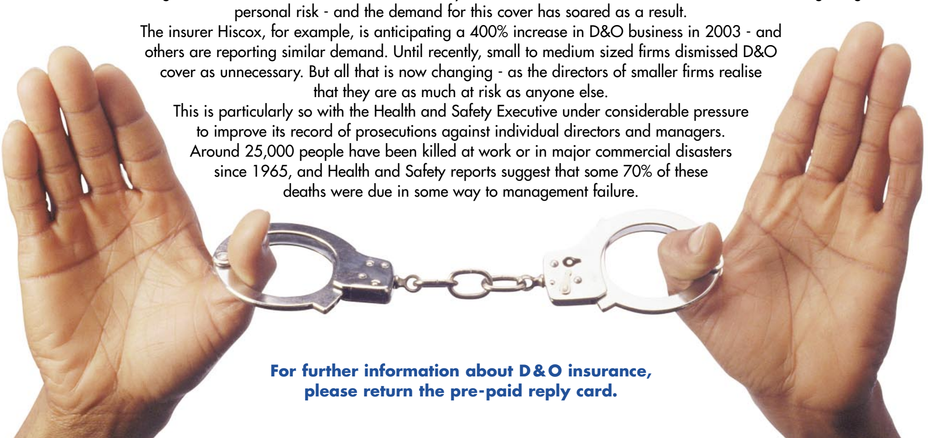
THE PERSONAL LIABILITY risks faced by company directors has never been higher - and the need to protect themselves never greater.

Hence the massive growth in the Directors' and Officers' Liability Insurance market. More and more directors are recognising the personal risk - and the demand for this cover has soared as a result.

The insurer Hiscox, for example, is anticipating a 400% increase in D&O business in 2003 - and others are reporting similar demand. Until recently, small to medium sized firms dismissed D&O cover as unnecessary. But all that is now changing - as the directors of smaller firms realise that they are as much at risk as anyone else.

This is particularly so with the Health and Safety Executive under considerable pressure to improve its record of prosecutions against individual directors and managers.

Around 25,000 people have been killed at work or in major commercial disasters since 1965, and Health and Safety reports suggest that some 70% of these deaths were due in some way to management failure.



For further information about D&O insurance, please return the pre-paid reply card.

FREE ASBESTOS RISK AUDIT

By Jeff Alcock,
Risk Control Manager, Beckett Risk Management

A FREE ASBESTOS audit is offered to your organisation by The Beckett Group to help you deal with this serious risk. Within the next 11 months all building owners or occupiers must have a properly prepared asbestos register.

Employers must put asbestos risk management higher on their agenda if they are to stay within the law, protect their staff and prevent large compensation claims. New laws place increased responsibility on all employers, property-owners, developers and local authorities in relation to non-domestic premises.

The first step in this process is an asbestos audit to establish the likely presence of asbestos in buildings you own or occupy. Then a full and detailed survey must be carried out in order to create the necessary asbestos register and risk management plan.

The **FREE Audit** by Becketts will identify the basic parameters and provide you with a competitive cost for having a full survey carried out by authorised inspectors. Under the Control of Asbestos at Work Act 2002, plans for all relevant buildings must be prepared by May 2004 showing how to manage the risk of asbestos. And yet, recent research indicates that huge numbers of UK companies have not addressed the issue.

> **"The research, of 500 companies with an annual turnover of over £50,000, revealed that 83% did not have a demonstrable action plan to deal with asbestos risk.*"**

And the risks are very serious. Asbestos-related diseases currently kill 3,000 people annually in the UK alone. This figure is expected to peak at around 10,000 deaths a year by 2010 (HSE 2002). The new laws amended existing legislation. As well as having a legal duty to prevent the exposure of employees to asbestos-containing materials on their premises, employers must also:

- **Find out where, if any, asbestos is located; how much there is and what condition it is in.**
- **Keep an up-to-date record of the above on an asbestos register.**
- **Presume that any materials identified contain asbestos - unless there is strong evidence to the contrary.**
- **Notify all parties likely to be exposed to asbestos-related risk.**
- **Prepare, implement and periodically review a plan to manage asbestos in its premises.**

Given the potential levels of compensation that could arise from asbestos related claims, insurers are already taking the issue very seriously when assessing commercial risks. Consequently, it is vital that an up to date asbestos plan be established and maintained as part of every employers' risk management strategy. This initial free audit will give you a clearer idea of the extent of the problems you face and the cost of rectifying them.

