



COVID-19

What will it mean for the future of risk?

January 2021

Kennedys

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Foreword

As the saying goes, “everyone has a plan until they get punched in the face”. This sums up the way many businesses and households were feeling in 2020, living and working in the midst of a global pandemic. Now, as we usher in 2021, business leaders can expect further COVID-related issues that they will need to consider.

Navigating the COVID-19 risk landscape

Even as the world prepares to continue to roll-out COVID-19 vaccines, social distancing will continue for the foreseeable future, as will the potential for further business interruptions. Businesses must remain agile not only in addressing the business risks which have already materialised during 2020, but they must also look ahead in anticipating new and emerging risk pools as a result of COVID-19.

This report focusses on the important task of looking at the road ahead in order to support businesses in their strategic decision making. From the new cyber threats which will become more apparent in a world where digitisation has accelerated, to the need to redefine health and safety ‘at work’ in a world where many people will find themselves working from home; business leaders are faced with a rapidly changing risk landscape.

We will also begin to face up to the long-term public health impacts – and associated liabilities – surrounding the issue of so-called ‘Long COVID’. Long COVID is thought to develop in up to one-in-ten COVID-19 cases. If that is right, this would equate to over seven million cases worldwide, with over 1.7 million of those cases in the US, over 700,000 in Brazil and around 190,000 cases in the UK.

During the course of the pandemic the insurance industry has paid out hundreds of millions of pounds in successful claims which have supported households and businesses through the lockdown. It has also accelerated digital innovation, providing customers with a quicker, more efficient service. The insurance industry will continue to play a pivotal role in helping society to manage risk, providing crucial stability to the economy and to their customers both personally and professionally.

However, when looking at the market, the insurance industry must now be prepared to accelerate its plans to respond to changes in consumer expectation, alongside the growing place that technology will occupy in societies. Further,

pandemics have almost certainly joined the list of other systemic risks, like terrorism and secondary perils from climate change such as flooding. Such risks will redefine public-private relationships. It cannot be assumed that the industry will be able to bear the risk of future pandemics itself.

In helping business leaders to meet the post-COVID challenges, the insurance industry will have to review product features across a wide range of business lines to reflect the changing landscape of COVID-19 related risks. In turn that will allow the industry to continue with its efforts to find innovative ways to build consumer trust and work with other actors (including policymakers, investors, corporates, and consumers) who have a responsibility towards identifying and responding to new threats before they occur.

And as we look to the medium and longer-term, the role of strategic scenario risk planning must grow, for all businesses, to include the application of data. Anticipating future trends and behavioural patterns will become increasingly important in business planning. Pursuing a more forward-looking, proactive strategy towards risk will improve business resilience when, not if, the next crisis strikes.

Kennedys has been working closely with clients throughout the pandemic to help them address the immediate challenges they face and to build resilient business plans for a post-COVID future. Whilst a core part of the research that underpins this report comes from a UK survey, the risk issues identified are global in nature.

I hope the findings in this report will provide you with some fresh insights to help better protect your business in 2021.



Ingrid Hobbs
Partner



Introduction: living in the shadow of a global pandemic

During 2020, we all experienced inescapable wholesale changes to our lifestyles, working patterns and social interactions as a result of the global pandemic.

Millions of people have migrated from working in traditional office settings to working from their own living rooms. In 2019, just 12% of the UK workforce (just over three million workers) ‘worked from home’ at least once a week. During the COVID-19 lockdown in the spring of 2020, this peaked at around two thirds of the workforce, which amounted to around 20 million workers having to develop new ways of working. This shift represents the biggest and most rapid structural adjustment in Britain’s labour market since the early 1980s; an unprecedented change in our working patterns which occurred almost overnight with little or no advance preparation.

At the same time, businesses and professionals have been forced to rethink how they deliver their goods and services as social distancing forces us to adopt digital solutions. The switch to home working, new patterns in work-related travel and modification of digital operating models have all come to represent a new normal. This new normal will also give rise to a new set of everyday risks. Adapting to these risks must form a central part of society’s post-COVID recovery. The research findings contained in this report demonstrate that we are currently failing to either identify or mitigate these new threats.

Predicting people’s attitudes towards risk is rarely easy. During the course of 2020 some individuals took the risk to go on holiday abroad, despite rapidly changing travel restrictions, quarantine requirements and, clearly, the risk of infection. Others have been reluctant to leave their homes. Identifying and accommodating the spectrum of attitudes we have towards risk is vital – both in helping to ensure a more resilient workforce but also in identifying the risks to employers as a result of how their workforce treats risk.

As such, the purpose of this report is to identify the behavioural changes and risks associated with people’s COVID-19 responses. The report also examines how the insurance industry, investors, policymakers, corporates, and wider society can take positive steps to build a more aware, prepared, and resilient economy and workforce.

Methodology

In August 2020 on behalf of Kennedys, strategic advisors Cicero/AMO undertook a nationally representative survey of 1,000 UK workers (i.e. individuals either in employment or self-employed) in order to explore how COVID-19 had impacted on work and travel patterns. The table at the bottom of this page provides a top-line summary of the respondent profile.

In parallel to the quantitative survey, an extended series of qualitative in-depth interviews were conducted with leaders of large corporations to understand the commercial world’s immediate response to changing business operations and customer needs, as well as exploring how propositions will develop and innovate in response to COVID-19 and what the emerging risks are as economies recover from the crisis.

In total, 20 in-depth interviews with cross-sectoral corporate leaders were conducted. Respondents spanned legal services, pensions, engineering, technology, consumer retail, asset management, utilities, fintech, energy and consulting across nine global markets of

China, France, Germany, Japan, the Netherlands, Spain, Sweden, Switzerland and the UK. Interviews were conducted in June and July of 2020 and were used to formulate and inform the structure of this report. Quotes from interviews are also included throughout.

Finally, three further interviews were conducted in October 2020 with underwriters at three large global re-insurers to provide insight into the implications of the emerging risks identified by this report. These directly inform and frame our key recommendations into how the insurance sector will need to evolve in both the immediate and longer term in order to meet the varied challenges arising as a result of the pandemic.

In addition, we have supplemented our survey data and qualitative interviews with secondary data to provide a fuller and more robust picture of behaviours. This includes data from the likes of The Office of Communications (Ofcom), the British United Provident Association (Bupa), the Office for National Statistics (ONS) and the UK Department for Transport.

Quantitative survey sample profile

Sample profile	%	Workforce sector	%
Male	51%	Education	12%
Female	49%	Health services	10%
18-24	14%	Professional services	9%
25-34	22%	Public services	7%
35-44	20%	Financial services	6%
45-54	24%	Commerce	5%
55+	20%	Food, drink and tobacco	5%
SME/self-employed	10%	Other	46%



Executive summary

Our research identified five key risk themes that have implications and represent both challenges and opportunities for businesses, insurers, and wider society. This will assist in moving the conversation forward as we look beyond COVID-19, highlighting the important need to reshape the dynamic relationship between companies, households, and insurers.

In summary, these risks are:

New cyber threats

As we all come to adapt to a more digital lifestyle, the associated cyber risks will grow and become more complex in nature. Our digital lives are only as secure as our digital hardware and software.

- According to our survey 65% of the workforce had worked from home at least some of the time during the pandemic. This figure is higher than the 49% recorded in official data in April 2020. This difference is likely to reflect the fact our survey was undertaken in August 2020, several months into the pandemic.
- In light of the move to remote working, a huge step-change in our approach to managing digital risks is urgently required. Among SMEs, just 7% have cyber risk insurance in place.

- This is particularly important given that 44% of the workforce expect this shift towards home working to become permanent. Among those that spent some of the lockdown period working from home, 90% envisage working to at least some extent post-COVID-19 (26% working entirely from home and 64% splitting time between the office and home).
- The 'working from home' trend has particular implications for financial and professional service businesses, with workforces in both among the most likely to have worked from home during the pandemic.

Maintaining professional standards in a digital working environment

A more digital world has other significant impacts for certain groups of workers. While the desire for an increasingly digital workplace is on the rise, the ability to accommodate flexible working needs, maintain professional competence, train and develop new joiners and managerial oversight of remote workers presents new challenges.

- Over a quarter (26%) of those in the professional services expect to spend all their time working remotely. Two thirds (67%) anticipate that they will work remotely for some of the time.
- As professionals such as doctors and lawyers migrate from face-to-face to digital delivery models, our research demonstrates the need for employers to support those workers in new ways. 34% of those who worked from home during the first lockdown claimed that they made more mistakes in their day jobs, a figure which rose to 44% among those working in financial services.
- Nearly half (48%) said that this may be linked to the fact that they now receive less managerial oversight and felt that the quality of their work is better when working on-site. Any failure to address these new challenges risks creating the conditions for increased professional negligence and professional indemnity claims.

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Redefining health and safety 'at work'

Working from home presents other more subtle dangers compared to office settings. Employers have spent vast amounts of money over many years implementing the measures laid out by Health and Safety at Work legislation, by creating safe workspaces with ergonomic office furniture, occupational health risk assessments and adequate management supervision. As our homes suddenly become a place of work for millions, we are entering a 'ground zero' in terms of health and safety and workplace issues. Never before has it been so important to talk about the legal obligations in the workplace.

- Workers reported a series of behavioural changes which are likely to impact on their long-term health and wellbeing. 56% said that they walk around less when working from home with 53% also saying that they take fewer screen breaks.
- Nearly half (48%) already report that they have more aches and pains (e.g. lower back and shoulder pain) since they started home working.
- To date, very few employers have sought to engage their workforce in understanding the nature of this challenge. So far, only 38% of office workers have been offered ergonomic furniture for the purpose of working from home.
- Mental wellbeing has also become a more pressing concern with 47% finding it harder to switch off in the evenings, 43% finding it harder to sleep at night, and 40% feeling overworked and more anxious. Only 20% of workers have been offered online wellness and wellbeing tools.

Public liability risks on mass transport

At the outset of the first lockdown, all modes of transport, except for cycling, witnessed large drops in daily volumes. As the economy reopened, private vehicle usage rebounded reflecting continuing public concerns around public transport systems.

- Nearly half (45%) of those who rely on public transport to get to work said that social distancing and public health were major concerns to them indicating why so many workers continue to work from home.
- It also helps to explain why the number of journeys made by private vehicles has bounced back so quickly following the first lockdowns with 27% expecting to use their car to travel to work more in future compared to before COVID-19. The increasing use of personal vehicles for professional purposes creates potential coverage issues around motor insurance.
- Longer-term trends are also emerging with nearly one third (31%) arguing for governments to introduce car scrappage schemes to encourage people to switch from petrol or diesel cars to hybrid or electric vehicles. The growth in new modes of transport, such as e-bikes and e-scooters, also creates new third party liability issues likely to impact most acutely on commercial fleet operators.

Employer liabilities on public health issues

As we ease back into (and back out of) returning to the office to varying degrees, the emphasis on employers to provide secure working spaces – which may include considerations around ‘safe’ colleagues – will be paramount. This presents challenges for small and medium-sized employers, in particular. Adapting smaller working spaces to social distancing measures might not be physically possible.

- The financial costs associated with adaptations, such as providing personal protective equipment, might also prove prohibitive. Few small employers have undertaken detailed risk assessments to capture the new public health risks.
- Currently just 27% of employers claim that they have been offered PPE by their employer. Similarly, low numbers have been offered free COVID-19 tests (25%) and daily temperature checks (26 %).

// Coronavirus has not led to the creation of a completely new constellation with completely new trends, but rather to an acceleration and perhaps even deepening of existing trends. So, when we talk about ‘new normal’, this includes aspects such as a more intensive digitalisation of communication channels and business models or a more volatile social and economic environment. The ‘new normal’ therefore describes a world in which there are more and more situations - or challenges - that are not problems but by their very nature dilemmas.

Head of Corporate Department Communications
& Governmental Affairs, German multinational
engineering and technology company



Part 1: New cyber threats in an accelerated digital age

Greater reliance on digital technology brings greater risk exposure

Prior to 2020, digital transformation was already rising up the priority list of businesses. Companies across all sectors who were slow to adapt to the new digital business models risked being left behind. The COVID-19 lockdown changed the priority of digital transformation from being a progressive decision to a necessary one. Almost overnight, companies were required to develop a digital first strategy capable of supporting a shift towards online working patterns and consumer behaviours.

The greater reliance on digital technology brings with it associated risks of cyber outages, cyber attacks and data protection. Currently, these risks are poorly understood among both households and small business owners.

In the last two decades, there has been an explosion in the volume of data collection. In 2006 there were already two billion 'smart' devices in the world (i.e. devices that were connected to the internet). The number of smart devices is now estimated to be 200 billion, equating to 26 connected devices for every person on earth.¹ With the capacity to be better connected, people are spending more of their lives online. Data from Ofcom shows that in April 2020 UK adults spent four hours and two minutes online per day – far higher than the three hours and 11 minutes recorded in September 2018.² The more time people spend online, the greater the risk exposure they face. However, for many companies this risk is poorly recognised and poorly understood.

