

**MARK COLEGATE:** Hello and welcome to this Aviva Risk Insights Report. I'm Mark Colegate, your host for today, and we are looking at the third annual Aviva Risk Insights Report. It's research carried out in conjunction with YouGov during August/September of 2022. It talked to 1,251 business owners and leaders from small through to medium to large UK companies and across nine industries, and it gives real thought and insight into what the main risks and opportunities are facing UK businesses. Let's bring up some of the key findings now.

We're going to be unpacking some of those threats and opportunities over the course of the next 40 minutes, and we're going to be doing that with three key members of the Aviva team. Let's meet them. Chris Andrews, tell us a little bit about yourself and your role.

**CHRIS ANDREWS:** Hi, I'm Chris Andrews. I'm Director of the Risk Management Solutions Team at Aviva. I head up a team of risk management experts who work with our brokers and clients, and support them on their risk management needs.

**MARK COLEGATE:** Georgina Potter?

**GEORGINA POTTER:** Thanks, Mark. So, Georgina Potter, I'm the People Director for the General Insurance business at Aviva. I've got about 20 years' experience in the insurance markets, and I've joined Aviva about five months ago.

**MARK COLEGATE:** And last but by no means least, we've got Mark Lewis. Mark?

**MARK LEWIS:** I'm Mark Lewis, the Chief Underwriting Officer for Aviva's Commercial Lines business, looking at setting the underwriting strategy through from our digital products through to our large corporates.

**MARK COLEGATE:** Thank you. Well, I wanted to start really with business confidence. One of the key things, as I was reading the report, that came out is that levels in the UK seem to have plummeted, minus 50 points at the moment, compared to plus five, as a positive five just 12 months before. So what are the big macroeconomic problems that you see, Mark Lewis, facing UK businesses in 2023, and crucially what can companies do and what can you do as an insurer to help mitigate those?

**MARK LEWIS:** I think there's a number of key macroeconomic issues that we're seeing. I think importantly, to recognise that they're interconnected, I think if we look at the systemic inflation, soaring energy costs and indeed supply chain disruption, all of those issues are creating a fairly set of unique circumstances for UK business. We're really keen as an insurer, working with brokers and customers, to understand how we can help those businesses.

**MARK COLEGATE:** So that's the broad outlook, but let's dig into that in a bit of detail, so specifically the cost of living crisis, what's that going to mean for businesses and their profitability?

**MARK LEWIS:** I think there's no doubt that the cost of living crisis will have a significant impact on profitability of UK business. Our Risk Insights Report tells us that 77% of customers have raised this as a concern. They're concerned that the economic climate we find ourselves in will have a significant impact on their profitability. For some context, in 2020, 49% of businesses reported that COVID-19 would have a detrimental impact on their business. So the 77% figure is quite alarming. There's significant concern amongst UK business.

**MARK COLEGATE:** And is that having an impact on trading from an insurance perspective?

**MARK LEWIS:** So, to date, we've seen no material reduction in trading volumes across the Aviva Commercial Lines business. I think it's fair to say we recognise the energy crisis as a long-term problem, particularly with reduced support for businesses moving forward. So we recognise that risk of business failure will indeed increase through '23. It's something we're watching very closely.

**MARK COLEGATE:** OK. And, Chris Andrews, again looking at the report, there was a lot in there of the data around this combination of global issues, like high inflation, supply chain disruption, ongoing issues from Brexit and the energy crisis, not least exacerbated by the war in Ukraine, the key concerns, but how can businesses better understand these risks in relation to their business, and why is that so important for them as they think about the year ahead?

**CHRIS ANDREWS:** Yes, look, well, businesses have certainly had to show great resilience over the last few years. We've got inflation, as Mark commented on and is clearly coming through in the Risk Insights Report with the economic concerns

that businesses are facing. We've still got the aftermath of Brexit. We've still got COVID. It still lingers there in the background. So they've had to show great resilience over the last few years. These all interconnect, they all have an impact on a business. For us, it's making sure that the focus doesn't slip away from risk management. You know, it's absolutely key. Businesses need to understand the impact that these risks can have on their business, the implications, the potential impact, and the controls that they need to have in place are consistently adequate, consistently evolving and consistently reviewed to make sure that businesses protect themselves.

