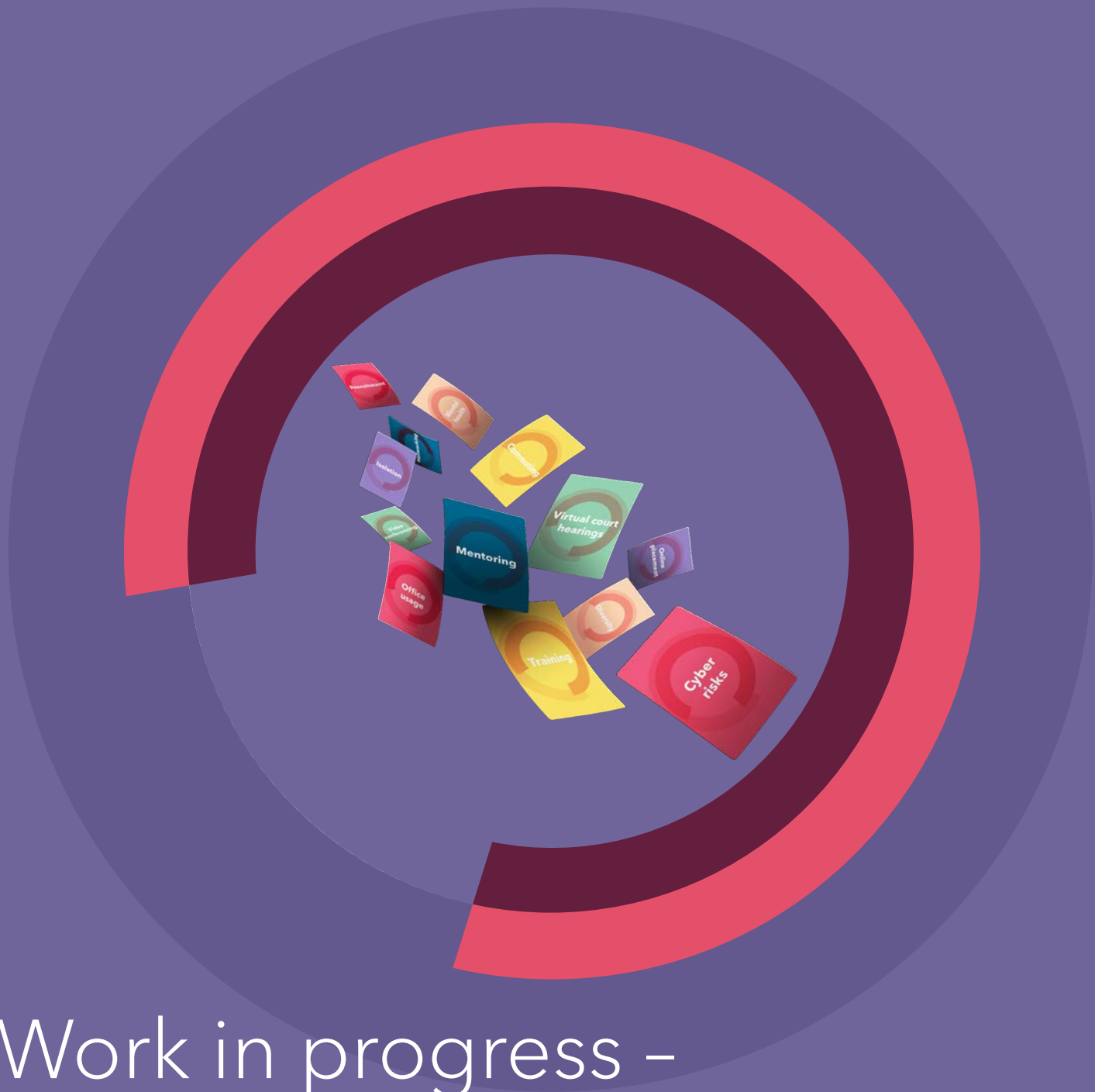


# **INFORMED INSURANCE:** CRITICAL UNCERTAINTIES 2020/21

**Work in progress - a full house?**





# Work in progress – a full house?

The COVID-19 pandemic has had a major impact on the world of work. It is clear nothing will be the same again but no-one can be certain how profound or long-lasting the changes will be.