// The current circumstances are a good opportunity to make changes in retail. We have been doing the same thing for 200 years. It's time to accelerate the changes in terms of digitalisation, omnichannel and customer service orientation, strengthening the DNA of the brands and the company, and good customer relations.

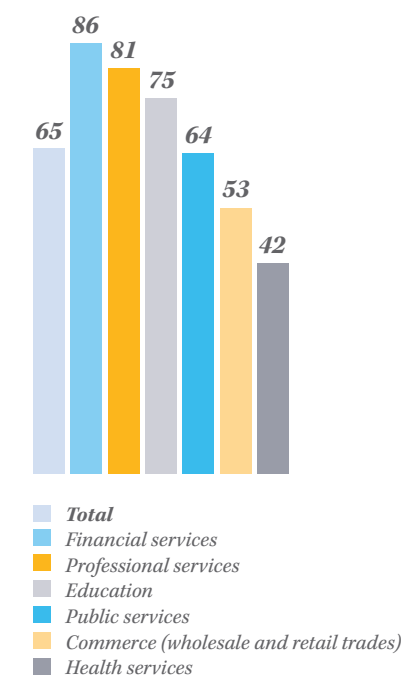
Head Corporate Director General,
Spanish fashion retailer

Home and communal working opens a 'back door'

With the shift to home working post-COVID-19 meaning people are spending more of their working life virtually connected – including via personal devices – this potentially opens a 'back-door' to cyber attacks on corporate data. During the first lockdown, almost two thirds (65%) of UK workers worked from home in some capacity. This figure is higher than the 47% recorded by the ONS in April 2020,³ though the difference likely reflects the fact that our survey was undertaken in August 2020, several months later into the pandemic. As we would expect, certain sectors of the economy have been able to accommodate remote working more readily than others.

Figure 1: Those in financial and professional services were the most likely to work from home during the initial national lockdown

Q. Have you 'worked from home' as a result of lockdown? (%) by sector



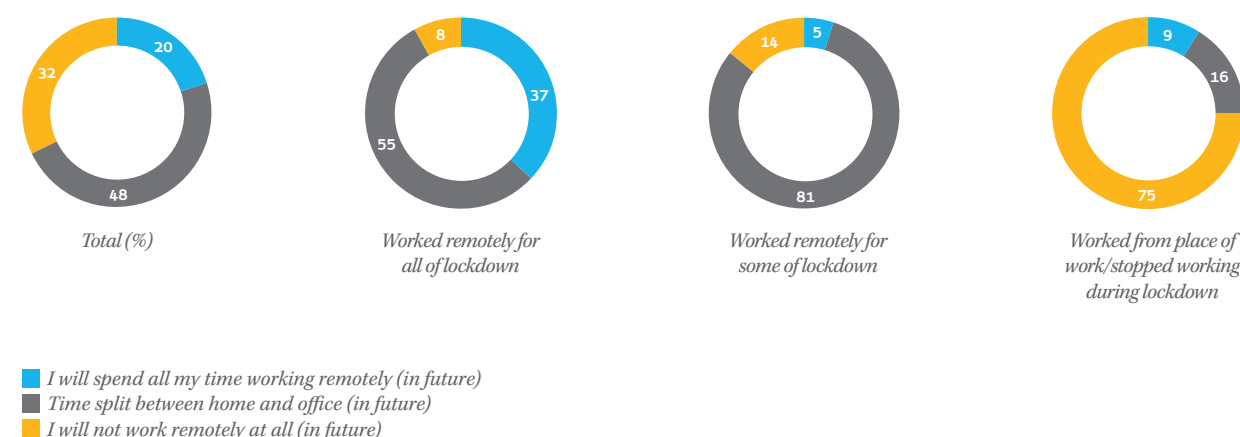
Like many behaviour changes that have come about as a result of the pandemic, the question remains as to the extent remote working will persist in a post-COVID world. Over two fifths (44%) of the UK workforce expect they will spend all or most of their time working from home in the future. However, this total figure hides significant subtleties, with 90% of those that spent some of the pandemic period working from home expecting to work remotely to at least some extent post-COVID-19 (26% envisage working entirely from home and 64% splitting time between work and home).

This has particular implications for financial and professional service businesses, with workforces in both among the most likely to have worked from home during the pandemic, the expectation among the majority is that such working arrangements are here to stay.

Over two fifths (44%) of the UK workforce expect they will spend all or most of their time working from home in the future.

Figure 2: A fifth (20%) expect to spend all their time working remotely in the future and a further quarter (24%) anticipate spending most of their time working from home

Q. Which of the following best describes how you envisage a normal working week in the future, when all lockdown measures are lifted? (%)



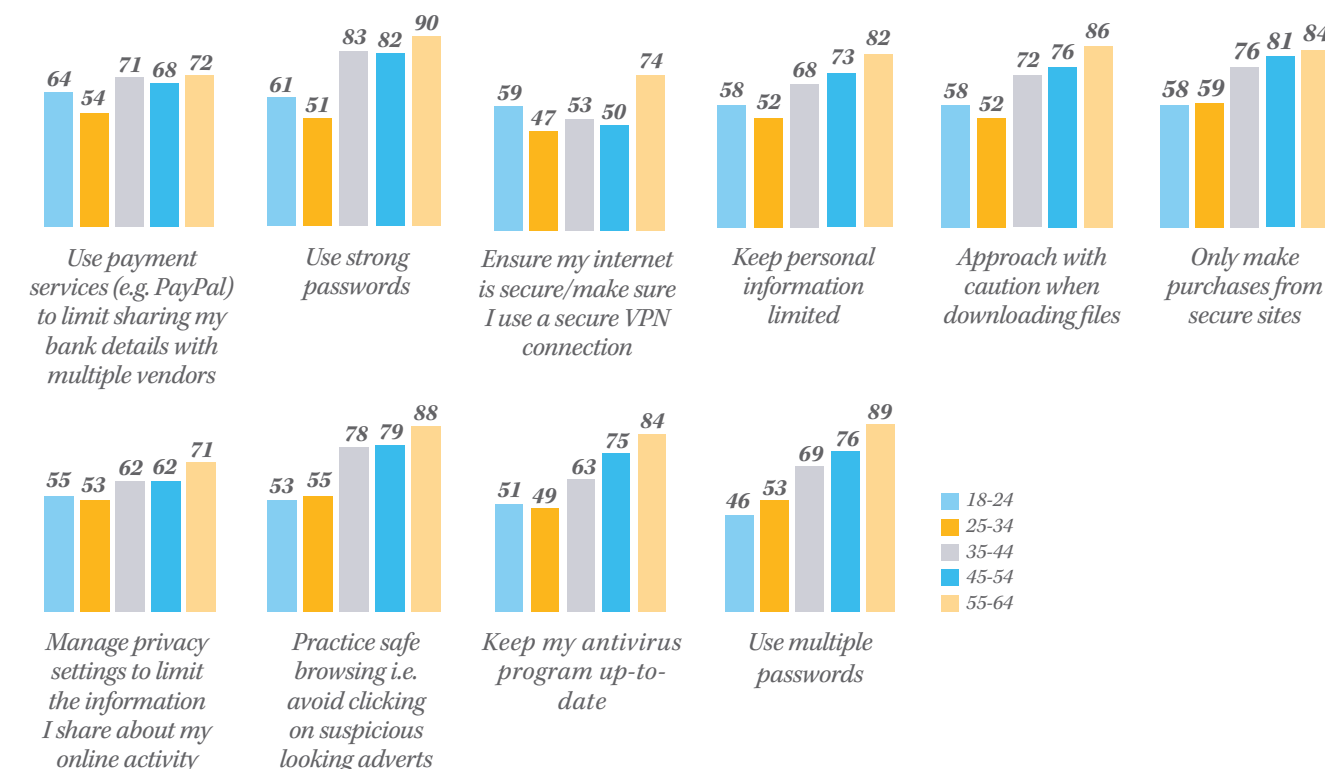
However, digital behaviours are not as rigorous when working online, with people more likely to take fewer online and internet precautions in a work capacity than they do in a personal capacity. Among those who worked from home (all or part of the time) during lockdown:

- 57% of workers state they practice safe browsing when working online.
- 56% of workers state they approach with caution when downloading files for work purposes.
- Just over half (55%) of workers use multiple passwords when working online.
- Less than half (47%) ensure their internet connection is secure or that they are working via a secure virtual private network (VPN) connection when working online.

Our research shows that there is significant variation in people's behaviours across age groups, with younger employees taking fewer precautions than older age groups. For employers, this shows the importance in maintaining and enforcing training on internet security and cyber risks with existing workers and new employees entering the workforce.

Figure 3: Though younger generations are characterised as being 'tech-savvy' it is the older generations (those aged 45-64) who are most likely to practice good digital behaviours when they are online

Q. Which of the following behaviours do you regularly undertake when you are online? (%) by age



When the lockdown hit and businesses were forced to move to a remote working arrangement, not all would have been as prepared – or had the necessary resources – as others. Not all would have had access to the physical infrastructure needed to allow all their employees to be set up for working virtually, meaning many employees were left to make do and adapt to using their personal devices instead. Of those who worked from home over lockdown, almost three-in-four (72%) have been offered computer hardware by an employer and just over half (57%) use computer hardware supplied by their employer, leaving 43% reliant on using their own personal devices. Of those who used their own devices, 80% did not have any additional software installed on their device from their employer. This potentially creates a significant oversight risk for employers, who may have no way of tracking how their employees are using sensitive company data or information on their own personal devices. It may also represent a 'back door' for criminals to access corporate IT systems, leaving businesses more exposed to theft of client data, ransom attacks, and financial crime.

Adding further complexity to this issue is the fact that not all remote working is being done or will be done at home. Particularly in extended periods of home working, individuals may relocate, for example to a café or to a communal workspace. When such decisions are made in an ad hoc and unstructured manner this adds an additional layer of cyber risk to the issue. Accessing open Wi-Fi in a café without use of a VPN carries significant risk and, as already outlined, many are not fully considering how secure their internet connections are. This also opens up a discussion around the use of shared workspaces. Who should be responsible for providing online access and the security of that connection? Is it the landlord as part of the service charge? What guarantees and protections should there be for those accessing those spaces and, crucially, where should liability lie in the event of a cyber attack?



Uptake against cyber coverage is in its infancy

Businesses are poorly prepared to protect themselves against these risks from an insurance perspective, particularly amongst SMEs. Our findings show that just 7% of business owners (including the self-employed) currently have a standalone cyber risk policy. As a new and complicated risk to understand, it appears that companies are simply avoiding the cyber risk they are increasingly exposed to. What remains to be seen is if the current pandemic has moved cyber cover up the list of business priorities, resulting in higher future demand.

Despite the growing need for businesses to protect themselves from cyber risk, the cyber insurance market is likely to be tested by the strain COVID-19 places on businesses. In 2019, the US Council of Insurance Agents & Brokers' Market Survey reported a 2.9% increase in rates for cyber policy renewals, which was modest compared to previous performance. The survey expected that cyber insurance purchase practices may change significantly in 2020 because of mounting strain on corporate budgets and profits,⁴ and that SME businesses may look to cancel or lapse their policies over the next year as a cost cutting measure. Of course, that survey was prepared before the economic strain of COVID-19 became a factor and those expectations can, therefore, be amplified.

Our IT system has had years of under investment. The front end is probably slightly easier to fix. The bit where there are issues is the back and middle end. In that sense we may have got a 'false bounce'. Now it is working, everything is working, and people are doing and using the right things.

Head of Corporate Affairs, US asset management company, based in London

For consumers who hold insurance products currently, many believe that the insurance industry has the opportunity to develop and promote appropriate cyber risk cover and raise awareness around the potential risk it poses.

- Only 21% of those holding an insurance policy state that their insurer offers products which provide protection when passing on personal details to third party providers.
- Just one-in-five (19%) of those holding an insurance policy have noticed their insurer including cyber risks within their existing policies (e.g. including cyber on home or travel insurance).

First, we had to work from home. Next, we needed to figure out how to communicate. And the first major hurdle was IT – and not in terms of Teams and Zoom, but the simple fact of trying to get into the system from outside the office. You had so many people trying to get into the IT system, many of us couldn't get in. The first few weeks were quite a struggle. Working from home, trying to figure out how to make the best of the situation.

Head of Corporate Communications, Japanese technology company

Overall, while people are increasingly spending more time online and our digital lives become ever more important as people work from home and can only connect virtually, this also means businesses are opening up their exposure to cyber risk. There is a danger in people being caught out if they do not properly protect themselves and their employees.



