

Capsule 

Scaling up?

A Guide To Insurance Essentials



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Here's the deal...

Life comes at you fast in the scale-up world. You've got to maintain momentum, we get that. The rate at which you grow means that you need to be tunnel-visioned on your core aims, and spend less time on the smaller details - like minimising risk.

The fact is that many scale-ups see insurance as a low priority. And it's for this reason that **80% of high-growth businesses are either underinsured or insured incorrectly.**

Insurance is also seen as a necessary evil - something that you need to purchase, rather than something you can actually leverage to help unlock growth. This was proven after lockdown, when half of SMEs cancelled their insurance due to rising premiums and pandemic disruption, and the policies they did keep were mostly paid on credit.

But this isn't an option for you. The stakes are higher: investors are investing bigger sums and your finances need to be whiter than white. Insurance helps big time here. It steps in to protect your company against the all-important 'what ifs'. And that's why your policies need to evolve with the nature of your business.

Trouble is, traditional brokers and insurers haven't evolved with you. Their policies have left you constantly needing to chop and change each time you grow. We've fixed that by simplifying the various insurances in this guide (and our service!) so that you can pick the relevant cover that will scale with you.

Here, we've broken down typical policies that successful scale-ups invest in - and it is an investment, designed to help you cover the cost of unforeseen liabilities and losses - so you can get the right cover at exactly the right time. **No jargon, no sales pitches. Just the basics you need.**

How to use this guide

You can't get the right cover unless you know where you're at in the scale-up journey. Why? Because each stage triggers new risks to your business and its stakeholders.

To help, we break down each stage in this guide - so you know the challenges ahead and how to navigate them. Whether that's raising capital, signing an office lease or hiring a member of staff, we'll walk you through which insurance keeps you covered.

Start-up.

You're just starting out, so you need to get the fundamentals right and protect yourself from vulnerabilities. These are the policies you need if you're hiring, releasing a product or interacting with the public.



Employers' Liability



Public Liability



Product Liability



Professional Indemnity

Raise-ready.

It's time to meet investors. But before you do, know that they have expectations - and these policies help you meet them. Not only do they protect your business online, but they also cover your senior team everywhere.



Directors' and Officers'



Cyber Liability



Key Person

Expansion.

It's time to solidify that growth and limit your exposures. These policies do just that by protecting products in transit, covering equipment if stolen, and compensating you if your company is disrupted.



Marine Cargo



Business Property



Business Interruption



Travel

Employers' Liability

What is it?

Protection from any employee claims linked to workplace health and safety.

Why should I care?

Like it or not, accidents at work are your responsibility. UK employers are required by law to have this policy in place - so if you're hiring, you definitely need it.

How much is it?

Starts as low as £50, but the nature of your work plays a massive role - especially if you work with dangerous equipment or hazardous materials. And of course, the bigger your headcount, the more cover you need.

Give me an example.

A homeworking employee is injured at home while on work time, but you haven't completed an HSE workplace assessment. While the courts may say that you aren't responsible for the accident, you're likely to face significant legal fees to defend the claim.

The key takeaway?

The truth is you can't afford not to have cover if you're hiring. Besides, it's a legal requirement - enough said!

Find out more about Employers' Liability insurance and how we partner with scale-ups.



Scan the QR code or email hello@capsulecover.com

When do you need it?



Hiring an employee

Public Liability

What is it?

Cover for injury or damage claims from third parties.

Why should I care?

Being sued is expensive, which is why this cover pays the cost of your legal defence as well as any compensation or settlement money. Your landlord or coworking space may also require it when you sign a lease - and the same goes for organisers of events and trade shows.

How much is it?

Depends on your line of work. For some trades, cover can start as little as £50-£60.

Give me an example.

Your employees are walking around your 3PL site, and accidentally pull over some racking full of another business' stock. This insurance will cover the costs of damages and replacement.

The key takeaway?

Get this with Employers' Liability insurance. Your staff are human. Regardless of how often they interact with others, there's always a risk.

Find out more about Public Liability insurance and how we partner with scale-ups.



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When do you need it?