*(*Source: Zurich Risk Services).*

The Beckett Group has access to specialists in this field, who can help you to comply with these new laws.

For further information, please contact Jeff Alcock on 01284 756565 or return the pre-paid reply card.

Are You An ACCIDENT SLEUTH?

PREVENTION is better than cure - but the question is how best to approach the prevention of accidents. Apart from taking all the necessary precautions, how well do you investigate accidents at your premises?

Apart from the statutory requirements which have to be completed and any claim form for insurance purposes, a detailed accident investigation form will help your workforce to avoid similar accidents by tracking down the real cause.

With Employers' Liability insurance rates having soared over the past year, and no sign that the government is going to intervene to help, demonstrating a strong safety culture is increasingly important in obtaining reasonable terms from insurers and in dealing with any threatened prosecutions for accidents.

Clearly, not all accidents can be investigated in depth or warrant it, but those involving personal injury or where an insurance claim is likely benefit from a close look. It may also be worth investigating significant near misses where the consequences of an accident might have been catastrophic.

It is important to act quickly when an incident arises to ensure that the facts can be accurately collected, and especially where several employees may need to be interviewed. Apart from gathering information which will be helpful in preventing similar accidents, a structured accident investigation process can make sure that supervisors and junior managers understand their role in keeping the workplace safe.

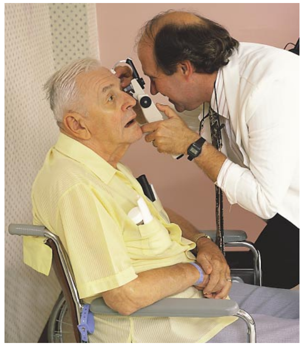
Beckett Offer

You may think that you already investigate incidents satisfactorily now; however, Beckett Risk Management offers clients a new accident investigation process which will ensure that all relevant information is collected speedily and that the correct action is taken afterwards. We will review your existing procedures and reporting methods and provide an up to date protocol which you can apply.

The Beckett form will save you time and will certainly help to avoid problems in the future. It is also a way of earning "brownie points" if the H&S inspector calls.

If you would like more information or an informal discussion, please contact Jeff Alcock on 01284 756565 or return the pre-paid reply card.

Financial Solutions for **LONG TERM CARE**



WITH LIFE EXPECTANCY rising, the uncertainty associated with long term care increases. Whether you are concerned for yourself or an elderly relative, the financial problems are similar.

The State will step in only when all eligible assets have been reduced to below £19,500 and even then it will not make a full contribution until assets are below £12,000.

'Eligible assets' include the family home together with any other properties, bank and building society accounts and investments. Consequently, the majority of people requiring long term care now have to fund it themselves.

This often results in the forced sale of the main residence, which can cause considerable distress, so it is important to include long term care considerations in your inheritance planning.

Beckett Financial Services has just published a leaflet detailing the options.

How Will You Cope?

The Facts:

- One in four people now aged 65 may need long term care during their lifetime.*
- The average annual cost of residential care is £22,256.**
- If your assets total more than £19,500, the State will pay only medical costs.
- Every year, an estimated 70,000 homes are sold to pay for long term care.***
- Early planning can reduce the impact of the costs of long term care.

* (Source: Swiss Re 1997).
** (Source: Laing & Buisson Care of Elderly People Market Survey 2002).
*** (Source: Liberal Democrats Election Manifesto 2001).

The Options:

There are a number of options for those looking to protect their assets against the potentially devastating costs of long term care.

Long Term Care Insurance.

Individuals pay a regular or a single premium for insurance cover against a risk that may or may not happen.

Long Term Care Bonds

It is also possible to set aside a lump sum to fund the premiums for long term care cover.

Immediate Care Plans

For those who already have an elderly relative in care, it is possible to cap the costs through what is known as an Immediate Care Plan.

Some Examples:

THE COSTS of long term care protection will vary according to age, medical condition and benefits required. But taking three totally different examples, we can give you a broad idea of costs.

Case Study 1:

This is a married couple in their mid-fifties. Both in good health. They decided to take out a policy to cover any possible long term care costs for either of them.