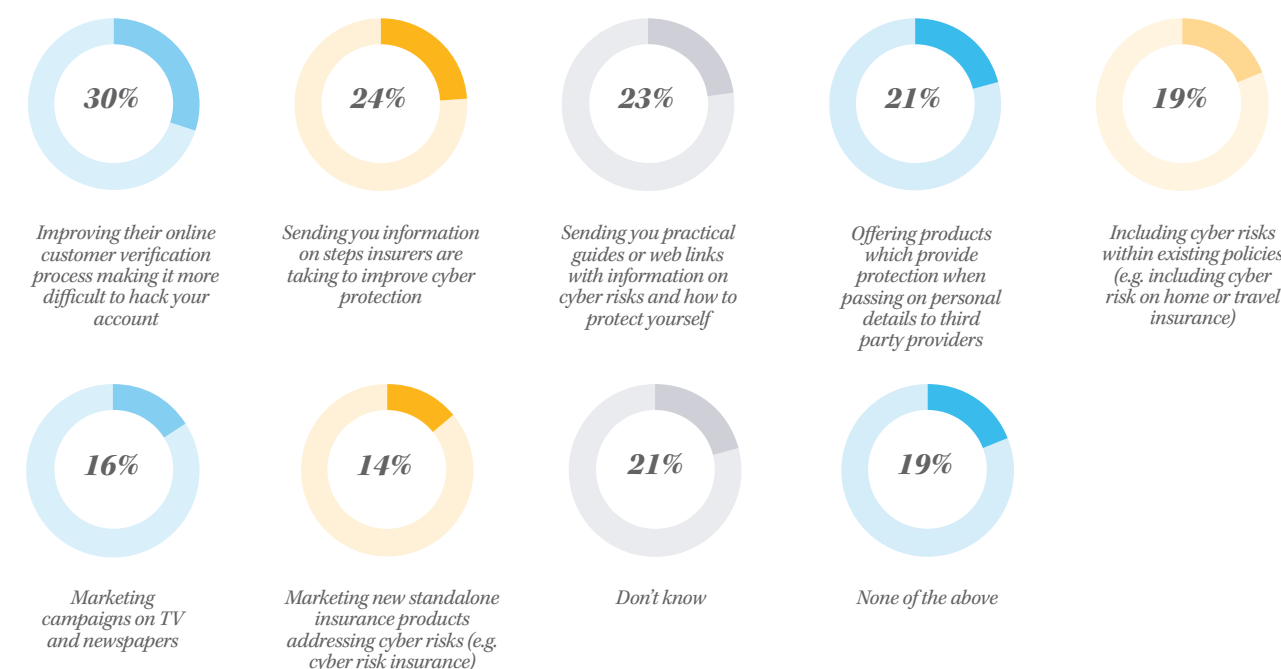
Only 21% of those holding an insurance policy state that their insurer offers products which provide protection when passing on personal details to third party providers.

Japanese companies prefer face-to-face contact for almost everything and working from home forced everyone to do audio calls and video calls, so the fact that you could still do something face-to-face through this type of platform surprised a lot of employees. So that's been working well. For security reasons, we're not technically supposed to use Zoom – we can't set up a Zoom meeting, but we can join a Zoom meeting set up by someone else.

Head of Corporate Communications, Japanese technology company

Figure 4: Few respondents thought that the insurance industry was taking steps to develop or promote appropriate cyber risk cover

Q. As digital behaviours become more commonplace in our lives, are any of the insurers you use doing the following... (%)



Part 2: Less oversight and support – the realities of remote working

A wholesale shift to remote working models presents major implications for maintaining high professional standards across a number of sectors. Large numbers of individuals working in historically ‘face-to-face’ intensive industries, such as medical practitioners and legal professionals, envisage a blended working pattern with greater remote working in the future.

Home working among historically ‘face-to-face’ intensive sectors

Over a quarter (26%) of those in professional services expect to spend all their time working remotely in the future and a further 63% anticipate spending part of their time working from home. In addition to this, almost one-in-five (19%) of those in financial services expect to spend all their time working remotely in the future and a sizeable 67% anticipate spending part of their time working from home. This suggests that approximately just one-in-eight people in either the professional or financial services envisage themselves working in the office on a full time basis when all lockdown measures are lifted.

One-in-ten (11%) of those in health services expect to spend all their time working remotely in the future and a further 37% anticipate spending part of their time working from home. This in turn, could lead to a more rapid take-up of remote delivery ‘telehealth’ models for medical practitioners.

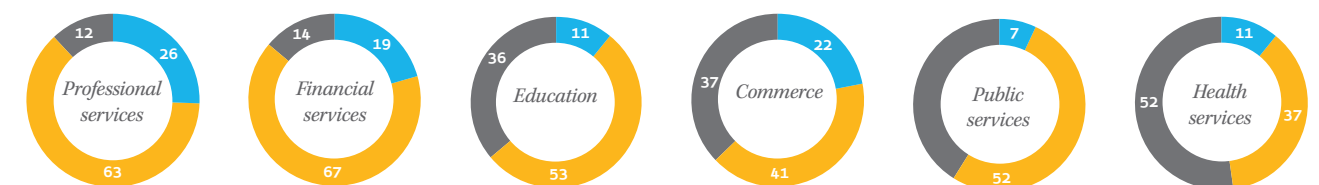
While we have already explored the cyber risks around such a shift, there are other issues businesses will need to consider.

// What is more difficult is that we lack closeness or rather spontaneity. For instance, to approach each other spontaneously and ask for advice. Those things become harder with interposed technology. If you must first make a call for a quick question, you lose any spontaneity.

Head of Corporate Communications and Sustainability, German utilities company

Figure 5: Large numbers of people working in professional, financial and health services foresee a blended working pattern with greater remote working in future - all of which means potential liability issues as businesses wrestle with quality

Q. Which of the following best describes how you envisage a normal working week in the future, when all lockdown measures are lifted? (%) by sector



■ I will spend all my time working remotely
■ Time split between home and office
■ I will spend all my time in a physical place of work

The emerging risks arising from less management support and supervision

Blended home working has offered green shoots of modernisation, increased flexibility and the potential for accelerated innovation. However, it is likely that issues arising from poor conduct and negligence will become more widespread in the absence of new approaches to risk management and supervision where remote working becomes more commonplace. A sizeable minority of workers across key sectors have identified that they are more likely to make errors when working from home or working remotely:

- Over a third (34%) of workers who worked from home over lockdown agree they are more likely to make mistakes when working remotely.
- That figure rises to almost half (44%) of those in financial services.
- Whilst a quarter (24%) of healthcare professionals and 28% of those in professional services agree they are more likely to make mistakes when working remotely.
- Lower quality output may be linked to less managerial oversight and support, with almost half (48%) of workers agreeing they receive less guidance and oversight from their manager when working from home and 46% agreeing that the quality of their work is better when on-site as opposed to working remotely.

For more senior people they roll out of bed and are on calls all day and are more plugged in that way. Whereas for the more junior people they are not on calls all day. We have our team call and they may have one or two other calls throughout the day. But they are less able to self-start because they don't know the business as well. So they aren't getting that ability to just watch and learn and pick up things.

Head of Corporate Affairs, US asset management company, based in London

Despite the well-cited benefits of home working there are several negative factors in-play in a 'home office' environment. As this report uncovers, exhaustion and burn-out have been a characteristic of home working, especially as workers first transitioned to working remotely during the initial peak of the pandemic. 'Zoom fatigue' became a new phenomenon and many workers struggled to sleep and experienced increased stress and lethargy, all of which contribute to poorer quality outputs among workers.

Furthermore, workers want and need to feel connected with their colleagues. Face-to-face relationships are an integral part to effective working and collaboration and having managerial support clearly reduces the likelihood of mistakes being made. Managerial oversight and support provides both formal and informal training to more junior colleagues and face-to-face contact time in an office ensures that a transition of experience, knowledge and expertise is an ongoing process throughout the day and leads to a more rapid upskilling of junior team members.

'Zoom fatigue' became a new phenomenon and many workers struggled to sleep and experienced increased stress and lethargy, all of which contribute to poorer quality outputs among workers.

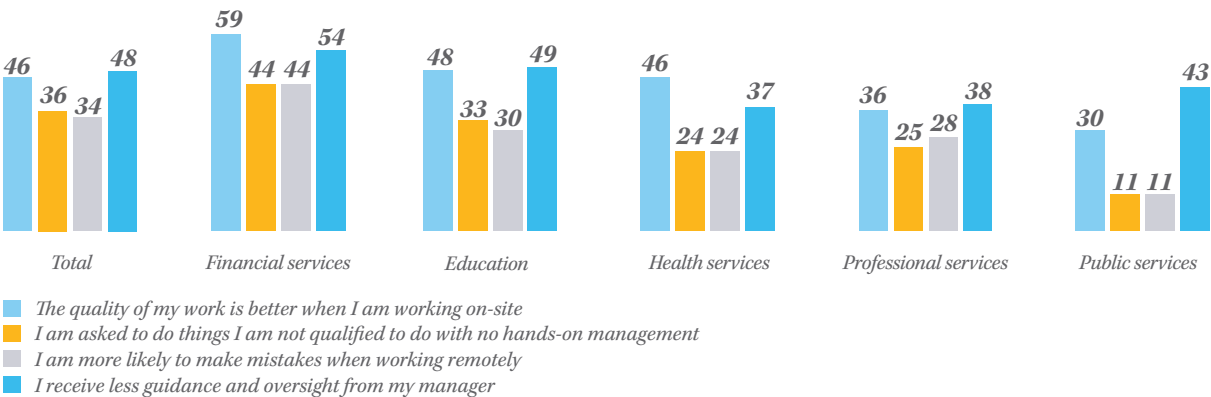
Ironically, it may well be that the ultimate consequence of less management and supervision is far more invasive management and supervision of employee activity. For example, through the use of technology that analyses keystrokes and can ascertain the amount of time people spend away from their desks. Not only will this have implications for employee morale and mental wellbeing, but also prompts discussions around employee rights and the right to privacy. While employees do not have an unequivocal right to privacy in the workplace, this does not hold true for employees working on their home internet connection. For employers adopting increased monitoring it will be vital for them to ensure that all computer or monitoring policies are updated to ensure they can do so in a compliant manner.

Finally, on the issue of professional liability, is the use of the cloud. Professional liability cases often require access to back-up data by employers. Accessing such data via an on-site server is a straightforward matter. However, accessing back-up data saved on the cloud is not always as straightforward. Where back-up data is stored on cloud services abroad a court order can be required to access that data, often at significant additional time and monetary expense.

On all of these issues it is vital that employers think ahead not only to the immediate consequences of the risks of increased remote working, but also to the knock-on impacts perhaps one or two steps removed.

Figure 6: A sizeable minority admit to making more mistakes when working from home or remotely via digital channels, exposing professionals to future negligence and professional indemnity claims

Q. To what extent do you agree with the following statements about your experience of working from home? (% agree) by sector



The implication of not receiving this attention and support is increased exposure to future negligence and professional indemnity claims. Away from the professionals at the coal face of managing the health crisis,⁵ businesses will not receive any additional professional liability coverage simply because of the pressures placed on them by COVID-19. All industries must look carefully at how they will mitigate increased exposure from new ways of working.

A sizeable minority of workers across key sectors have identified that they are more likely to make errors when working from home or working remotely.

Part 3: Health and safety issues for home workers

Prior to COVID-19, flexible working had been a nice-to-have benefit, infrequently used and often poorly integrated. On 23 March 2020, almost overnight, it became the compulsory new norm for millions of people with the UK Government introducing its first COVID-19 lockdown.

The physical strains of home working

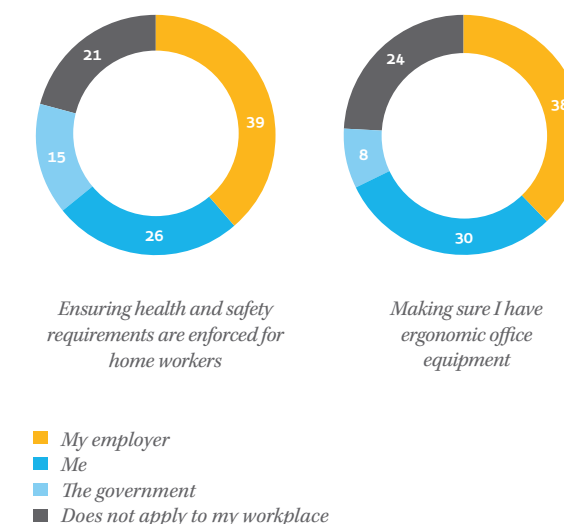
For the first three months of the pandemic, offices were forced to close physically. Businesses had to adapt quickly in order to keep operating, albeit virtually. This has led many employers to consider what their workplaces should look like post-pandemic. Indeed, many commentators already consider the concept of spending five days working in the office likely to become a thing of the past.

However, whilst employers may see cost benefits in reducing office space, due consideration needs to be given to the emerging health and safety risks associated with protecting their employees who are working from home. Health and safety issues have not yet registered for many employers across all sectors.

Many commentators already consider the concept of spending five days working in the office likely to become a thing of the past.