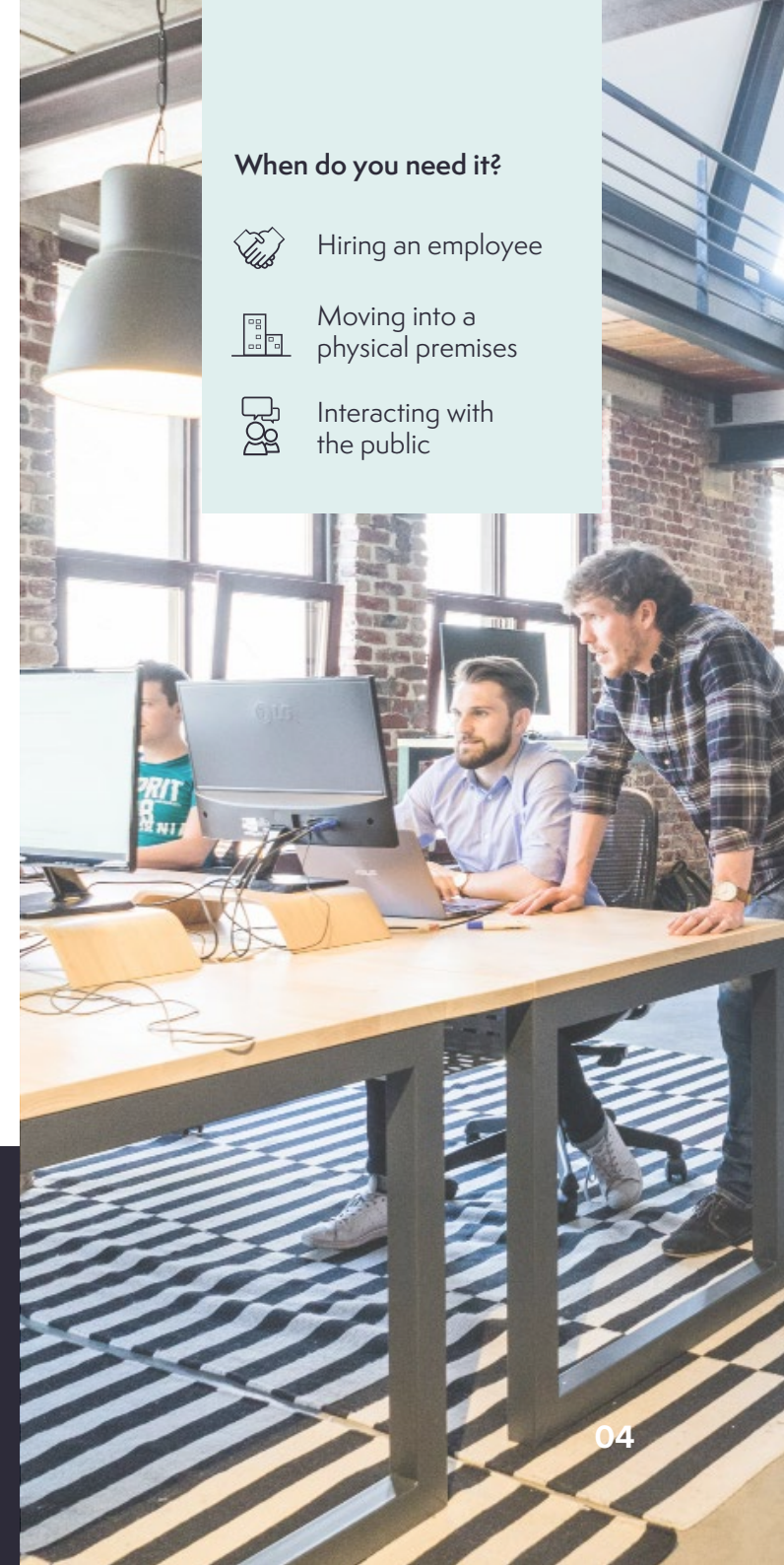
Hiring an employee



Moving into a physical premises



Interacting with the public



Product Liability

What is it?

Cover for third-party claims over injury or damage caused by your products.

Why should I care?

Any product you provide to a customer is your responsibility. Yes, even if you're just a distributor. So if that product causes damage or harm, you could be held responsible.

How much is it?

Depends on the product, but usually costs are in the hundreds. This gets a little complicated when they're being sold to international markets, and the costs can increase.

Give me an example.

Your online marketplace provides third-party products, one of which has a fault that seriously burns a customer. While you may be able to get the manufacturer or supplier to accept responsibility, you'll likely face significant legal fees to defend the claim.

The key takeaway?