For an estimated shortfall of £1,000 per month the costs are as follows:

Male, age 55:
£8,125.85 single premium or
£37.49 monthly premium.

Female, age 55:
£14,157.02 single premium or
£56.35 monthly premium.

Case Study 2:

An elderly parent in his 70s is in reasonable health but his son decides to take out a long term care bond to provide for the additional cost that might be incurred, over and above the parent's existing pension and to protect the family home from forced sale.

Male, age 75:
For an estimated shortfall of £1,000 per month the cost of a bond would be from £21,861 depending on the type of bond taken out.

Case Study 3:

The family of an 85 year old woman who is already in care decides to take out an Immediate Care Plan to cap the costs of care and protect the family home.

Income shortfall currently £1,430 per month.

Cost to guarantee this payment escalating at 3% RPI per annum is £43,230.

Sources available on request. Please note the stated figures are only examples and individual quotes may vary from the above.

An Independent View...

The long term care insurance market is developing rapidly and there is a wide range of products on offer - some of which will meet your specific needs better than others.

For experienced, qualified long term care and inheritance tax planning advisors please contact either your usual BFS consultant or Peter Fisher (on 0116 275 6181) for unbiased, independent advice on the options available.

LONG TERM CARE SPECIALIST **JOINS BECKETTS**

PETER FISHER has joined The Beckett Group's Leicester Office to spearhead a major campaign on long term care for the elderly. He has specialised in this area for the past four years having worked previously with Compton House Ltd, the financial services arm of Northampton solicitors Shoosmiths.

Peter says, "This is a rapidly growing area of concern for elderly people and their families. Each year some 70,000 homes are sold to pay for care home costs (Source: Liberal Democrats Election Manifesto 2001). A simple long term care policy takes away this danger." In the article on this page Peter explores the options now available.

Peter Fisher can be contacted on 0116 275 6181 at our Leicester Office.

Financial **HEALTHCHECK!**

ANYTIME is a good time to have a full review of your current financial affairs and, equally importantly, to ensure that you have the necessary plans in place to achieve your longer-term objectives. These plans could include early retirement, a holiday home, university fees for your children or simply long-term financial security.

Most IFAs will conduct a full financial review on a fee basis, Becketts have a Wealth Management Audit that covers all the necessary areas for a fee of £500 plus VAT.

For further information please contact Glyn Hall, Sales Director, Beckett Financial Services or return the enclosed pre-paid reply card.

STAKEHOLDER Can Create Inheritance!

IT HAS BECOME traditional to wait until the end of the tax year before deciding to make use of the various tax breaks available, such as the annual stakeholder pension or ISA allowance.

There are, however, powerful reasons to suggest that these allowances should be used at the earliest possible opportunity. They are tax concessions, so why do we all usually wait until almost the last qualifying date before accepting the Chancellor's generosity?

Stakeholder pensions are an excellent tax planning and investment tool. Do you realise that parents and grandparents can make an annual stakeholder pension contribution of £2,808 on behalf of each of their children and grandchildren of any age? Furthermore, the Inland Revenue will generously add £792 basic rate income tax relief to make a total stakeholder pension contribution of £3,600.

Stakeholder pension funds still enjoy significant tax concessions and under current legislation can be taken at any time between age 50 and 75 with 25% of the fund available as a lump sum tax-free cash payment.

Just imagine the fund that could be accumulated if you started a stakeholder plan for, say, a five year old granddaughter and made 15 annual payments of £2,808 until she was 20. This would represent 15 x £3,600 invested, ie. £54,000, which would be left to participate in the fund performance for at least 30 years. It is not difficult to imagine that the accumulated fund could make a significant contribution towards paying off a mortgage or even paying university fees for your granddaughter's children! This has to be one of the easiest ways to build up funds for the next generations of your family with the help of tax handouts rather than the usual tax demands.

This can be a useful addition to your Inheritance Tax Planning.

THE END OF WITH PROFITS?

DO YOU HAVE a With Profit Pension Plan, Investment Bond or Endowment? If the answer is "yes", you are probably already painfully aware that most insurance companies are drastically reducing annual bonuses, in some cases to zero.