**MARK COLEGATE:** Thank you. And, Georgina, from the people side of things, skilled workforce shortage was identified amongst those interviews as the second most pressing risk that they face. How is that impacting businesses in terms of recruitment and retention?

**GEORGINA POTTER:** Well, if I start with talking about what's going on in the outside world, as you have done, Mark. So we've got unemployment at a record low, it's hovering around 4 to 5%, so we've got a real shortage of people, of skills. About one in five adults is economically inactive at the moment, so that's been increased by COVID, so people taking early retirement, so again compounding the issue in terms of the availability of talent. But this was the second risk reported in the Risk Report last year as being a risk on people's minds. So what I have seen over the last 12 months is real resilience in businesses and real creativity about how we're accessing skills. If I talk briefly, so just to build on that point before I talk briefly about what businesses are doing, so we've seen 63% of businesses struggling to find people, and we've seen 64% of businesses seeing issues with retention, so again building that picture around what's going on and what challenges we're facing.

So, in terms of how we're responding as an industry, I think what I've seen, I'll pick on two things initially to talk about, the first of which is the fact we're being more flexible about the types of people we're looking for. So instead of looking for what I call the purple unicorn and the 15 criteria on a job description that we set out to hire with, we're actually honing in on four or five of those key criteria. So being a bit more flexible about who we're hiring. The other thing is we're working together as an industry to bring people in at the bottom. So focusing on things like apprenticeship programmes and work experience so that as an industry we are growing our own talent.

**MARK COLEGATE:** And what does it mean for a business if they can't get the right number and right level of skilled people in there? I mean that can be pretty fatal, can't it?

**GEORGINA POTTER:** Yes, it can be tough. I think, again, I'd pick on two things businesses are doing. One is trying to hire a head of attrition. We know that the cost of living crisis has been a trigger for people deciding to move jobs. So anticipating that movement in the workforce and hiring early is one of the things we can do. And then the second thing is actually building on the first point I made to the last question, which is around being more flexible about what we're looking for, so being more open-minded, and also tapping into resource pools, such as maternity returners, and then those people who have thought about taking early retirement but perhaps enticing them back into the workplace, so being more flexible and open-minded about the types of resource that we're hiring into the market.

**MARK COLEGATE:** And given your background, Georgina, do you get a sense, given the economic conditions we're facing in 2023, whether this tightness of the labour market is going to remain or actually it's going to get easier for employers, because, particularly if there's a recession, it's a buyer's market rather than a seller's market for labour?

**GEORGINA POTTER:** It's exactly that. But what I don't think we're going to see is what we saw in the 2008 recession where actually there was a surplus of talent as a result of some of the squeezes that businesses were feeling. So I don't think we're going to see that. I think it will continue to be a candidate's market, as you've described. I read something the other day that said we're probably only halfway through the cost of living challenges that we're facing. And that is putting real pressure on all of us in terms of cost of living. People, colleagues are having to make difficult choices, so I think it's our role as a business and as an industry to lean into that and to do what we can to support people from a cost of living perspective.

**MARK COLEGATE:** OK, thank you. Now, I wanted to, we've got so much to get through so apologies if I'm cutting you off, but one of the other stats that really stuck out for me was that we've got 57% of businesses that got questioned in this research think they would be unlikely to survive beyond a year without

additional support. So, Mark, if I can start with you, what advice can you give to brokers and business in terms of establishing what those risks are and thinking about how you cope with them?

**MARK LEWIS:** I think it's really important that businesses take time to understand those risks and the changing nature of those risks. If we look at our own Risk Insights Report, those risks have changed over the last three years, and it's important that businesses recognise the fluid nature of the risks they're facing. I think it's important they take time to document those, regularly review those risks and build a disaster recovery plan and suitable risk management approaches and systems in place to help prevent against those. Engaging with insurers and brokers is an important part of that process.