Figure 7: Two-in-five workers feel their employer should be responsible for ensuring health and safety requirements are enforced for home working and supplying ergonomic home office equipment.

Q. Who do you feel is responsible for making sure that your home working arrangements are made safe in the following areas? (%)





56% of those who have worked from home during the lockdown agree they walk around less than they would do in the office.

Taking the overall findings

Employees across the board are far more likely to think their employer, rather than them as an individual, should be responsible for ensuring health and safety requirements are enforced for home workers (39% compared to 26%).

Two-in-five (39%) workers feel their employer should be responsible for doing more to promote health and safety for home workers, significantly more than the 26% who feel it is their own responsibility. To date, few employers have taken steps to assess those risks.

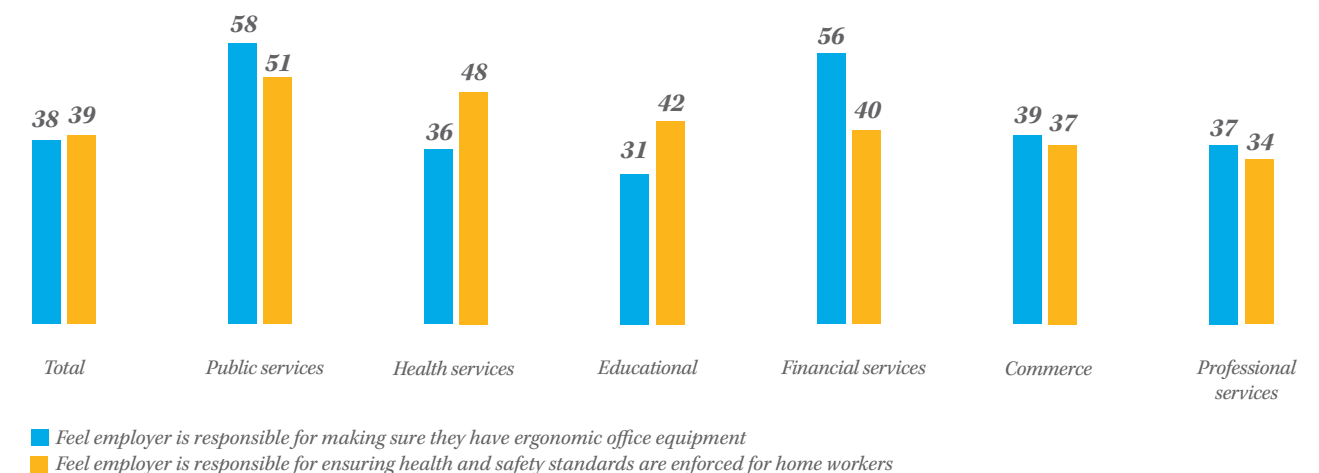
So far, only 38% of workers have been offered an ergonomic chair at home because of COVID-19 and only 21% have used them.

Breaking that finding down further to look at how those observations relate to employers across our key sectors:

- 58% of those in the public sector and 56% of those in financial services believe it is their employer's responsibility to make sure they have ergonomic office equipment at home.
- While 51% of those in the public sector, 48% in health services and 42% in education feel it is their employer's responsibility to ensure health and safety requirements are enforced for home workers.

Figure 8: Workers within the public sector and within financial services are the most likely to expect the employer to ensure they have ergonomic office equipment

Q. Who do you feel is responsible for making sure that your home working arrangements are made safe in the following areas? (% stating employer responsible)



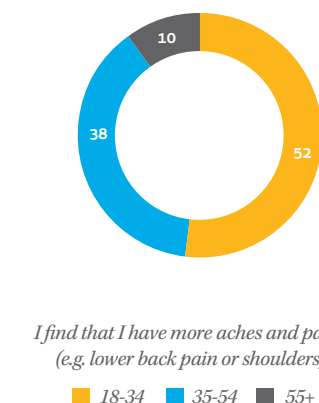
The physical impact of home working is already beginning to take its toll on people's physical health with:

- 56% of those who have worked from home during lockdown agreeing they walk around less than they would usually in the office.
- 53% agreeing they have taken fewer screen breaks.
- 48% agreeing they have more aches and pains (e.g. lower back pain or shoulders) since working from home.

Our findings suggest that, to some degree, these issues transcend different sectors. Is it the fact that we are working remotely at a computer, as opposed to the nature of that work, driving these physical impacts? To date Bupa, the healthcare provider, estimates that 11 million people in the UK are already in pain from their homeworking environment,⁶ with our research showing that younger people under 35 are more likely to be experiencing a rise in aches and pains than those over 35. While firms may currently be ignoring this risk, it has the potential to lead to a spike in near-term employer liability claims for work-related lower back pain or other health issues.

Figure 9: People under 35 are more likely to be experiencing a rise in aches and pains than those over 35

Q. To what extent do you agree with the following statements about your experience of working from home? (%) by age



I find that I have more aches and pains (e.g. lower back pain or shoulders)



Despite these emerging risks, one-in-five (20%) of all workers think that their employers will invest less in health and safety measures in the next 12 months due to the financial pressures of COVID-19.

// In general, it must be said here that even home office work can be stressful because you are always on duty. Constant availability results in an increased and also stressful frequency of meetings. Some departmental meetings, which used to take place weekly, now take place daily. The employees are thus much more closely monitored.

Vice-President Communications and Public Affairs,
German energy company



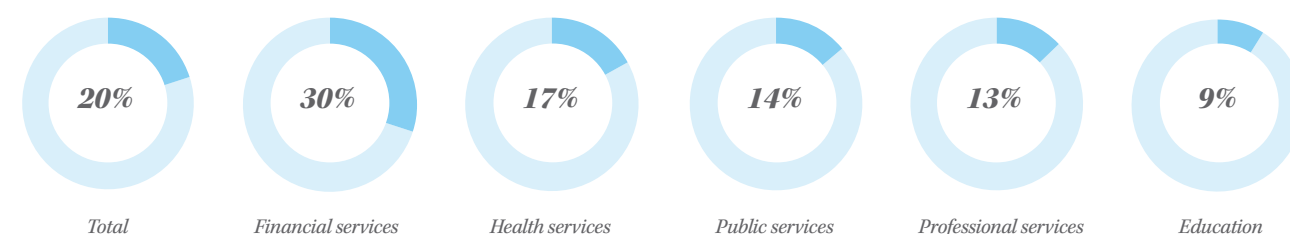
Mental health pressures

Of equal concern to a worker's physical health are the emerging risks around mental health-related sickness absence, with some homeworkers struggling with the loss of social interaction, loneliness, lack of management support, stress and anxiety.

Over half of people (57%) who have worked from home during lockdown report having missed the social interaction of the workplace, with virtual meetings leading to more siloed and transactional relationships with colleagues. For those who work in financial services, these drawbacks have been felt even more acutely, with nearly three quarters (72%) saying they miss the social environment, the highest of any sector.

Figure 10: Across sectors there is a feeling that there will be less investment in health and safety measures due to cost pressures related to COVID-19.

Q. Many businesses are likely to face financial pressure due to the economic impact of COVID-19, do you feel your employer will invest more or less in health and safety measures over the next 12 months?



To a significant minority, this has quickly begun to impact their mental health:

- 47% agree they find it harder to switch-off from work in the evenings.
- 43% agree they find it harder to get to sleep at night.
- 40% say they feel stressed, anxious and overworked on a daily basis.

Already the secondary impacts of COVID-19 are being felt on the UK adult population, with almost one-in-five (19%) experiencing some form of depression during COVID-19, doubling from one-in-ten (10%) a year earlier.⁷

These findings should act as a wake up call and demonstrate that while the world may be moving towards a more remote workplace, there is a need to ensure that the right support structures are in place for employees.

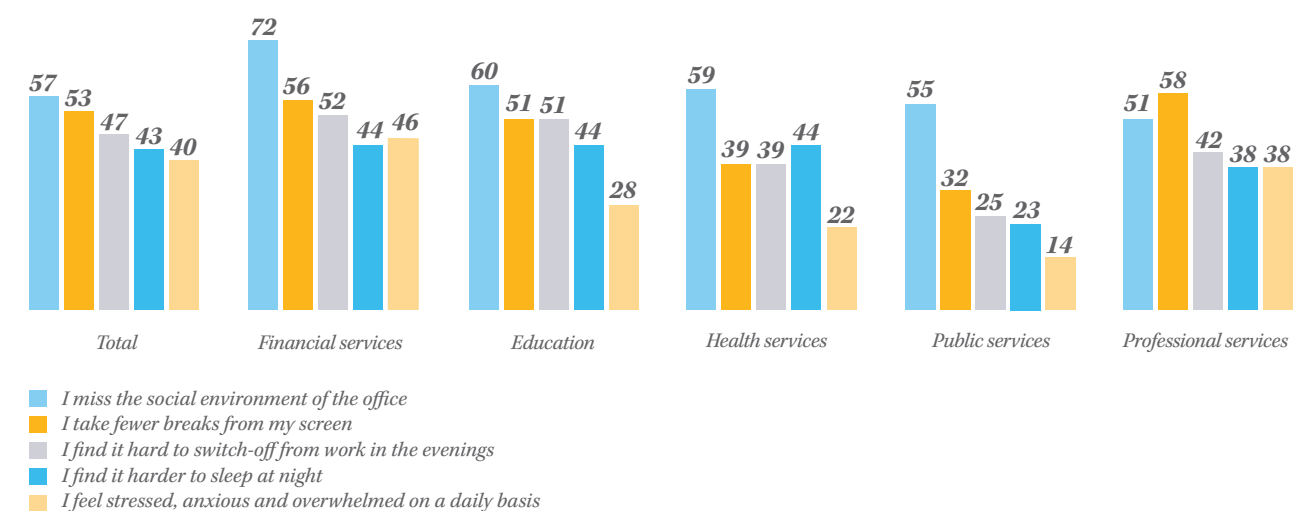
The World Health Organisation (WHO) estimates that 264 million people globally suffer from depression and anxiety, at a cost of US\$1 trillion to the global economy each year in lost productivity.⁸ In a COVID-19 recovery period economies and individual businesses cannot afford to lose more of their workforce due to not having considered the potential impacts of remote working on the mental well-being of the workforce.

// The office can be a break just for your own mental health. Our company have been very good at putting lots of content on the intranet about mental health, work/life balance etc. There has been a lot of really good communication around that.

Head of Global Research, pensions provider
based in the Netherlands

Figure 11: Across sectors, those who have worked from home are most likely to miss the social interaction of the office environment.

Q. To what extent do you agree with the following statements about your experience of working from home? (% agree) by sector



Identifying the next insurance coverage gap

So far, the market has experienced a number of issues with insurance policies in respect of coverage for pandemic risks. Notably, this has included business interruption cover and travel insurance. These live examples might not represent the end of the coverage issues.

As already outlined, the majority of the UK workforce expects to continue working remotely at least some of the time post-pandemic. Such individuals may find that their home insurance policies are invalidated by this change in working patterns. When the UK Government advice changed on 1 August and lockdown rules were updated to encourage people to return to the office, millions of workers in the UK were at risk of invalidating their home insurance if they opted to continue working from home.⁹ The situation remains fluid, particularly in light of the spread of the new and more contagious strains of the virus, and governments globally are again highlighting the likely need to tighten restrictions again in the future. However, a changing landscape with fluctuating rules is likely to contribute to a coverage gap as consumers and business grapple with an evolving situation. Similar coverage issues could arise with motor insurance policies for those now using private vehicles for work-related purposes.

For employers and employees alike, beyond the immediate COVID-19 health risk, the pandemic could have a long tail effect with secondary health and safety issues arising further down the line, for which they are poorly prepared and under-insured. Business income coverage (BIC) has demonstrated the need for the insurance industry to adopt a more proactive role in communicating these issues to policyholders and seeking to address any potential claims disputes before the disaster event.

The current ABI guidance to workers is:

- If you are able to return to work, but are choosing to work from home more often, then you may need to inform your insurer that your pattern of work has changed. Check your policy documents or insurer's website in case you need to inform your insurer, and if you are still unsure then check with your insurer.
- If you will be receiving visitors to your home on business matters, you should check with your insurer. In some cases, there may be some restrictions in cover, such as loss of money and theft being excluded, unless there is evidence of forcible and violent entry to the property.
- Business equipment used (e.g. laptop) is likely not to be covered. However, in most cases the employer would be liable for ensuring their equipment is insured away from the office.

For employers and employees alike, beyond the immediate COVID-19 health risk, the pandemic could have a long tail effect with secondary health and safety issues arising further down the line, for which they are poorly prepared and under-insured.



Part 4: A long-term reconfiguration of commuting habits

When the government lockdown was first announced in mid-March, it came with a clear message to “Stay Home, Save Lives”. For many workers across the UK, this meant an immediate change in their commute – either to working from home or away from using public transport.

The long-term repercussions of lockdown on commuting habits

For a third (33%) of commuters social distancing and public health concerns remain an influential factor on deciding how to commute. In London, where employees were previously more reliant on public transport, those public health concerns rise to 45% of workers.

