



Impact of COVID-19 on UK businesses

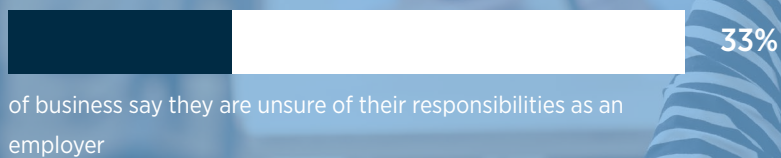
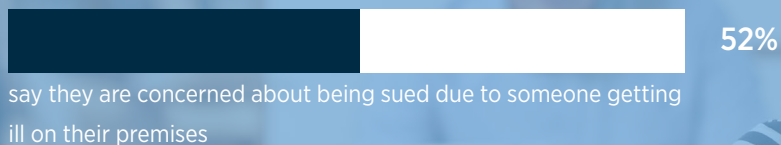
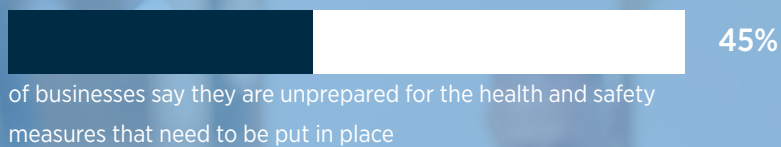


Gallagher

Insurance | Risk Management | Consulting

In July, Gallagher commissioned independent research amongst over 1000 owners and directors of UK businesses to understand how COVID-19 is affecting their firm and their outlook for the future. The report found that alongside concerns about the challenges they are facing to adapt, as we navigate the choppy waters of change, some businesses felt that COVID-19 has presented unexpected opportunities which will result in changes for the better over the longer term. In this report we delve into some of the key findings and how Gallagher can help businesses manage the evolving risks to their business.

HEALTH AND SAFETY



Mid-size businesses of 500 – 999 employees are most worried

Construction, education and social care industries all higher than average when it comes to levels of concern, reflecting the higher risk in these industries.



Maintaining a high level of health and safety was a key concern for many business executives across different sectors, but particularly among those with premises members of the public are accessing.

Neil Hodgson, Managing Director, Gallagher Risk Management Solutions, said: “As we reopen society it is clear that many business leaders are experiencing sleepless nights worrying about the measures that need to be put in place to protect them and their business. Clearly there is a lot to think about from a customer and employee perspective, and different businesses will need to interpret the guidelines in different ways.”

“As well as fines by the authorities, businesses could leave themselves open to claims from employees and customers in the event they contract COVID-19 on the premises and it can be proved they haven't prepared properly.

“From an employer perspective, failing to take reasonable measures to safeguard employees, such as staff being required to work in close quarters or with insufficient protection, could result in an employers' liability claim being made.

“When it comes to protecting customers and avoiding public liability claims, businesses need to be able to demonstrate they have followed the Government guidelines in terms of ensuring only a certain number of customers are in the premises at any one time and social distancing can be followed.

“Businesses need to ensure they are keeping abreast of current Government advice and changes in the law, assessing the business risks as a result of any changes implemented due to the pandemic, regularly reviewing risk assessments due to the changing nature of the pandemic, and keeping a paper trail of risk assessments to evidence the considerations taken. Our health and safety consultants can work alongside management to review actions taken and advise accordingly. Having a validated and successfully implemented COVID-19 risk assessment will enhance a business's mitigation and defensibility should an incident occur at the workplace, and avoid further potential repercussions.”



BAD DEBTS

Tim Fisher, Managing Director of Trade Credit at Gallagher, said: "Clearly the last few months have significantly impacted the outlook for the economy and business owners are rightly concerned that either from a customer or supply chain perspective their business is at an increased risk of becoming victim to bad debts. Problems with debts are unfortunately a natural element of business, however directors can take steps to protect them and their business against them by utilising trade credit insurance, which protects businesses against insolvencies and late payments."

Trade credit insurance protects businesses against customers failing to pay for goods or services usually due to insolvency or lack of funds and can help protect against costs due to failures in the supply chain.

Different trade credit solutions will suit different businesses. Many businesses opt to work with Gallagher's experienced credit risk insurance specialists to plan and implement a tailored, competitive credit insurance policy covering a wide range of risks.

Gallagher also offers a fully automated invoice insurance solution, designed to protect SMEs against insolvent and late paying customers. Through a partnership with Nimbla, Gallagher is able to arrange single invoice cover for clients, allowing firms to insure specific invoices or projects, rather than a traditional yearly policy.

A simple online platform allows clients to instantly review the credit rating of their customers and insure projects or invoices individually, helping safeguard the business against non-payment in the event of insolvency. Cover can be purchased for invoices up to a maximum of £110k per invoice or £500k per customer.



of businesses say they are expecting an increase in bad debts



of businesses say customer insolvencies are a major threat to their business now the economy is restarting



of businesses say supplier chain insolvencies are a major threat to their business now the economy is restarting

Supplier availability a concern for **35%** of all businesses rising to **59%** of bosses in construction and **50%** in food and drink reflecting their high reliance on the supply chain

Technology, hospitality and marketing sectors are particularly concerned

RETURN TO WORK AND EMPLOYEE WELLBEING

As lockdown measures begin to lift, employees will be looking to their employers to provide guidance during these uncertain times. Many employers are having to plan for different outcomes there is certainly much to think about and navigate to ensure your business can open safely, look after employee wellbeing and maintain profitability.