**MARK COLEGATE:** Sorry, Chris, you want to come in there.

**CHRIS ANDREWS:** Well, no, I was only going to say, just to build on Mark's point, complete those business impact analyses, understand those potential to risk, consider different scenarios, and understand actually how resilient your business is, and if there's areas that need strengthening, consider the robustness of the controls in place. And, equally, on the side of it, if you do mitigate the risks but losses do occur, incidents do occur, understand how your business will actually recover, and make sure the controls in place will help you recover as quickly and as efficiently as possible.

**MARK COLEGATE:** Well, can we dig into that in a bit more detail. We touched on supply chains, and I was listening to something recently where someone said it's taken 30 years to build a global supply chain and about 36 months to crush it. So, if you're a business and you are reliant on supply chains, how do you really get into the nitty-gritty of that and work out what all of those possible implications could be for you?

**CHRIS ANDREWS:** Well, we know from the Risk Insights Report that 45% of customers have experienced some disruption. We know that 54% of customers have made changes to their supply chain. So we know that it's a great focus for UK businesses at the moment. With supply chain, the focus really needs to be on understanding the full supply end-to-end process. So you have your main suppliers, but you also have tiers underneath those suppliers. So actually how does that affect you, how does, going all the way to the bottom of the supply

chain, do you understand it, do you know if their controls are adequate, do you know if you're a priority of your supplier, do you understand if their business continuity plans are adequate, are they robust and where do you fit into that chain? And, equally, it's not just about the supply chain, it's customers as well, so actually do you have an overreliance on a particular customer, and do you need to look at that, do you need to consider all your dependencies and do you need to put controls in place or look wider and consider alternative customers, alternative suppliers? So it's understanding the entire chain in its totality, from suppliers all the way through to customers, understanding those dependencies and making sure that you have robust controls in place and measures to protect your business.

**MARK COLEGATE:** But, Chris, someone might say well that's a huge amount of work to do, I can see why I'd do it, then does it just sit there as a report on file somewhere and the board looks at it, or do I have to go back and redo it six months' later, a year later, because the world keeps changing?

**CHRIS ANDREWS:** It does, and I think you've always got to keep your eye on what is going on in the world. You've got to keep in close contact with your suppliers. A supply chain analysis isn't a document. Well, it is a document but it's a live document, you've got to keep reviewing it, keep understanding, keep those relationships in place, and just keep working with your suppliers and understanding actually how you can work together. I think, for me, we have lots of examples that we've seen in the past where suppliers are overly or companies are overly reliant on particular suppliers, and we've encouraged them to look for alternative suppliers as well, to understand that actually if something does occur, if the worst does happen, actually how do you respond and making sure you've got alternative supply arrangements in place or at least some form of reciprocal agreements in place.

**MARK COLEGATE:** I suppose, Mark, the other thing we've seen in the last year is cost of materials going up, and that's certainly not helped UK businesses because sterling's been weak. So if you've got to import a lot of materials, that can put the business presumably at quite a lot of risk. What can you do to reduce your exposure to that?

**MARK LEWIS:** Yes, I think that's a great point. It's imperative that businesses regularly review the value of their assets, both in terms of stock, properties and,

importantly, review their indemnity period provided under their insurance contracts, how quickly can they operationalise their business again in the event of a loss. So I think it's really important that UK businesses regularly review the exposures that they're declaring to their insurers. Aviva, brokers, we can support clients with that.

**MARK COLEGATE:** OK, and, Chris, anything for you to add to that?

**CHRIS ANDREWS:** Yes, I think just building on the valuation aspect, making sure you understand the rebuild cost of your premises. If you haven't had a valuation carried out in the last few years, now is definitely the time to do that. We've seen soaring inflation. Even before inflation started to increase as dramatically as it has done, the cost of rebuilding was already increasing, going back a couple of years, this has only worsened the situation. Bring in too the reduction in labour. A valuation will tell you how much it costs to rebuild your premises, but, equally, it will tell you how long it will actually take to rebuild your premises, which is absolutely critical. So this then leads in to your business interruption policy, actually do you have an indemnity period that is long enough? If you lose your business on day one, you need to get that building rebuilt, you need to get all your occupation, your processes, everything back in place, it could take longer now than it ever has done. So we need to just make sure that people have a view on that, are correctly insured, and, as Mark said, it doesn't just relate to buildings, it relates to critical machinery, stock, materials, make sure you understand the true value of your assets at this time.