It is rather like throwing a pack of playing cards up in the air. Cards marked recruitment, training, diversity, online placement, virtual court hearings, office usage, commercial property rents, city centre businesses, commuting, mental health, isolation, cyber risks, virtual reality, video conferencing, networking and mentoring are all fluttering in the air, blown about by the gales of COVID-19 resurgence. No-one really knows how they will fall.

## ACCELERATED CHANGE

Changes that were already gathering momentum have been accelerated by the pandemic, such as automation of risk placement in the Lloyd's and London market, greater flexibility in working patterns and the use of virtual communication tools to replace face-to-face meetings and international travel.

"We all know there are major changes, many of which will become permanent. The great unknown is where you set the dial," says Louise Bloomfield, Partner at DAC Beachcroft in Leeds.

The immediate challenges employers face are complex. Not only do they have to work within changing government and local public health authority guidance to ensure that their premises conform with COVID-safe guidelines, they must also focus on their people, says Bloomfield.

"There is a real issue with employees who feel unsure and also unsafe about going into the workplace. It is very subjective and it is about how people feel. If your people are not in the right place then your product and culture is not going to be in the right place."

The ease with which many people have adapted to home working needs to be balanced with an awareness that many others will be struggling, perhaps because they have young children, live by themselves or do not have somewhere comfortable and discrete to work, says her fellow Partner, Clare Hughes-Williams. Bloomfield adds "Home working was only supposed to be temporary but given lockdown measures have been extended, it's evidently becoming a semi-permanent, if not permanent, arrangement for most people."

"There are advantages of working from home but some people feel the lack of office life very keenly and struggle to create a balance between work and home. The one advantage of the daily commute was that it gave people a short time to switch off and created a literal and metaphorical boundary between work and home that no longer exists."

Many businesses, such as manufacturing, transport and hospitality can only operate with their employees in a defined workplace and for them the focus is on staff and customer safety. For insurers, brokers and the professional services firms who support them, the focus is on the office and what it will look like in the future. The pandemic has demonstrated to many doubters that flexible working can work and that productivity can be maintained, although the debate about how to monitor and measure that has only just begun.

Hughes-Williams warns "It is important to remember that long term home working can result in a gradual erosion of the supervisory measures that we have in place and in turn this can expose companies to claims by their clients if mistakes are made, particularly by junior colleagues. Employers are likely to rely more on the openness of their employees which is usually not a problem but there is no escaping the fact that it will be harder to uncover problem files whilst we are all working in such an isolated environment."

## WORLD VIEW

Around the world, the experience of the pandemic and its unpredictable fluctuations may be very varied but the message about its impact on the world of office work is the same.

"In Australia there is a general acceptance by most employers that they are not going back to the old ways," says Chris Mossman, Partner at Wotton + Kearney in Sydney. This has already prompted people to focus on the challenges of working in what everyone expects to be a hybrid model, mixing working from home with collaboration in the office.

How you create and develop your culture and values and ensure they are enshrined in your business when not everyone is gathered into offices is an issue Mossman says many employers are focusing on.

"The big question to be faced on this journey from a cultural point of view is whether we have a co-operative collaboration with colleagues working together or a siloed culture where people can just work from home doing their own work."

While there are studies showing that, for many professional services firms, productivity has improved with large numbers of people working from home, there are also downsides to the enforced revolution. In addition to the obvious challenge of finding safe, comfortable space to work in, almost every country has closed its schools, forcing parents to address the challenge of home schooling.

Now, even those who found the transition manageable early on are finding the novelty is wearing off and the months of working without a break are taking their toll. Creating family and leisure in their lives is a growing concern for many. The self-employed have wrestled with this problem for generations but it is new to many staff employees and is starting to cause problems.

"Firms are seeing staff wearing thin after six months of largely working from home," says Heather Devine, Partner at Alexander Holburn Beaudin & Lang, based in Toronto.

"They are realising that they need to care about staff well-being in new ways, for instance in stressing that they need to take breaks and take vacations." Holidays are a worldwide challenge as travel to traditional destinations has become so restricted.