Three consecutive years of stock market falls has resulted in insurance companies having to use up their reserves to maintain payouts. The real asset value of With Profit Funds is now often considerably less than the notional values you may have seen on your annual statements in the last few years. The record breaking 11 days of consecutive falls in the FTSE 100 Index was attributed to insurance companies having to sell shares and move into fixed interest stock, e.g. Government Gilts and Corporate Bonds, to avoid breaching the solvency requirements laid down by the Financial Services Authority. With Profit Funds now have a lower proportion of shares, this does make the fund performance less volatile, but also has the potentially damaging effect of reducing returns long term if we accept that ultimately shares out perform other types of investment.

What Should You Do If You Have a With Profit Plan?

Certainly do not sit back and do nothing; seek independent financial advice. It may be that the advice is to keep the plan. However, it could be that you are with an insurance company whose financial strength is being questioned. We are seeing an increasing number of insurers closing their With Profit Funds to new business and, in some cases, the parent company putting the insurance company up for sale! We are not suggesting that this could automatically result in an Equitable Life situation, but it is important to be aware of developments within insurance companies with which you are invested.

Seek advice sooner rather than later, if you are a cautious investor there are alternative investments available. Beckett Financial Services Ltd offers a discretionary asset management service, through Beckett Asset Management Ltd, who will put together a portfolio to match your attitude to risk and need for growth or income. This often comes as a refreshing change to investors who are offered the "one-size-fits-all" approach from previous advisors or insurance companies.

Beckett Financial Services Ltd has experienced qualified advisors who can give you unbiased, independent advice on the options available.

For further information please contact Glyn Hall on 01284 756565 or return the enclosed pre-paid reply card.

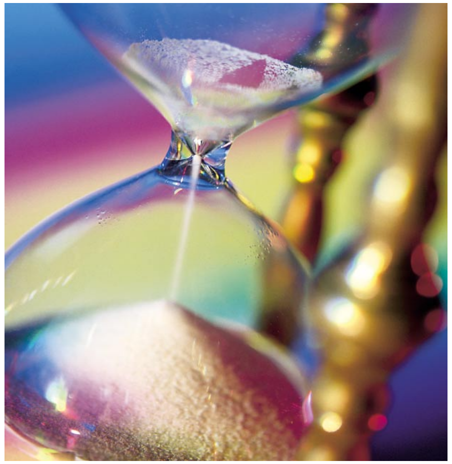
EARLY PLANNING

WE ALL TEND to leave every thing to the last minute; this includes our financial affairs. This tax year runs from April 6th 2003 to April 5th 2004. These dates are fixed, yet every year some of us still manage to miss the deadline for using our ISA, Pension, Capital Gains allowance etc.

Start planning now. Most of us are paid monthly and it therefore makes sense to plan monthly in respect of our Pension and ISA contributions. It is more convenient, and these days usually no more expensive, to pay monthly rather than with annual lump sums.

HOW PENSION 'DINOSAURS' Can Devour Your Savings!

By Glyn Hall, Sales Director, Beckett Financial Services



PENSION 'DINOSAURS', with annual charges of 3% or more, are eating away at the retirement savings of up to two million people in the UK (The Times, 17 May 2003).

These old-style pensions continue to exist, despite the introduction of low-cost stakeholder pensions - and the charges can still apply even if you have stopped paying into the plan. Insurance Companies that are now closed to new business often have no incentive to reduce their charges.

> "Many people fail to realise the difference such charges can make to their final pension fund value."

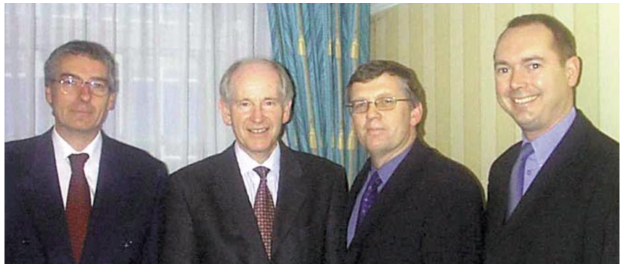
A saver who invested, say, £10,000 in a pension plan with total charges of 3% would have a fund worth around £40,000 after 35 years. Assuming the same growth rate of 7%, the same amount in a plan with 1% charges would be worth more than £75,000 after 35 years!

Anyone with investments in one of these old plans should look carefully at the options for moving their pension elsewhere. While this may involve transfer charges - these need to be compared to the amount saved in charges.