**MARK COLEGATE:** Well, Mark, sorry.

**MARK LEWIS:** So, to say, worryingly, Chris, I think we reported in the Risk Insights Report that in excess of 40% of our customers haven't updated buildings valuations in the last three years. That's a real concern. And something we're actively working with brokers and the market more generally to try and address. I think the importance of the insurance contract as well on the basis of that, where possible ensure that that coverage is appropriate, day one reinstatement basis, you've got index linking in your policy as well that can help protect your business against inflation in a given policy period.

**MARK COLEGATE:** And, Georgina, what are your thoughts on that, because we've talked a lot about plant, machinery, supply chains, but at the heart of all of these businesses are people?

**GEORGINA POTTER:** Yes, absolutely. Just coming back to cost of living, it's, you know, I think on balance probably the number one priority for most people, directors and businesses at the moment, just in terms of supporting colleagues through this period, as we are as a business when we think about our customers. So it is very relevant. I think there are different things available to different businesses, and I don't want to sit here and say all of these things apply, but what we do know is that 22% of businesses helped their employees from a cost of living perspective with a one-off payment last year. Aviva were one of those businesses. I think that was important. But equally important is that we keep thinking about it. So, again, lots of businesses will be thinking about what wages look like for the year ahead, taking into account inflation obviously, but also importantly again take into account the cost of continuing to support those salaries on an ongoing basis. So that's a difficult balance, but one I know that companies faced last year and will keep focusing on it into this year.

**MARK COLEGATE:** And have you seen anything where a company has said there's nothing we can do on salaries, we're getting pressured as well, but there's been something else they can do that's put a bit of flexibility in that somewhere down the line has just been really helpful for the workforce?

**GEORGINA POTTER:** Yes, absolutely. I think one of the benefits, if we can call it that, of COVID and the pandemic was the opportunity to work more flexibly. And I think that has actually changed the face of the workforce and the way we work quite fundamentally. We probably saw about a decade's worth of change in about 24 months. So who would have thought it, we had lots of underwriters working from home, working effectively from home, and we've continued with that as a business. So it's gone from, I think, a hope that employees had in terms of an opportunity to work flexibly to an expectation now, and I think the companies that will win through this period are companies that embrace that. And, in turn, that does help with people with cost of living because they're not encountering commuting costs, they're not having to buy their lunch from a city-based place, and so I think all of that helps. But, on top of that, I'd add that employee benefits are important during this period. So help with things like mental health support, discounts on things that are offered through companies for employees, I think a



lot of businesses have a fair amount of buying power so that gives us an opportunity to pass those benefits on to employees. So there are lots of different things companies can do and I think it's about giving people choice.

**MARK COLEGATE:** Thank you, and, Chris, I suppose if a business is under pressure, there's always a danger that it's not quite delivering and there's a loss of reputation issue, so what are some of the things that businesses should be thinking about there?

**CHRIS ANDREWS:** Yes, I think, firstly, it's understanding the potential risks and the potential impact to your brand: if you lost a particular product, suite of products or a service, how could that impact you. I think that then drives the risk management focus. So actually what are the greatest risks to our business, how do we need to respond, are the controls robust enough, are we protecting the businesses in the right way, and just making sure that actually in the round the holistic view of risk takes everything into account. This whole Risk Insights Report, everything is interconnected, so supply chain, lack of skilled workers, all have that ability to impact on your brand. So it's just making sure that you've got the right steps in place to make sure you can stay up and running when you need it the most.

**MARK COLEGATE:** You mentioned skilled workers. Georgina, if you are a business and you say we really need to get a skilled person in, and they say well I'm really in demand, you know, and there's a danger of real salary inflation in there at a tough time, what are some of the issues to think about there, do you take them on, or do your best without them?