ONS figures reveal this rapid shift in modes of transport will have long term repercussions for public transport. For example, while National Rail and the London Underground fell to 5% of average usage during April 2020, by August 2020 as the lockdown eased, both services were still only achieving around a third of their previous average usage for that time of the year.¹⁰

Across the UK as a whole, the majority of people who commute to work do so by driving their own car (59%) and this number is only expected to rise as a result of COVID-19. Our research found that over a quarter of people (27%) expect to use their car to travel to work more in the future compared to before COVID-19. The long term move away from public transport looks set to continue too, with 24% saying they will use the bus less and 20% saying they will use the train less for their commute in the future.

Our research found that **over a quarter of people (27%) expect to use their car to travel to work more** in the future compared to before COVID-19.

Figure 12: Nearly half of Londoners said public health concern was an issue when choosing how to travel to work

Q. What will motivate your choice of transport for travelling to work in the future? (% stating public health concerns)

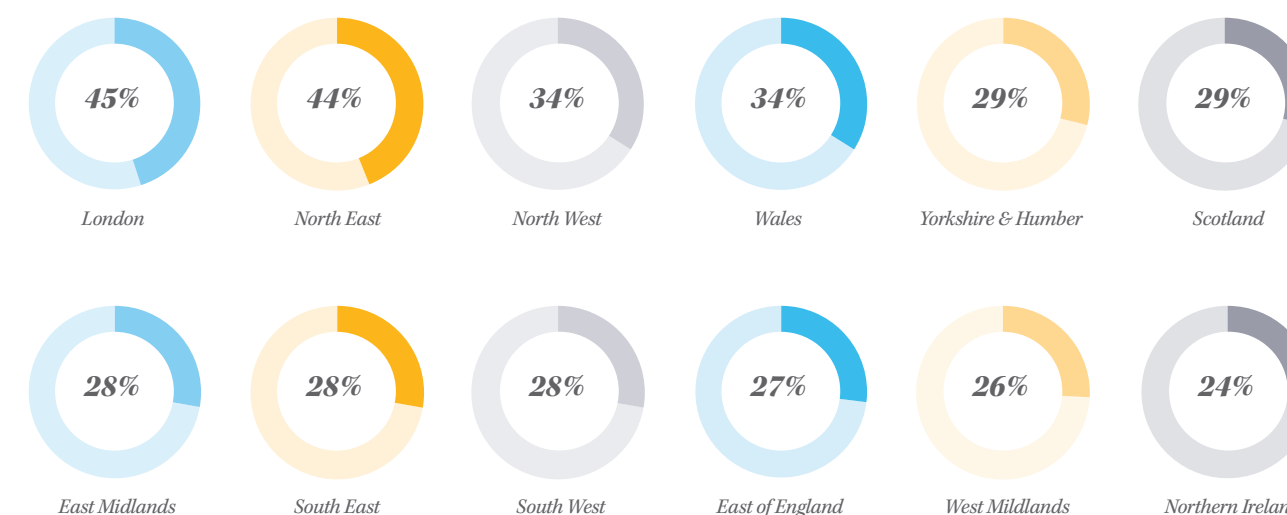
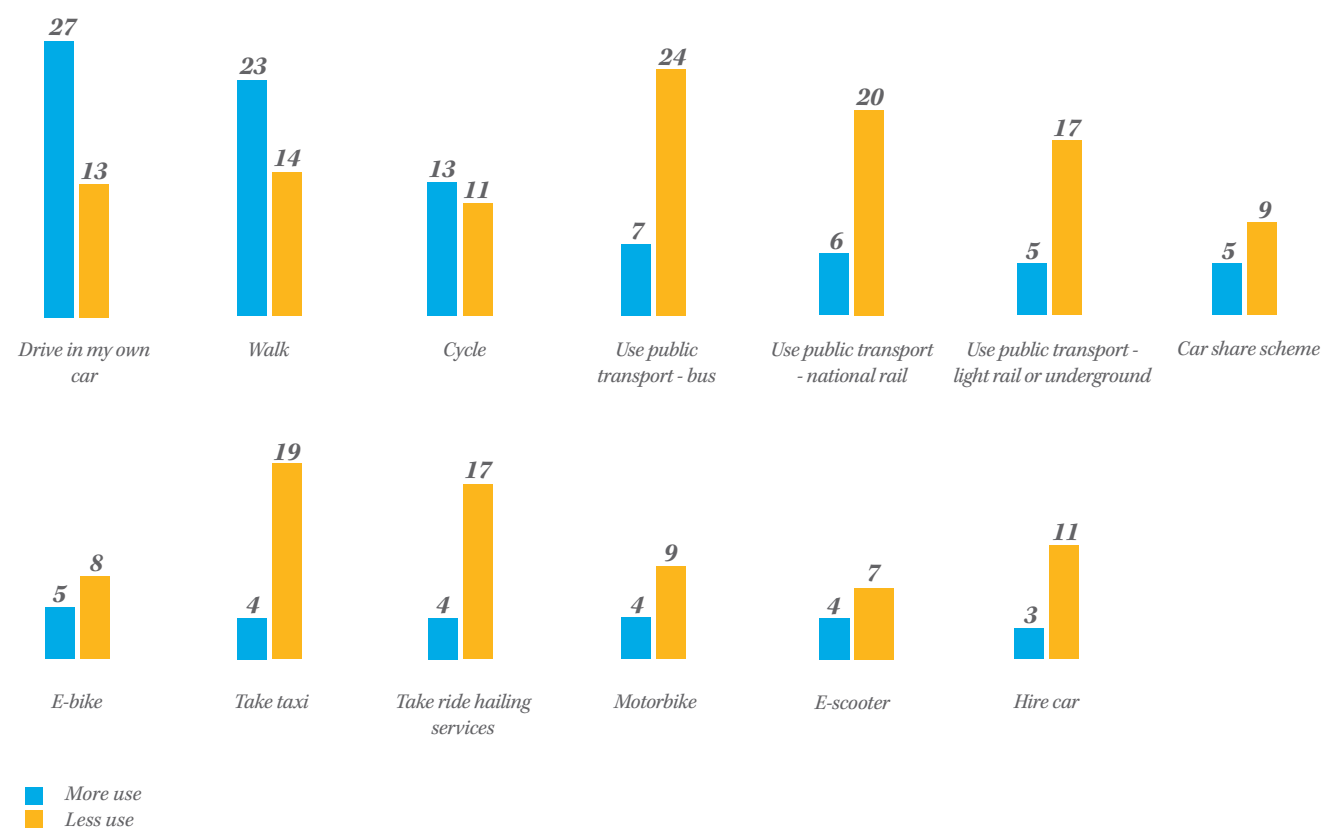




Figure 13: COVID-19 has changed many workers' commutes, with almost one in three (27%) expecting to drive to work more in the future as a result of COVID-19

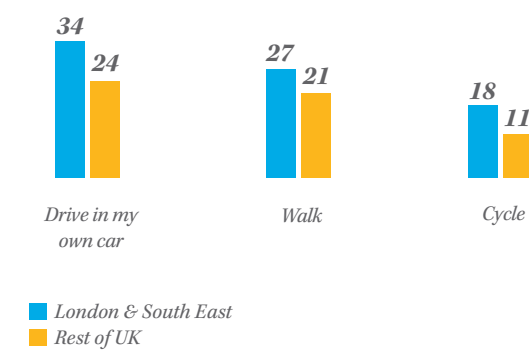
Q. How does this [usage] compare with how you travelled to work before the COVID-19 lockdown? – UK wide responses



Those living in London and the South East have seen their commuting plans change the most, with 34% saying they will drive to work more in the future, 27% will walk more and 18% will cycle more in the future.

Figure 14: 'More use' by region

Q. How does this [usage] compare with how you travelled to work before the COVID-19 lockdown? – UK wide responses



The 'stay at home, saves lives' mantra has been adopted by many western economies and is likely to have lasting impacts on business practices in the future.

// We've always been quite conservative in the way we run the business and communicate. We used to have draconian restrictions on working from outside the office. So what's new is the use of Teams, and teleconferencing. There's been a true acceleration in the implementation of digital techniques. Also, we have always been quite a travel-heavy company. People would travel for anything, whereas other companies and sectors had already cut down on travel, we hadn't. It seemed like we were in another age. But we do still have the need of human contact, and that will remain.

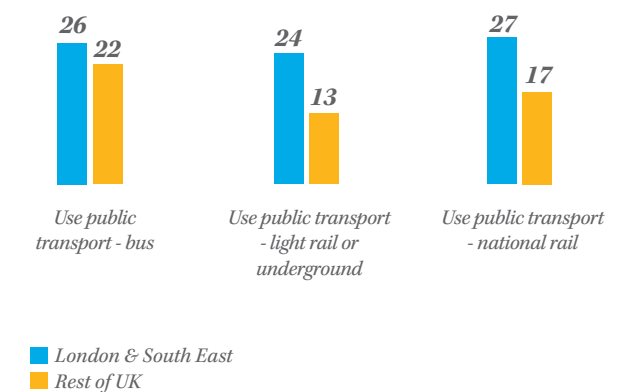
Global Head of Communications,
French multinational company

// While there's a certain percentage who definitely want to go back to the office, the younger generation probably are going to ask themselves, "Why do I want to be stuck in a train with other people packed in like sardines?" or "It takes 90 minutes to commute to my office but working from home would give me three additional hours for work or my personal life" – those are going to be changes that are going to take place.

Head of Corporate Communications, Japanese technology company

Figure 15: 'Less use' by region

Q. How does this [usage] compare with how you travelled to work before the COVID-19 lockdown? – UK wide responses



Implications of increased car usage and catalyst for further behaviour change

With commuters expecting to use their car more in the future, this could leave many people unwittingly driving with only partial insurance cover. While some major insurers temporarily added in ‘Business Use’ to motorists’ cover in the short term over the COVID-19 pandemic, there is no certainty over how long this will be extended for or around how many commuters have proactively looked to switch their insurance cover to reflect this transport change.

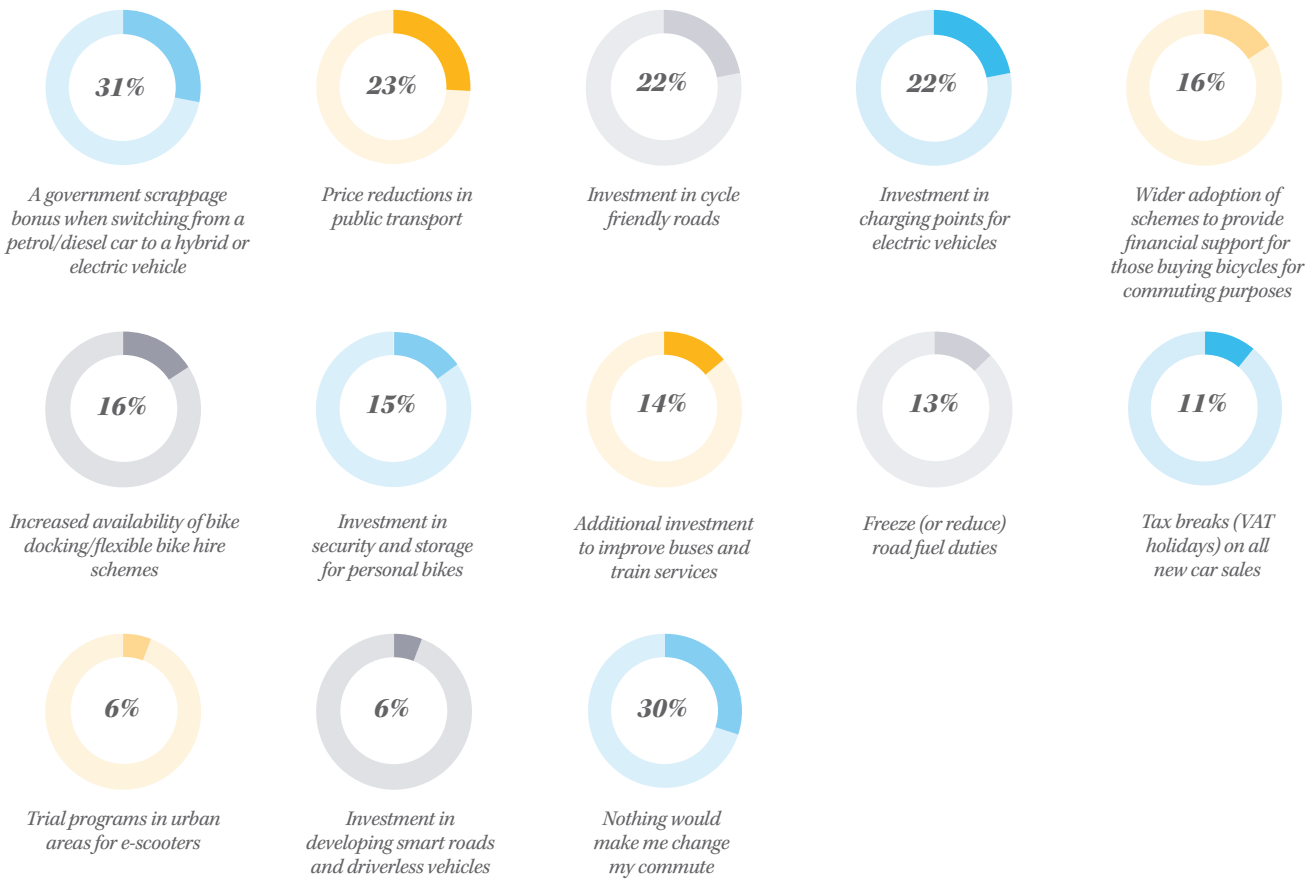
A further impact could be felt in terms of addressing climate risks. There has been much public debate about how the UK should use the COVID-19 crisis to reset the economy on a more sustainable basis. However, the shift to increased private car use and reluctance to use car share schemes could put at risk efforts to reduce carbon emissions and the green agenda overall.

