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UNDERWRITING THE UK'S WORKFORCE: THE CORONAVIRUS EMPLOYMENT CHALLENGE

"Firms should consider, along with other challenges, the impact of staff absences and the need to ensure staff wellbeing on continuity of service." This is FCA guidance to insurance firms on its expectations of their approach to Covid-19. Operational resilience is key. But as the FCA alludes to, fundamental to successful customer outcomes is ensuring employees themselves are well looked-after.

The biggest cultural shift that Covid-19 has seen – apart from general social distancing – is to home working. From call-centre workers to underwriters, the majority of (if not all) employees will be stationed at home rather than in the office. This impacts insurers both as employers, and as providers of related insurance products (for example, employer liability insurance and D&O insurance).

Employers have a duty to provide a safe work-place. This means employers need to take into account updated HSE guidance covering both those (if any) still required to come into the office and those working from home. It is clear that as well as physical health, mental health is a consideration here and employers will need to put in place appropriate measures – and take steps to ensure those are working. Perhaps sensibly, the FCA have made it clear that under SMCR it will be a question for Senior Managers whether or not employees are required in the office or can work from home – this is a big question in a time of national emergency and needs to be dealt with at a senior level.

This may be a busy period in terms of claims handling, underwriting and risk assessing, as policy-holders and insurers alike seek to establish what Covid-19 consequences should secure coverage. Insurers will also seek to reduce delay occasioned by remote working in underwriting and handling claims. For appropriate outcomes still to be met, managers will need to work effectively with employees, ensuring that teams have the same effective oversight that they do in a traditional workplace setting, and that conduct and performance expectations (if not productivity) remain unchanged.

The hope is, of course, that workforces remain healthy and economically active. However, insurers, like other employers, will have been making clear to staff how sick leave payment policies apply to those self-isolating. With their claims handling hat on, there will also be the question of whether furloughed or self-isolating individuals are actively employed such that coverage would continue under relevant insurance policies.

Insurance is, of course, not the only back-up that is being provided to employers. The Government's Job Retention Scheme (or furlough) is effectively underwriting the UK's businesses adversely affected by Covid-19, so that they can avoid large-scale collective redundancies. The 80% wage re-imbursment will be of value to many businesses and employees, but it must be deployed sensibly to limit litigation risk. A fair and justifiable approach, tempered by appropriate engagement, is key for dealing with employees here – and customers, too, as the UK seeks to broker its approach through Covid-19.

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