**GEORGINA POTTER:** That's a difficult question, I think, for all businesses at the moment. I think it's about a balance. So I think it's about the point I made earlier about growing our own talent through apprenticeship programmes and collaborating as an industry on bringing new talent into the market. So I think that's one of the things you can do to then balance the need for a skilled and qualified individual in every job. Obviously those people will always be in demand and I think what we've seen in the market is a bit of a merry-go-round in terms of people moving around for higher salaries, which happens in this sort of skills shortage environment that we're in at the moment. As businesses I think we can work together on that front to try and keep down some of that wage inflation and pay appropriate salaries. So that's where we do things like the one-off payment

so that all the money is not focused just on basic salaries. So there are things we can do, but I think that skills shortage is best addressed by growing our own talent as a market.

**MARK COLEGATE:** Thank you. I wanted to move on now to the next part was just get a bit of a sense from you as to whether the risks that businesses think they face are actually the risks that they do and, Mark, can I start with you on that, because it was interesting what you said about there's underinsurance in some of the basics, I think you were making mention of a little earlier on in the conversation?

**MARK LEWIS:** Indeed, and underinsurance is not a new concept or a new issue. Underinsurance has been a problem for many years. I think what we're seeing is a highlighted issue, given the inflationary pressures we're now seeing, underinsurance is becoming a bigger issue for UK businesses. Within our own report, we estimate that in excess of 50% of UK businesses are underinsured in some way, that that's a concern. We want policies to respond in the right way should there be a significant loss, in their most moment of need it's important that policies respond appropriately. Worryingly, two-thirds of businesses believe they have the right level of protection in place. So we need to work through that, how can we support UK business, working with the broking community, to address that underinsurance issue, and Aviva have had a number of underinsurance campaigns highlighting the issue, working with clients, with brokers, to understand and identify areas where people are underinsured.

We've developed a commercial intelligence tool that will provide insights, data-led insights into areas of underinsurance. We'll provide funding on occasion to support valuations. We have a business interruption calculator that will look at both profit and indemnity periods for our customers that brokers can access, all to try and provide certainty that customers have got the right level of cover in place and, more critically, their insurance policies respond in the way they want them to in the most moment of need.

**MARK COLEGATE:** From what you're saying though, there's more people underinsured than realise that they're underinsured. So, when that changes, is it typically, as you look at it, is that because a broker has managed to persuade a client that they are underinsured, is it because a company itself has taken a long hard look at itself and knocked on the door of the insurer?

**MARK LEWIS:** I think it'll be a bit of both. I think there's a lack of awareness of underinsurance and the real issue that is. I think that's surfaced more over the last 12 months. So I think there's more awareness amongst UK business now, our own Risk Insights Report starts to highlight that. Brokers are working really closely with clients to ensure they have that right level of cover in place.

**MARK COLEGATE:** And, Chris, how do you work out whether you're underinsured or not at a period of high inflation, because I might have done the contract a while ago and thought I'm covered and then everything has gone up 10%?

**CHRIS ANDREWS:** Yes, that's correct. Look, going back a little bit, even before this, historically, a lot of companies have been underinsured. Statistics over the last few years, high proportions of business have been underinsured. This Risk Insights Report, this scenario that we find ourselves in is just highlighting the fact because of the high inflation. So lots more businesses, I believe, are falling into the trap of underinsurance and, let's be honest, what is the real risk here, the real risk is here you suffer a significant loss and you only receive a proportion of the settlement of your claim. Now, if you think about that in real terms, at a time when you really need an insurance policy to respond, you're not going to receive everything back. When a company is on its knees, you need all the help you can get. So what we're saying now is, look, brokers, clients, you need to understand that now is the time to get your properties valued, all your assets, not just your properties, but now is the time to get all of your assets valued, make sure they're correct. And if you haven't got it done, get it done now and then make sure that you keep an eye on it as well. So it's not just a once and done, make sure that you regularly review that, that you have valuations carried out in the future as well.

**MARK COLEGATE:** Is there ever a time when businesses are under real pressure, that they say I know that's a risk but I just haven't got the money to insure it but I've identified it and I'll just have to manage it myself the best I can, or is that a very dangerous path to go?