In the United States too, Ricki Roer, Partner at Wilson Elser in New York, says this has become a major concern for firms.

"One of the realities of it is the relentless aspect of it. No one ever goes home. Disconnecting from work is a real issue for some people, especially younger staff who expect to be connected all the time. Millennials never put their phones down."



## VIDEO CONFERENCING IS A DOUBLE-EDGED SWORD

Another feature of the enormous change to working practices in the pandemic has been the growth of video conferencing. Platforms such as Zoom and Teams are now ubiquitous. They may have been around for several years but their take-up as communication tools by professional businesses was relatively low until everyone had to leave their offices in February and March.

They are a double-edged sword, however.

“Global relationships can be maintained by Zoom but building networks over Zoom is going to be hard for younger staff. It is likely that access to budgets to travel will be reduced after this and that could have a disproportionate impact on women and those just starting out in work who will get fewer opportunities to travel and build relationships,” says Devine.

The need to support and mentor staff has been a focus of attention for Roer and in this regard video conferencing has come into its own.

“We are now face-to-face with each other more than even when we were in the same office,” she says.

“We have developed creative ways of collaboration and training, for instance by ensuring younger staff are involved in calls. It is a new way of learning but the co-ordination has taken a higher priority and we are doing more mentoring than we were doing before.”

## NEW ZEALAND

Even countries that have managed the virus with relative success, such as New Zealand, are experiencing the same changes to the way people are working.

“Some companies are still mostly remote working. Their international management is moving cautiously,” says Rebecca Scott, Partner at Wotton + Kearney in Auckland.

Her colleague in Wellington, Special Counsel Murray Grant, paints a picture of the new patterns of working that is shared by many around the world.

“There will be a change and more focus on flexible working but it won't be a revolution. There will be a need to find a new way of operating with days when people are in the office, probably on a team-by-team basis.”

He also highlights another common experience which is the struggle to apply existing employment laws to unprecedented events. Some countries have rights to request flexible working, while others do not. Everyone expects a wave of redundancies and resulting claims as governments withdraw job support schemes, where they existed. In countries such as New Zealand where there is no statutory redundancy scheme, the incentive for people to file claims will be intense.

*“We are now face-to-face with each other more than even when we were in the same office.”*

Ricki Roer, Partner,  
Wilson Elser

## MONITORING

Employers also face considerable challenges in monitoring staff performance.

“Employers are starting to use time recording and monitoring software, not necessarily to see if you work eight hours a day but to monitor how much time you spend on specific types of work,” says Dr Franz König, Partner at BLD Bach Langheid Dallmayr in Cologne.

“The bigger problem is how you deal with a low performer because in Germany it is very difficult to cancel a contract with an employee ... It explains why some employers reacted in the way they did by accepting home working but then trying to get people back in the office when they could. However, many are now realising they can find ways of working with remote staff.”

Concerns about productivity and staff performance in the new world of remote working were widespread in the United States, says Roer.

“There was an initial hesitancy with senior management of many organisations and a fear of what we would lose by going to teleworking and remote access.

“Without the pandemic there would have been a much slower take up of remote access but what we have seen is that many firms now realise the concerns they had about efficiency and productivity are not as great as they initially thought. They have managed the sudden transition very effectively ... there is now a massive transformation going on with major corporations around the country saying they are not going back to their old offices.”

## MENTAL HEALTH

Roer says keeping the needs of individual employees in focus is essential, another feature of the concerns about working from home that has to be addressed and will underpin the development of hybrid working models.

“In measuring productivity we also have to measure mental health. We are not just changing life styles and work but there is real health anxiety and isolation that also needs to be addressed. We have found that people living by themselves or living in small apartments were having a really tough time ... there are those who feel they can get to work safely and feel more comfortable when they get there.”

She says that the way the world of work is changing is not just an issue for individual firms but for society as a whole.

“There has been a new assessment in the States about the gap between the haves and have nots, those that are able to work remotely and those who cannot do so easily. That is the new have/have-not delineation.”

As everyone assesses the impact of the pandemic, these are issues that cannot be ignored as the implications for a range of inclusion and diversity issues are going to come to the fore as those cards flutter to the ground.

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