When asked which initiatives would most motivate commuters to change how they travel to work, the top response is a scrappage scheme for petrol/diesel cars to convert to electric/hybrid cars (31%). However, since the beginning of the year people’s likelihood of considering a pure electric car has fallen from 16% in January 2020 to just 4% in August 2020, with those saying they are no longer considering citing changing personal finances meant they could not afford the upfront cost.¹¹

When asked which initiatives would most motivate commuters to change how they travel to work, the top response is a scrappage scheme for petrol/diesel cars to convert to electric/hybrid cars.

Figure 16: A car scrappage scheme that encourages drivers away from vehicles that use fossil fuels is the most likely initiative to change commuting patterns

Q. Which of the following initiatives would make you more likely to change how you commute to work?



The findings also reveal a potential knock-back to the UK Government plans to press ahead with autonomous vehicle technology. The least popular initiative amongst commuters relates to investing in the development of smart roads and driverless vehicles, supported by less than one-in-ten people.

This finding is despite the reduced risk of transmission if the driver or vehicle operator is not required on public transport. This picture mirrors the low-prioritisation towards smart roads felt by UK policymakers too, with 58% of UK parliamentarians saying that investment in smart motorways would be a lesser priority now for the government because of the COVID-19 pandemic.¹²

This is despite the recent approval in June 2020 by the UNECE of the Automated Lane Keeping System, meaning that the UK could see autonomous vehicles being tested on the roads from as early as 2021. For those who currently use public transport to commute to work, they are more likely to support initiatives to promote cycling, suggesting there are measures that can be taken to stop a wholesale switch to increased car use. For public transport users, the immediate priority is access to financial support to buy a bike (supported by 43%), followed by investment in cycle friendly roads (supported by 36%).

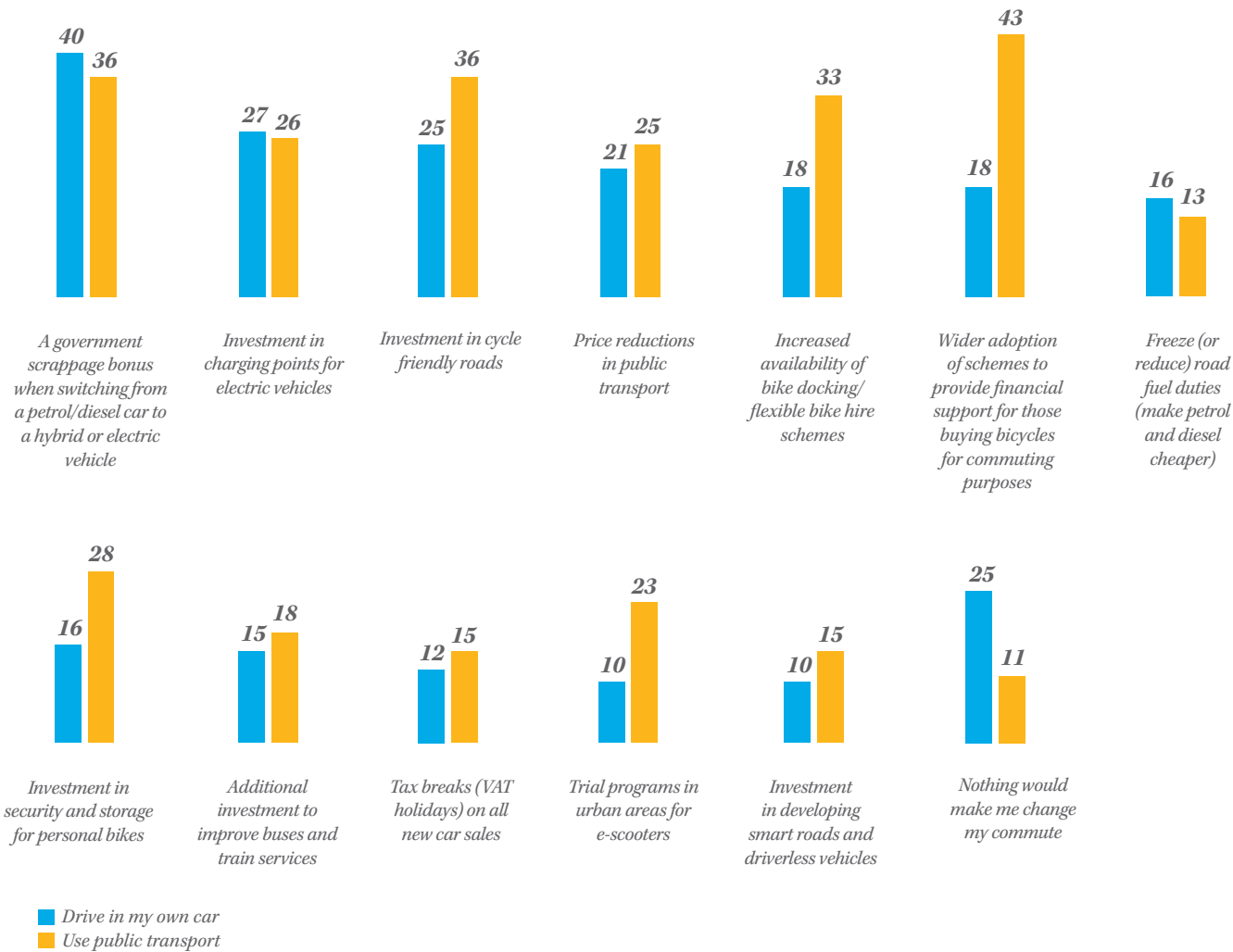
Emerging modes of transport – such as e-bikes and e-scooters – are still limited to a small minority. However, over one-in-ten people (11%) envisage that they will use either an e-scooter or e-bike to form part of their journey to work. This reflects a wider global rise anticipated for e-scooters with the number available for rental expected to increase from 774,000 at the end of 2019 to 4.6 million on the road by 2024.¹³



Emerging modes of transport – such as e-bikes and e-scooters – are still limited to a small minority. However, over one-in-ten people (11%) envisage that they will use either an e-scooter or e-bike to form part of their journey to work.

Figure 17: Those who use currently use public transport are far more likely to be open to a range of cycle schemes to change their commute to work than those who drive

Q. Which of the following initiatives would make you more likely to change how you commute to work? (% by main mode of transport used to commute)



Questions will need to be answered around how both e-scooters and e-bikes are classified as road users, what insurance (if any) is required to ride them and if any age or speed limits need to be put in place on their usage.

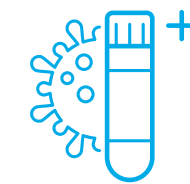
Growth in this market will require further efforts to address the liability framework. There is currently a legal question mark around the use of e-scooters. However, in response to the COVID-19 pandemic, the UK Government is currently undertaking trials into their usage, with the trials being brought forward a year and being expanded in scope to be open to all local areas across the country.¹⁴ While this may not be a priority initiative for commuters, supported by only 9% (though support in London and the South East is slightly higher at 12% compared to 8% in the rest of the UK), the decision could have widespread implications on how common the adoption of e-scooters is in the future. Questions will need to be answered around how both e-scooters and e-bikes are classified as road users, what insurance (if any) is required to ride them and if any age or speed limits need to be put in place on their usage. Once the current legal gap around e-scooters is closed, it could lead to a rise of a new popular mode of transport for commuters.

Part 5: COVID-19 related public health issues

If employees are to return to working in the office environment, they are reliant on employers investing in creating COVID-19 secure workplaces. For employers, this may mean operating at reduced numbers to allow for social distancing, introducing an internal track and trace system or providing PPE to ensure the safety of their workers.

Creating COVID-19 secure workplaces

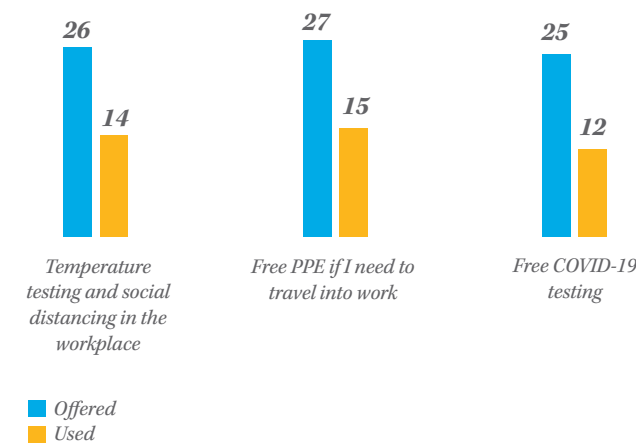
Our research shows that the picture is mixed with how far employers are currently going to support employees in creating a safe working environment. Currently only 27% of all employees say that they have been offered PPE by their workplace, 26% receiving a temperature check in the workplace and 25% being offered a free COVID-19 test. Across sectors this figure remains around a quarter or less.



Currently only 27% of all employees say that they have been offered PPE by their workplace, 26% receiving a temperature check in the workplace and 25% being offered a free COVID-19 test.

Figure 18: Currently only around a quarter of employers have been offering employees with either temperature testing, free PPE or a free COVID-19 test

Q. Thinking about your current working experience in light of COVID-19, has your employer offered you any of the following to support you at work?



This has not been helped by evolving government advice about what PPE the public should be regularly using or how far apart people need to socially distance, with it not becoming mandatory to wear a face covering on public transport until 15 June or in shops until 24 July in the UK. However, in an effort to get more people to return to the office, government guidance from 1 August was, albeit temporarily, updated to suggest that it was safe for virtually all employees to return to the office, provided their employer had taken the five steps outlined in the COVID-19 risk assessment.

Despite those in financial services being some of the most likely to work from home, and to that extent, least likely to be at risk from catching COVID-19, they are the most likely to have been offered private COVID-19 testing, temperature testing in the office and PPE to commute. This exceeds those working in health services.

% Offered	Total	Commerce (wholesale and retail trades)	Education	Financial services	Health services	Professional services	Public services
Free PPE if I need to travel into work	27%	24%	20%	35%	30%	21%	23%
Free COVID-19 testing	25%	29%	19%	37%	32%	11%	26%
Temperature testing and social distancing in the workplace	26%	27%	19%	38%	32%	16%	17%

% Used	Total	Commerce (wholesale and retail trades)	Education	Financial services	Health services	Professional services	Public services
Free PPE if I need to travel into work	15%	12%	10%	19%	15%	15%	16%
Free COVID-19 testing	12%	12%	10%	22%	20%	3%	12%
Temperature testing and social distancing in the workplace	14%	14%	11%	16%	21%	5%	10%

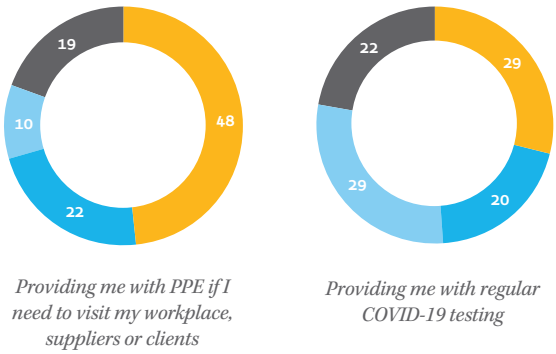
Emerging and growing responsibilities for employers

Although COVID-19 was a new and unknown risk for all businesses to deal with, adapting to future pandemics may be the long term situation, albeit to differing degrees. Part of the emerging challenge is distinguishing where responsibility and liability lies for providing a COVID-secure environment. Our research revealed that public opinion currently remains divided.

- Nearly half of people (48%) see it to be their employers' responsibility to provide employees with PPE if it is needed for them to visit their workplace.
- The public are more divided over who should provide COVID-19 testing, with as many thinking it is the role of their employer as think it should be the government.
- Only around a fifth of people think that either PPE provision or COVID-19 testing should be their own responsibility.

Figure 19: Many employees are expecting their employers to take on more responsibility to ensure a COVID-secure environment

Q. Who do you feel is responsible for making sure that your home working arrangements are made safe in the following areas?