Making work attractive and providing reassurance to employees is key to encourage their return to work. Employers need to identify obstacles that may prevent or delay a return or require workers to remain away from the workplace. A conversation about returning to work between line managers and employees is critical. They need to cover what the first day back will be like, what to expect, issues relating to the commute and workplace strategies to minimise risk.

Staff confidence comes from them being engaged and confident that their concerns are being listened to and acted upon, as well as knowing that the employer is putting in appropriate health and safety measures.

Employers should ensure the organisation culture is inclusive and every employee feels they are returning to a supportive and caring environment. The pandemic has had an unequal impact across the workforce, as different employee groups, and individuals, will have been affected in diverse ways according to factors such as their job role, and demographic/personal circumstances.

Many people may come back with depleted mental health. There are many reasons for this including increased demands at home due to caring responsibilities, concerns about finances and job security, changing workload and work location, impact of being furloughed, bereavement and anxiety related to the fear of COVID-19 itself. Mentally healthy workplaces will be a priority as the nation transitions out of lockdown.

Alistair Dornan, Director of Organisational Wellbeing at Gallagher, said: "It is important to make the return easy and barrier-free recognising some employees may need additional support, and some will be handling the return to work differently. The role of leaders in setting expectations, providing reassurance, confidence and setting companywide goals and intentions is highly important as is an open-minded approach."

Gallagher offers a range of services to help businesses manage wellbeing and mental health in the workplace. It is currently running a number one hour online session regarding mental health specifically aimed at helping organisations in the current changing environment. These include both employee and manager training.



of businesses cite employee wellbeing their biggest concern when going back to work



Large employers most concerned with 60% saying this is their biggest worry



CYBER RISKS

Johnty Mongan, Cyber Risk Consultant at Gallagher, said: "Cyber-crime is a major issue for UK businesses and with changes in the way lots of businesses operate, criminals will be alert to the opportunities this presents. There has been an increase in highly sophisticated scam attempts that are using details like emails, messages and texts which are personalised to that individual to validate and authenticate their bogus requests. We've seen cyber criminals using COVID-19 as a way to scam individuals, for example, purporting to be from their employer and asking for information relating to the pandemic."

"Cyber-attacks are a part of modern day business and regardless of the steps taken to protect a firm, they can still happen. Having robust standalone cyber insurance in place can help protect against the financial, reputational and operational impact of an attack. Gallagher's specialist team can provide a cyber-protection programme that's carefully tailored to your industry and particular business.

"Through our cyber risk management service we can ensure your organisation is armed against cyber threats. We will get to know your business, starting with a review of your IT security and infrastructure to identify any vulnerabilities. We'll also look at ways we can help educate and equip your people to reduce the risk of cyber-attacks and data breaches in order to improve online security throughout your business."

With significant changes in the way we work for many employees and employers, particularly those that are office based, the evolving threat of cyber retains a top spot of concern amongst UK bosses. Throughout the pandemic increased levels of attempted cyber-crime were noted, with criminals taking advantage of potential vulnerabilities in home working and lower levels of awareness.



of businesses say cyber risk has increased



of businesses say they will increase remote working - increasing the risk of cyber attacks



of businesses say cyber-crime is one of their biggest concerns

Tech/IT companies and manufacturing sector particularly hard hit

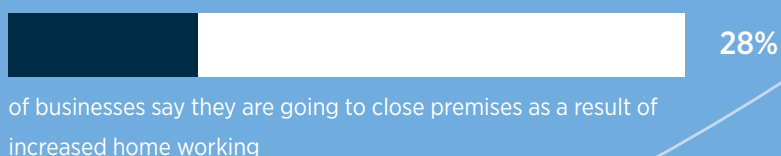
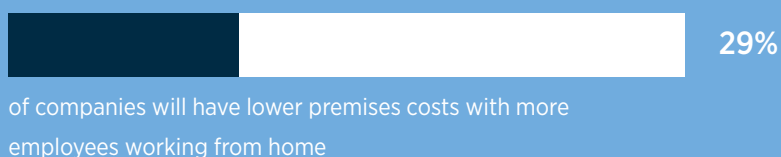
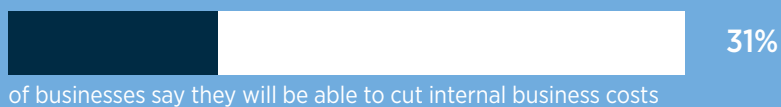
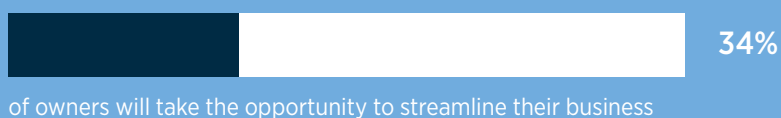


UNEXPECTED OPPORTUNITIES PRESENTED BY THE PANDEMIC

Many business leaders that were interviewed reported that the pandemic had made them reevaluate their business and change their priorities. Many reported actually viewing these changes as a positive step for them and their business, and in many cases employees.

Kathryn Moon, Sales Director for Gallagher, said; "It's good to see that many businesses are turning the challenge into an opportunity. Innovation is the lifeblood of business and it's clear that leaders recognise that to remain successful they need to be agile and open to change. Premises clearly are a major cost to businesses, which many leaders are now reviewing, having seen how productive employees are when working from home. This is likely to be popular with employees as they benefit from a more flexible work/life balance.

"Product innovation is also a major theme with businesses recognising the changes due to COVID-19 are likely to be around for some time yet. It's important to remember that if your business is changing, undoubtedly your risk management needs will also. It is therefore essential to maintain dialogue with your insurance broker to keep them abreast of changes, to ensure that your insurance remains up to date and your protection remains valid."



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