Check your contracts with manufacturers and make sure you have the 'right of recourse' (aka that they'll accept responsibility if something goes wrong). Also check that *they* have full Product Liability insurance in place. It'll keep you protected.

Find out more about Product Liability insurance and how we partner with scale-ups.



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When do you need it?



Providing a physical product

Professional Indemnity

What is it?

Cover in case someone claims for losses or damages because of your advice or services.

Why should I care?

There's nothing stopping a client from arguing that you've given them a bad service - whether it's advice, designs, or an IT product or support. This policy also covers legal costs and expenses, which can be just as valuable when defending a false allegation.

How much is it?

Policies typically start at around £500. This can change though, depending on the type of service you offer and who you're working for.

Give me an example.

The IT system you built or provided for a client isn't working as they thought it would. There's now wide-scale financial and operational disruption. They're pointing their fingers at you and threatening legal action. This cover protects against that.

The key takeaway?

Don't be fooled into thinking this is just a policy for advice-led occupations like architects or solicitors. If someone's relying on your professional service, get this cover in place.

Find out more about Professional Indemnity insurance and how we partner with scale-ups.



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When do you need it?



Providing a service



Offering client consultations

Directors' and Officers' (D&O)

What is it?

This covers founders and some of the leadership team for company mismanagement.

Why should I care?

Investors (and plenty of others) can level personal claims at you or the company for things like a misleading investor pitch deck, insolvency hearings or environmental damage. This cover acts as your protection.

How much is it?

For smaller businesses, you're looking at £300-£400. In the US, though, it can get much steeper. Cover including the US can send D&O costs into the thousands.

Give me an example.

Either you or a director has made a misleading public statement. D&O can protect against any issues this causes to your business as well as accusations of negligence.

The key takeaway?

Investors like to see you're proactive. Taking D&O cover out before seeking their support adds a feather to your cap. And don't forget, one negligent director means all board members can be held responsible. You're meant to be aware of each other's actions.

Find out more about D&O insurance and how we partner with scale-ups.



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When do you need it?



Raising capital from investors



Forming a board of directors



Expanding into the US



Cyber

What is it?

Whether it's an attack or a leak, this cover protects you from any internet-based risks.

Why should I care?

A breach doesn't just hurt your pocket, but your reputation as well - and we all know trust is everything when building a business. With this insurance, the data you use, send or store is covered. Plus, you get forensic support if you suffer a breach. And it helps with any regulatory fines you receive too.

The key takeaway?

You won't be covered for shoddy security. Most policies have standards you need to meet before it'll pay out. So, make sure you have a strong set of house rules to bolster defences.



How much is it?

It can range from £300 to four figures. What causes the increase? The controls you have in the business, the amount of data you've got, and the type of data it is.

Give me an example.

Hackers steal your clients' information. They threaten to post it publicly. You call your insurers who immediately fix the vulnerability. An investigation is launched to see if sensitive data was actually compromised. It wasn't, so you don't pay the ransom. Your insurer then lets anyone affected know. All of this, and any fines, are covered by the policy.

When do you need it?

-  Having an online presence
-  Sending or storing electronic data

Find out more about Cyber insurance and how we partner with scale-ups.



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Key Person and Critical Illness

What is it?

Cover for the financial hit when an essential team member can't work.

Why should I care?

Most scale-ups rely on a few key people with deep business knowledge. Without them, there's a big skill shortage that's likely to cause a slowdown in the company. For that reason, some investors require this cover before fronting their money - or within 100 days afterwards.

How much is it?

The monthly cost per person varies between £10 and £150, depending on their health and circumstances. If you only take out life cover, you're looking at £10-£50.

Give me an example.

Your co-founder signs off on long-term sick leave after being diagnosed with a serious condition. Without them, you can't maintain growth and start losing money. This cover provides you with a cash injection to keep you afloat.

The key takeaway?

Policies are usually long term - roughly 3-10 years depending on your business' growth timescale. Spend some time weighing up different policies against your needs.

Find out more about Key Person & Critical Illness insurance and how we partner with scale-ups.



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When do you need it?



Relying on certain staff



Raising capital from investors



Marine Cargo

What is it?

Cover for goods, equipment and other items when travelling via sea, air, rail or road.

Why should I care?

It doesn't matter if it's going halfway round the world or 10 miles up the road, packages can get damaged in transit. This insurance covers you if products arrive flawed.