- My employer
- Me
- The government
- Does not apply to my workplace

Many companies are evaluating how much office space they need and how often you need to be in the office. We are implementing a soft-opening strategy soon where half of the people will be in the office. I would not be surprised if that, or something similar could outlive this pandemic.

Head of Communications, Swedish multinational appliance manufacturer

As we have seen, even where employers have been offering PPE to employees, the uptake has only been from around half of employees – with only 12% taking a COVID-19 test and 15% making use of PPE provided by their employer. If businesses are to adapt to operating in this ‘new normal’, part of the challenge for employers will not only be to put the necessary measures in place but to implore their employees to take them up on these measures.

The employer is expected to do everything right in terms of hygiene rules. They have to provide the masks and have to ensure that the right travel regulations do not create too many risks.

Head of Corporate Department Communications & Governmental Affairs, German multinational engineering and technology company

STAY SAFE AND KEEP YOUR DISTANCE

Part 6: Barriers to improved risk management

Managing risks and responsibilities alongside financial pressures

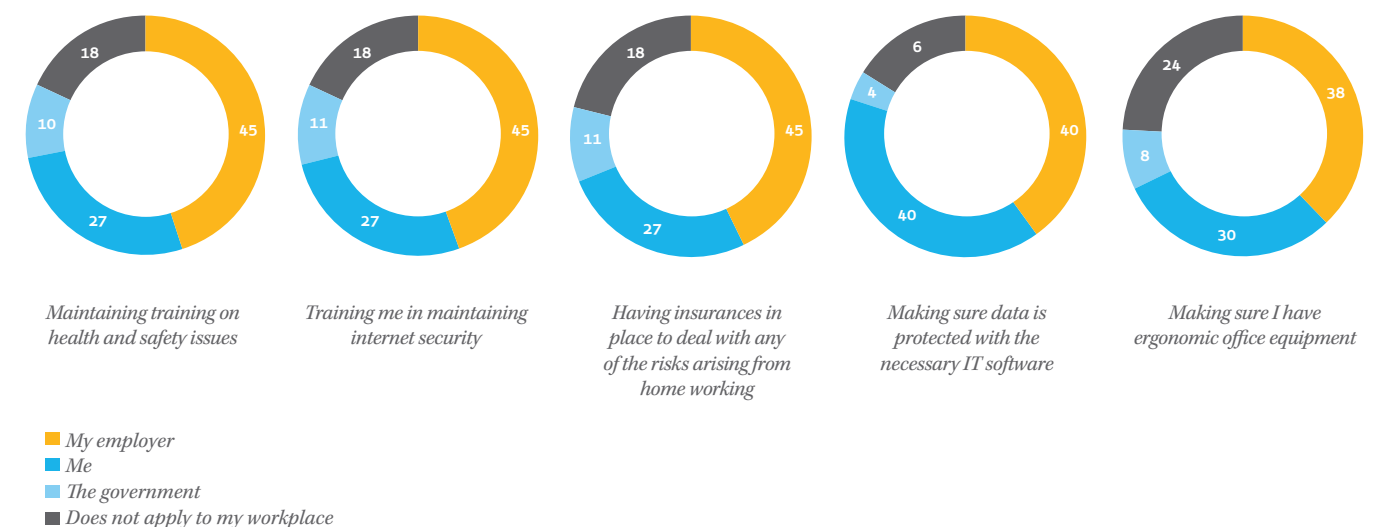
Whilst it is clear we need to make a step-change in efforts to identify and manage the emerging risks facing businesses and households, what is not clear at this stage is who should take the lead. Employers are understandably focused on economic and financial considerations. Insurers are having to manage an increase in inquiries and activity across multiple different lines. Meanwhile government is focused on the day-to-day firefighting as it grapples with the rapidly shifting situation surrounding the pandemic. Ultimately, in an environment when strain is felt ubiquitously, responsibility will have to be shared by all parties to effectively manage risk in the future.

When the first national lockdown was announced in the UK in March 2020, employees and employers alike had to quickly adapt to the new normal. As we enter the start of 2021, there is still a lack of understanding around who is responsible for filling the gaps in managing the risks that have emerged from a blended approach of more people working from home.

Overall, employees are more likely to expect their employers to be responsible for a safe working environment at home. That includes ensuring provision of ergonomic office equipment (38% state 'my employer' vs 30% state 'me') and maintaining health and safety issues (45% state 'my employer' vs 27% state 'me').

Figure 20: While two-thirds of employees expect to continue to work from home at least some of the time in the long term, uncertainty is emerging over where responsibility lies between the employer and the employee

Q. Who do you feel is responsible for making sure that your home working arrangements are made safe in the following areas?



However, with many employees having now spent months hunched over a laptop at the kitchen table, it is a mixed picture regarding how much employers have invested in people's homeworking environment so far. Again, there is sector specific variation:

- Just 13% of those in professional services who worked from home in the initial government lockdown used an ergonomic chair supplied by their employer.
- This contrasts with 37% in financial services.

Beyond the physical working environment are emerging cyber risks that businesses may face, with businesses often relying on employees to use their own personal laptop or computer for work. Employees are split over who they regard as responsible for making sure that data is protected by the necessary IT software, with as many people feeling it is their own responsibility (40%) as those who think it is their employer's responsibility (40%).

While in-person training and development may have been suspended or delayed for many in 2020, 45% of workers feel it is their employer's responsibility to train them in maintaining internet security.

However, despite there being confusion around where responsibility lies, employees from all sectors have low expectations of their employers stepping into the breach.

Less employer investment in systems, processes, and people?

With the anticipated negative economic headwind, the UK workforce expect their employers to be less likely to invest in IT hardware, physical office equipment or IT software in the next year. However, all of this may be needed to return people to full productivity in the future if a blended hybrid approach of home and office based working becomes the new normal.

The job market is also expected to stay stagnant for the next year, with nearly a third of employees expecting their firm will look to invest less in new hires and just 20% thinking this will increase. The leadership steer from many firms indicates that they will seek to 'batten down the hatches' and protect current jobs for the foreseeable future rather than looking to expand and grow.

Figure 21: Those working in financial services are the most likely to have used an ergonomic chair, supplied by their employer, during lockdown.

Q. Thinking about your current working experience in light of COVID-19, has your employer offered you any of the following to support you at work? And which have you used? (% used by sector)

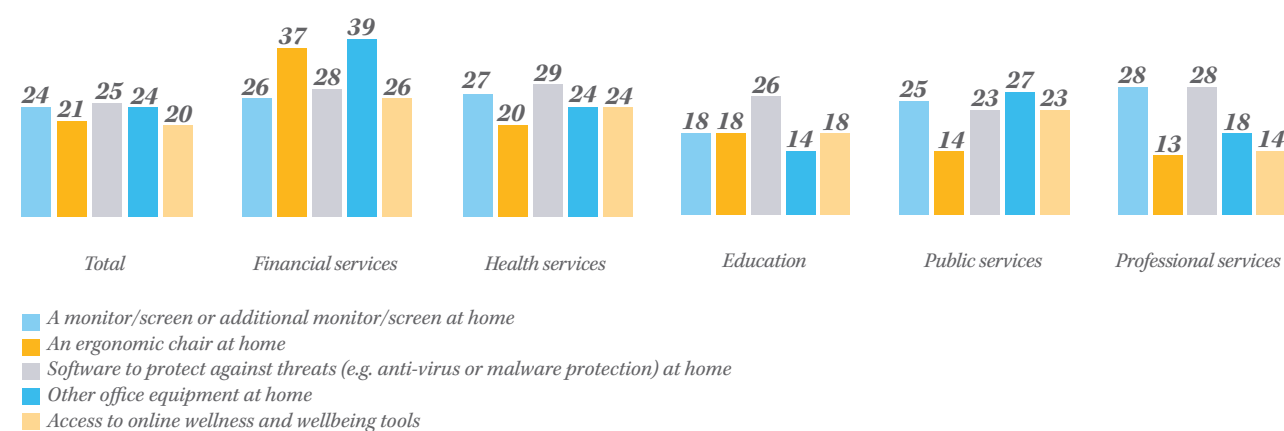
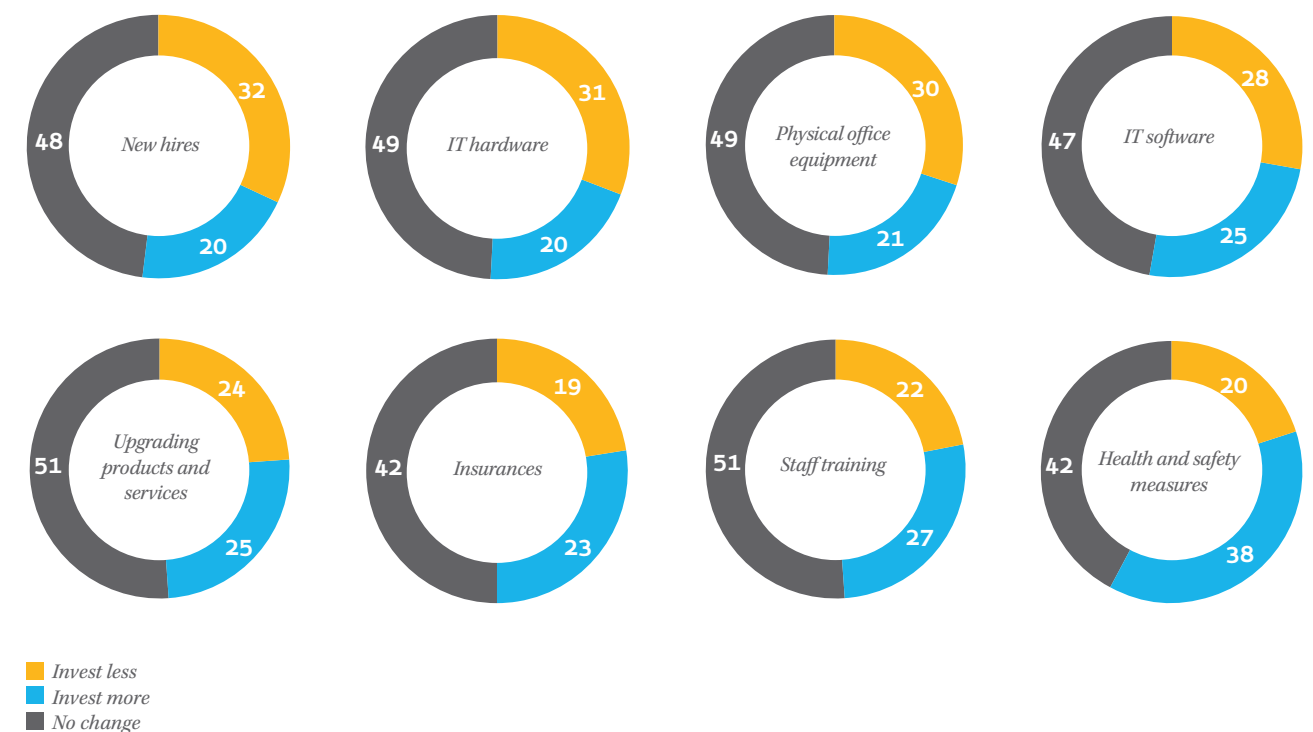


Figure 22: The UK workforce generally expects less employer investment in new hires, IT hardware and physical office equipment

Q. Many businesses are likely to face financial pressure due to the economic impact of COVID-19, do you feel your employer will invest more or less in the following areas over the next 12 months?



While it is understandable that employers may seek to make short-term cost savings in order to protect livelihoods it is vital that businesses fully appreciate the risks they are potentially exposing themselves to by cutting investment in training, hardware, software and insurances – with the long term costs potentially far outweighing the immediate costs.



While in-person training and development may have been suspended or delayed for many in 2020, 45% of workers feel it is their employer's responsibility to train them in maintaining internet security.

Before, we had no costs for PPE, and never contemplated screens. In addition, the fact of working at a stress level has meant a series of inefficiencies. This is a sector with very small margins, which makes money off volume. Everything in the chain has to be calculated to the millimeter so that costs do not increase, and this goes into the bottom line. Therefore, when inefficiencies occur, that makes these costs eat up everything you earn.

Director of Communications,
Spanish supermarket retailer



The risks of cost cutting may be particularly pertinent for the financial services sector. Not only have we seen how financial services over-indexes in terms of the proportion working remotely, but also in behaviours suggesting increased professional indemnity and health related risks. It is therefore concerning to see that those working within the financial services industry are far more likely to expect their employer to invest less across all the measures compared to other sectors.

The impact on insurance ownership

The need to expand insurance coverage in addressing emerging risks has been made clear throughout this report. However, our research found that at an individual household level, as many as one-in-ten people in the UK do not hold any form of personal insurance, with women (12%) and those aged under 35 (15%) being among the most likely to be under-insured or uninsured.