**CHRIS ANDREWS:** Look, I think it's very dangerous for everyone. I think you should always understand the true value of your assets. It's a major part of your business. But I think from the statistics, we can see it is a very true risk that's out

there at the moment, people and businesses are under immense financial pressure.

**MARK LEWIS:** And, sorry, I think it's fair to say we recognise that challenge. Asking customers to increase limits and premiums at a time like this is challenging, it's not something we take lightly. We're working really closely with customers to try and support our most vulnerable customers, particularly the SMEs, through this period. And we've revisited our product suite, we're offering simple yet affordable products, we provide flexible payment solutions, ongoing advice, and Chris and his team will spend an awful lot of time providing loss prevention standards to clients as well, so we're doing an awful lot to support UK businesses through this period as well.

**MARK COLEGATE:** And, Georgina, from a people point of view, how can you use insurance there, you've got a terribly important skilled person, they walk, what can insurance do to help?

**GEORGINA POTTER:** Within a small business you mean?

**MARK COLEGATE:** Yes.

**GEORGINA POTTER:** I think, well, passing on some of our knowledge and working together as a market, I think, to understand, as both Mark and Chris have talked about, some of the risks businesses are facing. But, as I referenced earlier, I think working together as an industry to train people in the relevant things, to think about the customer at the end of a process and to understand what some of the challenges are that those customers face I think is absolutely critical. And of course those skilled workers tend, we hope, to stay in at least the industry, so that is a good thing. So yes, it's really retaining that knowledge and that skill base within the market.

**MARK COLEGATE:** Thank you, and, Chris, the report highlights the rise of theft at the moment. How big an issue is that compared to some of the higher profile, more traditional things that we see, like fire and, say, cyber?

**CHRIS ANDREWS:** Well, as the UK feels the pinch, we run the risk of increasing antisocial behaviour, so theft, malicious damage, arson. For us, the key is, you know, look, this is happening, now is not the time to remove your protections,

whether it's security protections, whether it's fire protections. Traditional risks are still there. They will impact your business significantly if you don't put the right measures in place. And, of course, I think Mark mentioned, we have lots of loss prevention standards, we have specialist partners that can work with our clients, including our team out and about with clients every day, to actually help make sure that those controls they've got in place are adequate for the evolving times that we find ourselves in.

**MARK COLEGATE:** And, Mark, I touched on cyber there. How big of an issue is that becoming? There's a bit of a view in the market that the large companies see cyber as a big risk but smaller companies don't, is that true?

**MARK LEWIS:** I think it is true. The simple answer is that is a fair reflection of the views our customers are taking. Our report starts to highlight some of those key issues. We highlight the fact that 38% of our customers that don't buy cyber don't believe they'd be the target of a cyberattack. So I think there's an awareness piece here and educating our customers that they are indeed a target. I think all UK businesses will remain a target for cyberattacks. This isn't just an issue for large corporates. What we tend to see is large corporates grab the headlines and that creates the awareness. But this is an issue as much for small SMEs as it is for large corporates.

**MARK COLEGATE:** But if I was into cybercrime, as a rule of thumb, would I rather go and pick up lots of £50 from lots of smaller companies or go for the absolute crime of the century and try and take millions of pounds off a huge technology company, what's the best trade-off?

**MARK LEWIS:** I think the exposure is so widespread and quite often what we'll see is the people attacking, making the cyberattacks and threats, they won't actually know what they're attacking until they've attacked it sometimes, so the exposure is so widespread across UK businesses, I think that's something we need to really think about.

**MARK COLEGATE:** And, again, just coming back on what the effects could be, let's focus on smaller companies but what are some of the things that can happen if you're subject to a cyberattack, how much can that disrupt your business?

**MARK LEWIS:** It can be hugely disruptive. It could close your business down quite quickly. It's important, and I'll pass to Chris from a risk management perspective here, but I think it's really important that businesses understand those exposures and how they're going to respond to those attacks and take some preventative measures to try and avoid such exposures.