Our key takeaway?

Ignore the name. Marine Cargo covers all forms of transport (not just by sea), making it relevant to any business that ships items - whether that's customer products sent direct by you, or equipment from manufacturers or suppliers sent to customers.

How much is it?

Start with your product's 'insured value' (its invoice value, plus the cost of freight, plus 10%). Then multiply that number by the policy rate. As a bit of a benchmark, this could be between 1% and 5% of your total sums insured.

Give me an example.

You have a large shipment of products coming from the Far East. While in transit, the container is damaged and you lose all the stock within it. The policy covers the costs of the damaged items so you don't take the hit.

Find out more about Marine Cargo insurance and how we partner with scale-ups.



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When do you need it?



Providing a physical product



Having multiple offices across the UK



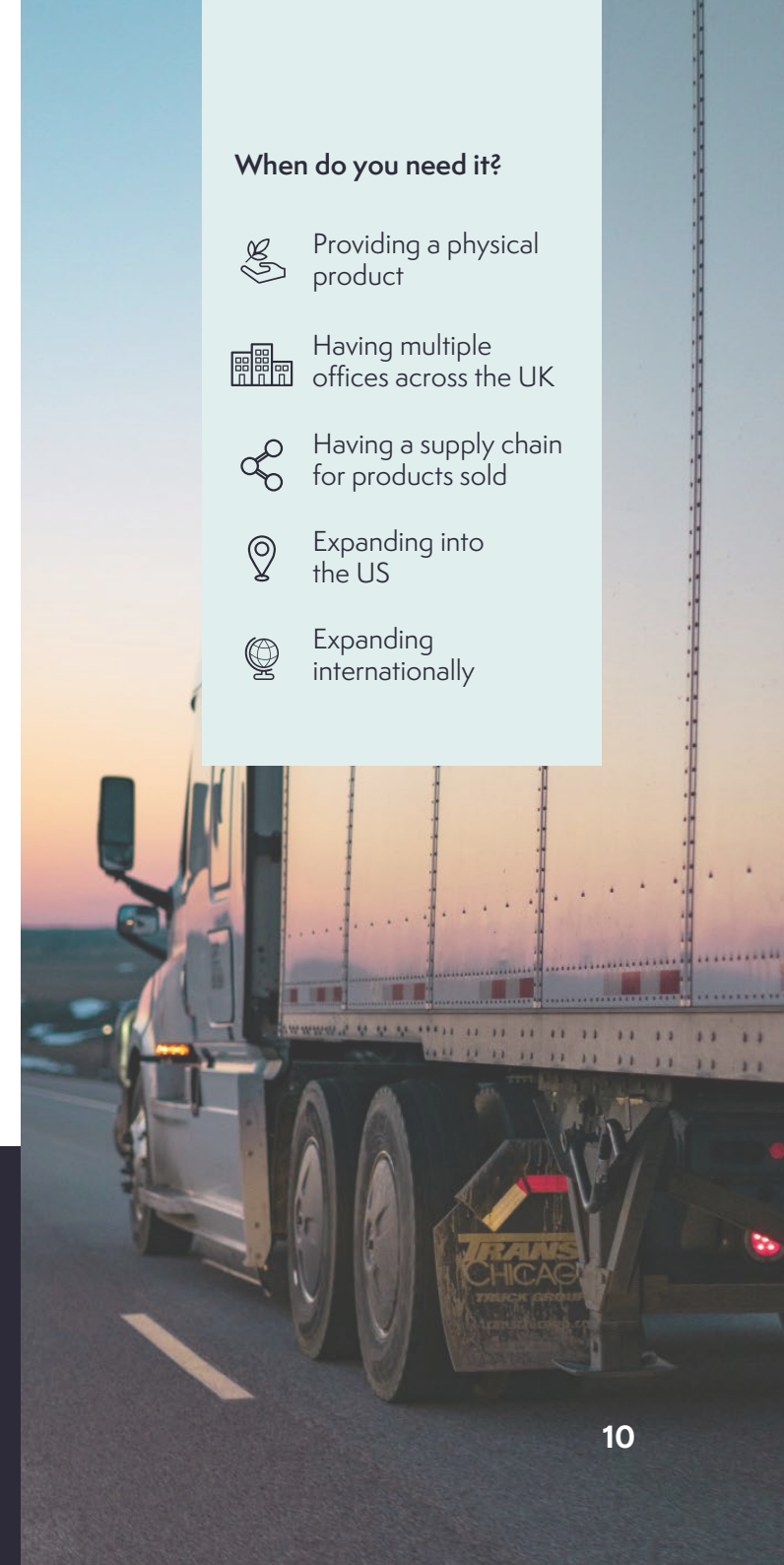
Having a supply chain for products sold



Expanding into the US



Expanding internationally



Property

What is it?