Transfers won't be the right move for everyone - but can result in substantial savings for some.

To find out more, please contact Glyn Hall on 01284 756565 or return the pre-paid reply card.

ACCOUNTANTS' STRATEGIC ALLIANCE WITH BECKETTS



Photograph shows left to right: Brian Carruthers and David Radford, directors of Thomas May Financial Services Ltd with Glyn Hall and John Cooke from Becketts.

LEADING ACCOUNTANTS Thomas May & Co have announced the launch of a strategic alliance with Beckett Financial Services Ltd to provide the firm's clients with a wide range of investment, insurance, pensions and financial planning advice. Both firms have major offices in Leicester.

A new company, Thomas May Financial Services Ltd, has been set up and through the link with Becketts, is authorised and regulated by the Financial Services Authority (FSA) to provide investment and other financial advice.

Brian Carruthers, Managing Partner in Thomas May's accountancy practice, is a director of the new company along with his fellow partners David Radford, Kevin Woodthorpe and Kaushik Bathia. Mr Carruthers said that the new company will enable them to offer their clients a complete financial planning and investment business service.

He added, "In dealing with clients' financial matters we are in an excellent position to advise them on their pensions, investment strategy and financial planning generally. This is now a highly regulated area and by working with Beckett Financial Services we can ensure that clients obtain the most suitable advice and support within the safe-guards provided by the FSA."

Glyn Hall, Sales Director of Beckett Financial Services, says, "Setting up this type of alliance is an ideal opportunity for other professional advisors - accountants and solicitors - to create a dynamic new service for their clients and Beckett Financial Services is always interested in discussing such arrangements."

FRAUD RISK: *No Business is Safe!*

SOME 70% of the UK's major companies were hit by fraud during 2001/2, according to research by leading accountancy firm PriceWaterhouseCoopers. The same study found that almost 90% of the UK's detected fraud is committed by members of staff.

The annual cost to UK industry is huge - and yet only one third of organisations are believed to have fidelity insurance or similar cover.

According to Chubb Insurance, the employee who commits this kind of crime has usually earned a lot of trust - and appears beyond reproach. Hence the scam may go on unnoticed for some considerable time.

The consequences can be catastrophic for the company - not only in terms of direct losses but also the potential indirect costs associated with staff morale, reputational damage or reduction in shareholder value.

No business is entirely safe from the risk of fraud. Internal controls and strong anti-fraud culture are the key to prevention, though no system can be guaranteed fraudster-proof. Below we feature three very different examples of crime insurance claims handled by Chubb Insurance, which highlight potential danger areas:

The Advertising Agency

A bookkeeper obtained the signature of the agency's financial controller and used it on documents that would automatically generate payments to suppliers by the agency's bank. By concealing the identity of these suppliers or changing the identity of the intended recipient of the payments, he was able to pay for goods and services for his personal use.

The agency's auditors neglected to check properly areas of the accounts that would have revealed the thefts at an early stage. However, the root of the problem was allowing the bookkeeper to retain documents that generated supplier payment after they had been authorised. The total loss ran into millions.

The Hotel Group

At one of the group's prestigious hotels, the financial controller and commercial manager conspired to authorise payment for goods and services which they then used for their own benefit - fraudulently signing off the invoices.

In addition, the financial controller arranged extensive guarantee and credit facilities with the hotel's bank that he then abused, along with a third party. The bank failed to make even the most cursory enquiries with the hotel's general manager or owner about the validity of these arrangements. Given his senior position, the financial controller was able to conceal these thefts for a considerable time. Eventually, though, he and the third party were convicted and imprisoned. The commercial manager was acquitted. The hotel's crime insurance paid out more than £4 million.

The High Street Chemist

This company had a large internal audit department. One of their guidelines was not to investigate any single transaction less than £25,000 in value.

However, the MD of a subsidiary company was authorised to sign cheques up to that amount, and conspired with the owner of a PR and advertising agency to create fictitious invoices for apparently legitimate services, which he then authorised for payment through the company's accounts system.

The MD was able to outwit his head office staff because they were inexperienced in judging what constituted appropriate levels of media and broadcasting space. Eventually, he was convicted of the fraudulent accounting of around £1 million over a three-year period.

If you want to find out more about fidelity or crime insurance, please return the pre-paid reply card.