**MARK COLEGATE:** Yes, so, Chris.

**CHRIS ANDREWS:** Well, yes, this is all about understanding the vulnerabilities of your system, education of your staff. We all receive phishing emails, how to spot them, how to report them, making sure that actually if there is an attack that you have the systems in place to be able to identify that that attack is occurring. We hear lots of stories about cyber penetration into businesses going on for months without anyone actually realising it. So making sure you've got the right control, the right procedures and the right systems in place to be able to detect and then respond.

**MARK LEWIS:** I think we've stated, haven't we, one in 10 businesses have suffered a cyberattack in the last 12 months, and that's not just large UK corporates. In the last few months, we've seen attacks on small whisky distilleries, a gin club, an independent children's nursery. This is an exposure to all UK business.

**MARK COLEGATE:** And Georgina, whenever I talk to people in IT, if there's ever a mistake, they'll say oh it's always a human error, it was never the machine that was at fault. So, if we take that to cyber, what are some of the things in broad terms that you would do as an employer to close off some of those easy areas of access, if you were a criminal around cybercrime, to reduce human error?

**GEORGINA POTTER:** Yes, and I'll refer to Mark as the expert in a moment just to build on my answer, but if I just start by saying, so in the report it talks about 54% of companies don't actually believe that they are at threat of a cyberattack, and I think that translates to our colleagues and our employees as well. So I think the first point is around education, bringing this to life for people with real examples of what can happen. Chris talked earlier about the phishing emails. There's plenty of that sort of training that goes on in businesses. But I've certainly seen a marked improvement and increase in that sort of training over the last 12 months. So, really it's education, highlight the risks, it's the obvious

things like back-up data, but at that point I'm going to pass over to the expert and, Mark, do you want to build on that?

**MARK LEWIS:** No, I think it's fair to say and really important to recognise that each business needs to understand its own risks. It will look very different for an SME to a large corporate, so suitable plans need to be proportionate to the size of the exposures being faced. But I think businesses, particularly SMEs, can do some really simple things that remove quite a lot of the threat. A Cyber Essentials certification course can remove about 80% of the immediate threats. Multifactor authentication, regular data patches, particularly after software releases, and regularly backing up data can all make a significant difference.

**MARK COLEGATE:** I want to move now to one risk that didn't make it into the top 10 this year but has been in the top 10 in previous reports: climate change. Chris, what are your thoughts on that, should it be less of a priority, thinking about your climate resilience, given everything else that we've been talking about?

**CHRIS ANDREWS:** Yes, look, I think whilst it's understandable that it may be deprioritised for some. We've got lots of headline risks that we're seeing and that's what we're facing into at the moment, that's what the media is focusing on, actually what we're seeing on the ground is lots of companies talking to us about their climate resilience, you know, some of the weather impacts that you can have on a business, are they exposed to flood, water inundation, have they got the right resistance and resilience measures in place, have they got flood emergency response plans. So we're working with lots of companies to make sure that they understand their exposure to climate resilience. And, equally, we're also working with lots of companies about their own sustainability ambitions and transformations, companies installing solar panels on their buildings, adding battery energy storage systems onto the back of their manufacturing, so building their resilience.

So, no, I don't think that the focus has gone off of it. I think it's just we're very focused on the economic because it affects you personally as well as your business, but actually the customers that we are working with, it's actually front and centre of a lot of what they're trying to achieve at the moment.

**MARK COLEGATE:** And, presumably, there's quite a lot of regulatory risk if you don't conform with this increasing number of standards around things like sustainability and ESG, those rules might not kick in this year, but they're probably going to kick in next year or the year after or the year after that?

**CHRIS ANDREWS:** Yes, businesses need to make sure that they're looking not just the next 12 months, they need to be looking at 24, 36 months, and the good businesses that we work with do exactly that. So yes, as I said, I don't think they're taking the focus off it. I think it might be taking a little bit of a back seat at the moment, but I think longer term a lot of the good businesses we work with are certainly focusing on it.