Cover for items or equipment kept in certain places, including off-premises.

Why should I care?

Stock, tools, technology... all companies rely on business equipment. This cover helps you stay afloat if any of these items are damaged or destroyed.

How much is it?

Depends what you're covering. You could be looking at £50-£100 for some staff computers, or a few thousand for stock held in a 3PL or office warehouse.

Give me an example.

There's been a break-in at your office. A window's been smashed, chairs have been broken, and your laptops are gone. This cover means you can replace the stolen computers and damaged equipment, and keep trading.

Our key takeaway?

Protecting your property from day one eliminates any risk – especially if you extend your cover to any non-office based IT equipment for remote workers or travelling sales staff.

Find out more about Property insurance and how we partner with scale-ups.



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When do you need it?



Moving into a physical premises



Stocking products



Relying on machinery and equipment



Using office technology

Business Interruption

What is it?

Cover for a loss of earnings in the aftermath of an unexpected event.

Why should I care?

Say you experience a fire or flood. Business Interruption insurance injects a little cash to keep you secure, covering things like wages or the cost to move offices.

How much is it?

Cost is normally tied to your gross revenue, typically growing in line with your business. That means it could run anywhere from £50 (as part of a commercial policy) into the thousands (as a standalone policy).

Give me an example.

There's a fire at your rented premises and you lose all your essential IT equipment. Thanks to the 'Increased Cost of Working' part of your policy, you can replace your tech and sign another office lease.

The key takeaway?

This cover can also be included under your Cyber policy to cover disruption from a data breach.

Find out more about Business Interruption insurance and how we partner with scale-ups.



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When do you need it?



Moving into a physical premises



Relying on machinery and equipment



Having an online presence



Sending or storing electronic data

Business Travel

What is it?

Cover against the risks a team member might face during a work trip.

Why should I care?

Accidents can happen no matter where you are. So, if your employees are travelling for work, it's your responsibility to have Business Travel insurance in place. That way, you're covered against any financial losses incurred.

How much is it?

Policies typically start at around £250, but this figure can vary depending on the destination, number of people, their age, the length and frequency of trips, and any activities involved - like adventure sports.

Give me an example.

You and your team have arrived safely at your destination, but your luggage - including a mixture of personal belongings and company equipment - hasn't. This cover protects you on all fronts, paying a small sum to replace essential items.

The key takeaway?

Travelling for business is stressful enough without adding lost baggage, delayed or cancelled flights, a rental car collision, or even an injury into the mix. By investing in this cover, you can mitigate the risks of any potential losses and travel with peace of mind.

Find out more about Business Travel insurance and how we partner with scale-ups.



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When do you need it?