Worryingly, among those who do currently hold insurance products, the recent experience of those with travel insurance policies has led many to question the value of insurance. Travel insurance (currently held by a third of the population) is covering a sector that has received an extremely hard hit from the COVID-19 crisis, with the whole world's travel plans for the year being turned upside down. However, of those who currently hold travel insurance, 30% say that they will either lapse the policy or cancel it when it comes to their next renewal date. This is supported by recent research by travel insurer, SAGA, that 74% of their customers said they would be unlikely to take out travel insurance if it did not cover COVID-19 risks.¹⁵

// For us the most important thing is to cut costs, not overspend, have a healthy cash flow and consistent revenue stream. We have adequate liquidity which we believe is crucial at this situation. If our cashflow is in the negative situation, we may also ask our shareholders or banks for financial help.

Head of International Media, Chinese fintech platform



Of those who currently hold travel insurance, 30% say that they will either lapse the policy or cancel it when it comes to their next renewal date

Figure 23: Those working in financial services are significantly more likely to expect less employer investment

Q. Many businesses are likely to face financial pressure due to economic impact of COVID-19, do you feel your employer will invest more or less in the following areas over the next 12 months? (% stating much less/a little less)

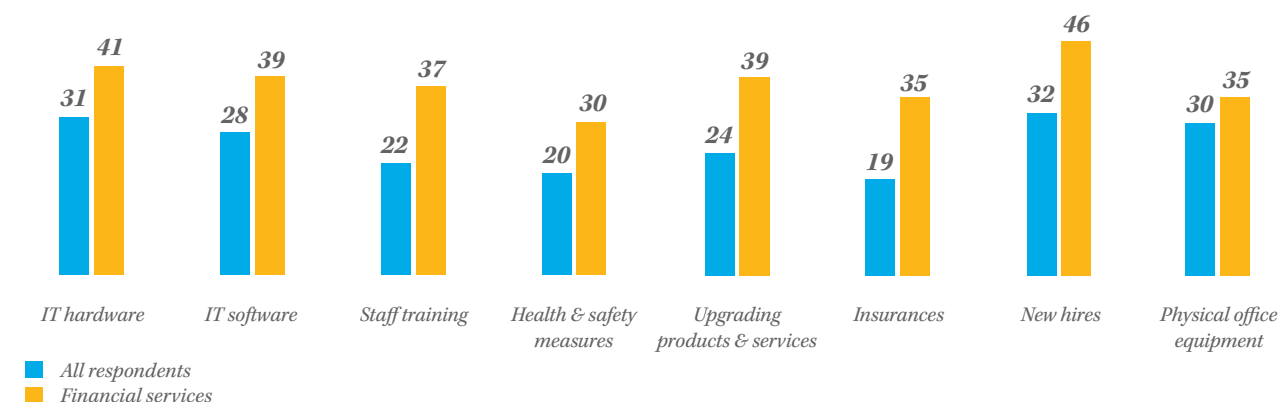
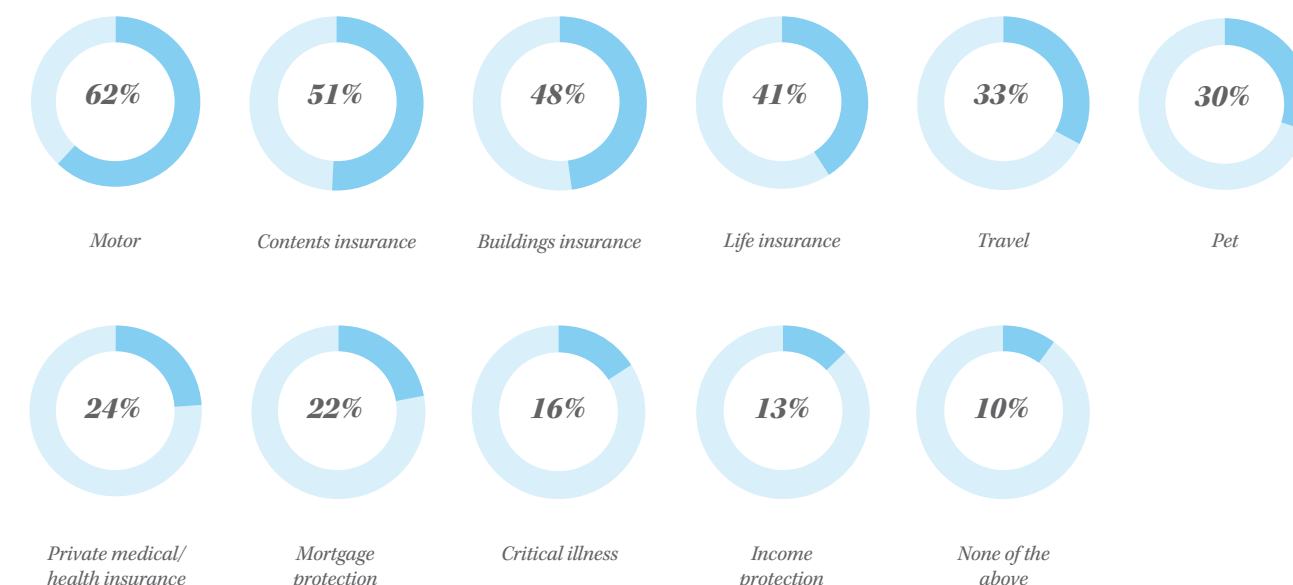


Figure 24: Despite the rise in physical and economic risks this year, only a small minority hold either critical illness or income protection insurance

Q. Which of the following insurance products do you currently hold in a personal capacity?



The picture of being under-insured is even worse amongst small and micro business owners, with 35% saying they do not hold any insurance in a business capacity. The most likely insurance for a business owner to hold is public liability, still only held by 32% of those surveyed.

Figure 25: A significant minority of travel insurance, income protection, PMI, critical illness and mortgage protection policy holders expect to lapse or cancel at renewal

Q. For each, do you expect to renew, lapse, or cancel that policy at the renewal date?

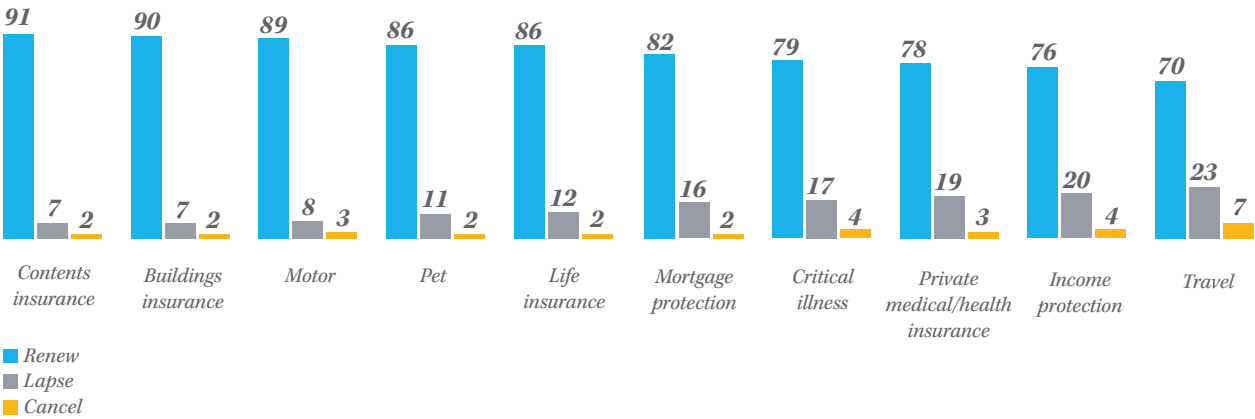
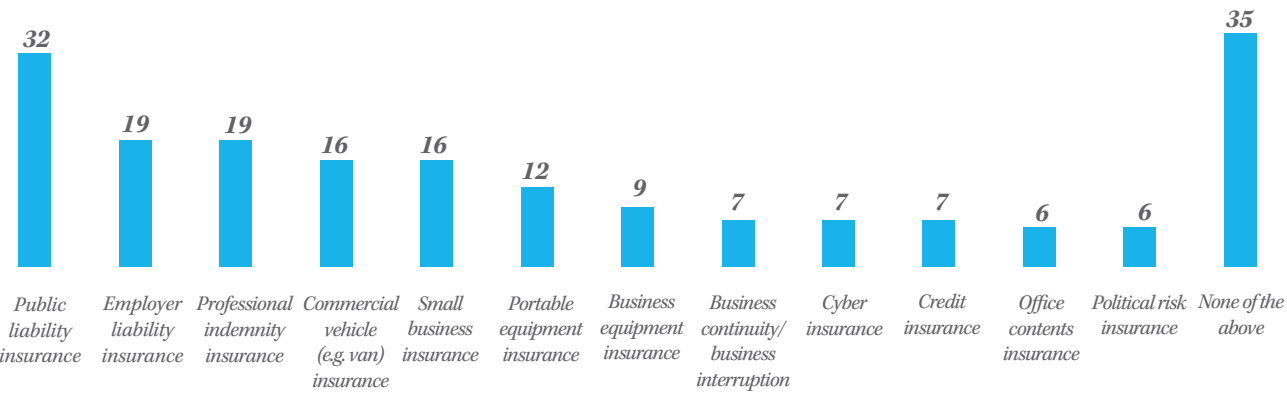


Figure 26: Over one-in-three SME owners and self-employed individuals claim to hold no business insurance products

Q. Which of the following insurance products do you currently hold in a business capacity? (Base: 107 SME owners/self-employed)



With business cover already low and with businesses facing a range of pressures (including immediate affordability and perceived extent of cover) it remains vital that all stakeholders – government, insurers and corporates – work together in order to ensure that businesses and individuals remain resilient to the inevitable long tail of stresses that COVID-19 will continue to have over the coming years.





COVID-19 checklist

Addressing the risks highlighted in this report will require us all to adopt a new approach. Businesses and their employees, working together with their insurers, can make a major difference in helping to identify the emerging risks post-COVID and in creating new strategies for managing those risks. It is clear from our findings that individuals will lean heavily on their employers to ease the transition from pre- to post-COVID working environments.

The following has been designed as a check list of actions which senior managers in businesses and insurance companies should take to address the changing COVID-19 business landscape.

Businesses

- For workers who continue to work on site, ensuring that they are able to access a COVID-secure working environment is paramount. This means making socially distanced business adaptations, such as limiting the numbers of people attending the physical workplace where possible, providing PPE and hand sanitisers.
- Employers should also consider assisting employees to minimize the COVID-19 risks when travelling to work either by rotating working hours (to avoid mass transit during rush hours) or encouraging other modes of transport.
- The use and extent of business travel and in-person events will have to be reviewed, with potential safeguards put in place.
- For employers working from home, introduce health and safety risk assessments for home workers to ensure a safe work environment. Identify those groups of employees who are most at risk of developing physical or mental health issues. To include those workers who are, or may be suspected to be, victims of domestic abuse.

- Employers should be alive to risks of exclusion that may be felt by those employees who are working from home. Ensuring flexibility and inclusion in the workplace is important.
- Provide support to employees in making their home working environment more ergonomic.
- Review company HR policies to promote colleague wellness and wellbeing. Put in place company-wide communications to highlight the availability of employee benefits such as Employee Assistance Programme schemes and telemedicine services for employees experiencing stress, anxiety, or depression. Virtual wellness sessions, resilience training and increased communications are critical.
- Mentoring – or ‘Buddy’ – programmes should be considered to provide additional guidance and support to employees, particularly younger employees, and new joiners. Supervision and management need to adjust significantly to ensure they get given sufficient training and assistance.
- Review existing cyber security procedures to ensure that they are effective in the new business environment, making sure company data is protected and ensuring that employees receive ongoing training.
- Review all company insurance policies to ensure that the business is fully covered in the event of future pandemic related claims. This includes the personal IT devices used for work purposes.
- Provide best practice guides on how best to prevent or mitigate future pandemic-related risks.
- Innovate the product portfolio, so that it reflects the changing needs of the customer. Over the longer term, there will be the opportunity for new product offerings that reflect the shift in our lifestyles and working patterns that are likely to remain, in some form or other. Flexible coverage should feature prominently, for example by virtue of usage-based offerings for manufacturing.
- Accelerate automation and digital transformation. The earlier lockdown in March 2020 showed how quickly we were required to move online – in our lifestyles and at work. Insurance firms should take the lead by promoting digital channels for all segments of the value chain, from underwriting and customer engagement to payments, and claims management. This may require acquiring new talent so that firms have the appropriate technical skills to promote their innovation agenda and meet customers’ evolving needs.

Insurance industry

- Continue to support customers, including by treating sympathetically individuals or businesses facing immediate financial hardship from the shutdown of economic activity. There is also the opportunity to return premiums or temporarily reduce rates for classes of cover with lower utilisation, such as motor cover.
- Increase client communications via brokers and other intermediaries around emerging risks, notably cyber risks, and provide advice on available insurance and practical steps households and businesses can take to mitigate COVID-19 risks.

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