**MARK LEWIS:** And I'd echo that, but challenge it a little bit, I think, Chris. I absolutely agree when we're speaking to UK businesses, we're seeing huge demand for sustainable-led insurance products and some of the demand for renewables, for solar panels, for electric vehicles, for sustainable construction, we're seeing huge demand for that in the UK. So we're looking to build our own product base to meet that demand that is coming direct from our clients. But I do have a concern that climate change is not front and centre for all UK business. This is a global challenge that we're only going to succeed if we tackle it together, and we need to increase the profile and the awareness of it amongst UK business.

**MARK COLEGATE:** Thank you both. We've got three or four minutes left, so I wanted to get a final thought from each of you. Chris, let's start with you. You've talked a lot about the importance of risk management and really spending a lot of time with that at the moment, so how can you get your risk management experts to work closely with brokers to help clients through what is an incredibly tough time at the moment for businesses?

**CHRIS ANDREWS:** Yes, it is. We're seeing lots of evolving and emerging risks at the moment. I guess my call would be to brokers is, you know, work with your customers, understand the risks and the challenges that they face at the moment, highlight that to us, if we don't have solutions in place, we'll help build one. Because that's what we do, we're there to support our customers. You know, traditional risks are evolving, we are seeing lots of new risks come in. Mark talked about electric vehicles. Lithium-ion is an area of risk that we're really interested at the moment because it doesn't just affect a fleet, it also affects your assets and that sort of stuff because of the increased exposure, and, equally, as we talk



about fleets, we're going to see lots of manufacture, car manufacturers move into hydrogen, so again keeping one eye on some of these emerging risks coming and actually understanding how holistically it would affect business, not just aligning it to a particular class of insurance.

**MARK COLEGATE:** Thank you. And, Mark, from an underwriting and trading point of view, why are brokers key to helping clients navigate their insurance needs through these particular types?

**MARK LEWIS:** Absolutely hugely important. Aviva has a longstanding strategy of working closely with brokers and absolutely recognise the value they play. I think if we start at the beginning, brokers will work with the insurer and the client to understand the insurance requirements, making sure the right level of cover is put in place, providing that expert advice not just at the inception of the policy but right throughout the policy period. In addition, they'll provide claims support, they'll provide an unbiased view as well. Brokers have access to the whole marketplace, of which we're part, but brokers will provide an unbiased view of that marketplace, support on claims when things go wrong. Brokers will work very closely with insurers, so we really enjoy that relationship between broker and client, it works really well.

**MARK COLEGATE:** And, Georgina, a final thought from you. Given this backdrop, which we've talked about several times being pretty tough, that must have an impact on people's sense of wellbeing and mental health, so if there are companies where this is an issue, people at the top, people in the middle, people at the bottom, what sort of advice do you have for them on how they can think about that and manage that process?

**GEORGINA POTTER:** I think it's an incredibly important question actually and you will have seen in the report that 30% of companies recognise that employees were under pressure and that actually that had impacted their mental health over the last few months. So, in terms of what companies can do, I think the job we're expecting managers to do today is a very different job than they were doing a couple of years ago, in terms of the challenges they're facing. They're supporting their teams through a really tough time from a cost of living perspective and, as I say, that's having an impact on mental health. So I think there's a couple of things I have seen going on that I think I would absolutely advocate over the next 12 months.

The first is training managers. So we've seen 27% of companies putting energy behind making sure managers are equipped to deal with some of the challenges that are facing their teams. But the second thing, and I think this is probably more important, is role-modelling, actually being vulnerable sometimes, so sharing people's own experience of the challenges they're facing and creating a culture where people are willing to speak up. Because I actually think if you can surface some of the challenges that people are facing in the workplace, whether that's at work or at home, it creates an environment where people are more likely to speak up, which, let's face it, is absolutely what we want.

**MARK COLEGATE:** Thank you. We have to leave it there. Thank you so much for watching. There is a link to the Risk Insights Report below this player, so do please download that and have a look at it. It just remains for me to thank our fantastic panellists: Chris Andrews, Georgina Potter, and Mark Lewis - from all of us here, goodbye for now.

END OF INTERVIEW