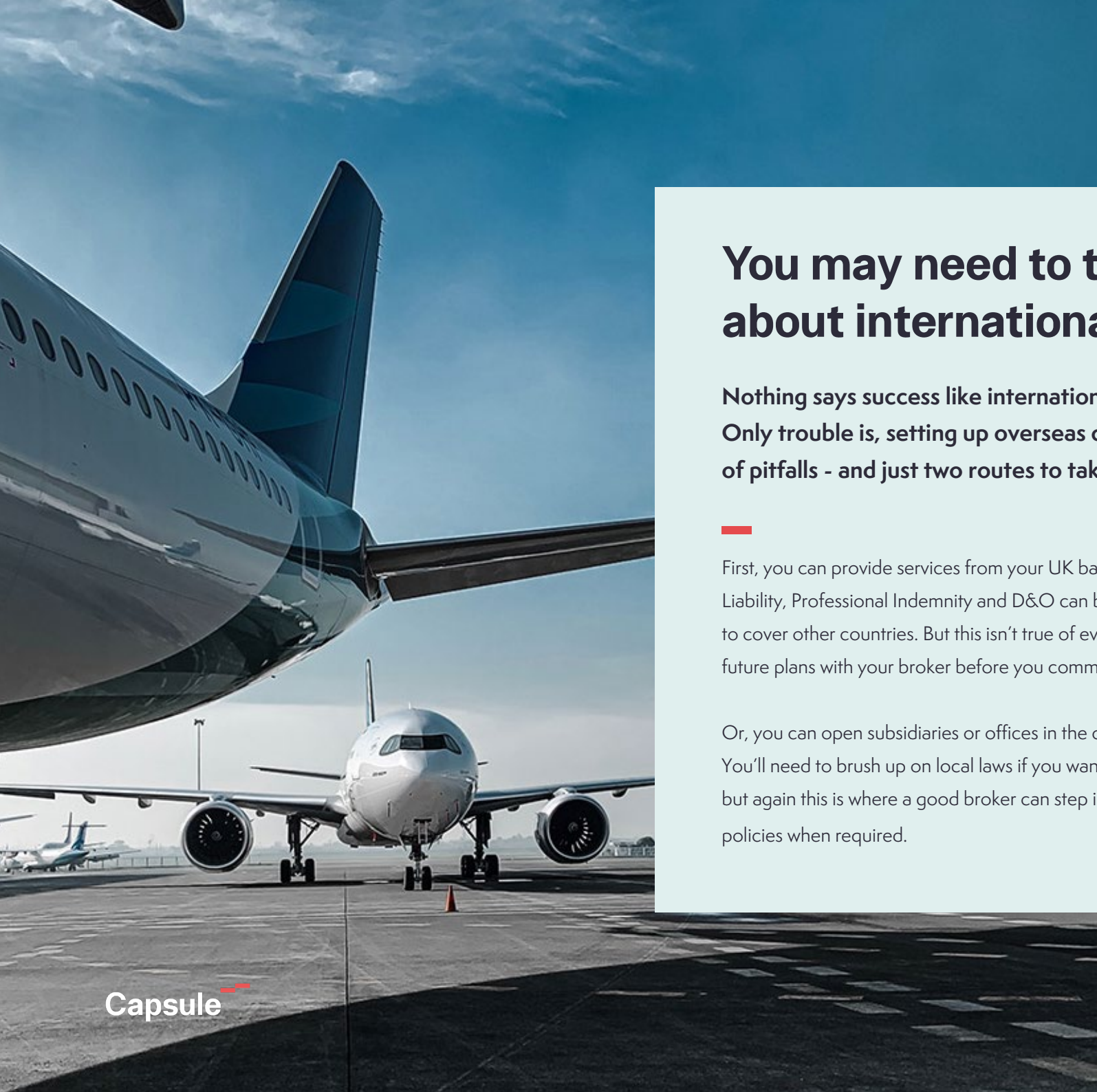


Travelling for business



Working overseas





You may need to think about international expansion

Nothing says success like international expansion, right? Only trouble is, setting up overseas comes with its own set of pitfalls - and just two routes to take.

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First, you can provide services from your UK base. Here, insurances like Product Liability, Professional Indemnity and D&O can be easily tweaked (at an extra cost) to cover other countries. But this isn't true of every insurer, so it's best to share your future plans with your broker before you commit.

Or, you can open subsidiaries or offices in the countries you want to expand into. You'll need to brush up on local laws if you want to stay on the right side of them, but again this is where a good broker can step in, providing local knowledge and policies when required.

Why Capsule?

Get in touch with us to discuss how we can support your upward journey.

E: hello@capsulecover.com

T: 01242 801389

Or, scan the QR code below



Certified



Corporation

Proud to be a part of the
B Corporation community

We get the challenges of a scaling business. We've lived it ourselves. So believe us when we say that if your cover doesn't evolve with you, it isn't worth having. Any change - it could be as small as a new vendor contract or as big as a new product launch - could spell the difference between being covered and being out of pocket.

While this guide gives you an idea of the tasks ahead, it should be treated as just that: a guide. There are nuances to every business that general advice just can't address.

But a growth partner can. At Capsule, we apply our specialist knowledge to build a detailed understanding of your current insurance programme and future ambitions. Our aim? To meet your immediate needs today, and enable your growth tomorrow. And we do it by making sure that your insurance programme scales with you. Not only does this mean you're never exposed, but it also prevents you from paying too much for insurance too early.

We tag along for the ride throughout your growth journey, advising at all key stages and giving you one less thing to worry about as you react, pivot, and mature. [Let's talk.](#)