

# Commercial Insurance Profile

September 2018

## Brexit is Leaving Employers **Empty-handed:** A Closer Look at **Workplace Vacancies**



**66%** of organisations are experiencing recruitment difficulties for vacant roles.



**40%** of organisations report that it has become more difficult to fill vacancies during the past 12 months.

Source: The CIPD

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## Struggling from the Supply Shock? Here's How to Help EU Workers

As Brexit nears, employers are already suffering the consequences within their workforces. Companies across the country are facing a 'supply shock' as a result of fewer EU citizens coming to the UK for work, according to a recent survey from the Chartered Institute of Personnel and Development (CIPD). With less applicants in the market, job vacancies of all skill levels are on the rise, forcing organisations to raise wages and decrease profits.

The EU migration rate as a whole has hit its lowest level since 2013, according to recent figures from the Office for National Statistics. Such an alarming change in the workforce places higher pressure on employers to attract quality candidates and maintain talent in an increasingly competitive marketplace. Don't let your organisation struggle in the supply shock. Adopt these guidelines to support EU employees and strengthen your workforce:

- **Offer flexible hours**—Nearly 90 per cent of employees either work flexibly or wish that they could, according to research from the CIPD. Offering flexible work hours includes the ability to choose the start and finish time of the working day, work compressed hours to reduce weekly working days or working remotely. These practices attract a broader talent pool for your workforce and encourage a healthy work environment, keeping employees satisfied.
- **Strive to be 'settled'**—For many EU workers, their top stressor is maintaining their rights in the UK workplace as Brexit approaches. Engage in helpful dialogue with EU employees about the importance of applying for 'settled status' or 'pre-settled status' to ensure their working rights. Consider offering additional help by assisting in the application process, helping pay the application fee or connecting workers to legal aid.
- **Use your resources**—There are several helpful resources available to employers that can help them navigate the changing workforce:
  - *Workforce Planning Guide*—The CIPD recently released a [guide](#) that offers direction for employers in terms of workforce planning, featuring 10 steps to prepare for Brexit.
  - *Government resources*—The UK government also released several [resources](#), including an employer toolkit, a briefing pack on employee communication and leaflets for workers.

## Realising the Risks:

Statistics Show SMEs  
are **Unprepared**



Only **45%** of SMEs feel they have fully identified the risks facing their business.



Only **50%** of SMEs say they have a complete understanding of their risks.



**50%** of SMEs say they would welcome additional information from an industry expert about the risks they face.

Source: Industry research

## Protect Against Insolvency Issues with Trade Credit Insurance

Between the collapse of construction giant, Carillion, and the downfall of children's toy company, Toys R Us, recent big-name bankruptcies are emphasising the need for protection against rising insolvencies. Indeed, 26 per cent of UK companies suffered a financial blow due to the solvency of a customer, supplier or debtor in the last six months, according to R3, the association of business recovery professionals. And the number of insolvencies increased 13 per cent from the first quarter of 2017 to the first quarter of 2018. Such insolvencies result in a 'domino effect' of organisations missing out on crucial payments after their biggest customers go bust.

In an era of drastically changing market conditions due to Brexit and more frequent insolvencies, trade credit insurance can help. This form of cover protects against the risk of businesses not receiving payment for goods or services that they sell. Trade credit insurance generally covers the following types of risk:

- **Commercial risk**, such as when a business' customers cannot pay their invoices due to financial reasons (eg an insolvency).
- **Political risk**, such as when customers fail to pay invoices due to factors out of their control. Examples include a political event (war), natural disaster or economic issue (currency shortage).

Trade credit insurance is available for businesses of all industries and sizes. For additional guidance, contact d2 Corporate Solutions today.

## Running the Risk: SME Top Threats

Over 16 million people are employed in the SME sector, dominating 60 per cent of all private sector employment, according to industry data. These numbers reflect a 26 per cent growth since 2000 in the number of small businesses. However, running a successful SME doesn't come without risk. Here are the top risks facing SMEs, as reported by SMEs:

- **Data loss, misuse or theft**—In light of stricter regulations and hefty noncompliance fines under the GDPR, the potential implications of a cyber-attack on SMEs has become increasingly detrimental.
- **Brexit's impact**—With less than a year to go until Brexit occurs, uncertainty is on the rise for SMEs' changing workforce due to forthcoming updates to working regulations.
- **Theft and malicious damage**—Apart from a cyber-attack, material theft of goods and equipment comes with a serious cost to SMEs.
- **Lack of technology**—In an era of digital innovation, SMEs run a risk by not staying up to date with workplace technology trends.
- **Business interruption**—As with any business, the risk of unexpected disaster, such as a fire or flood, is significant.

Contact d2 Corporate Solutions today to discuss your cover options.

The content of this Profile is of general interest and is not intended to apply to specific circumstances. It does not purport to be a comprehensive analysis of all matters relevant to its subject matter. The content should not, therefore, be regarded as constituting legal advice and not be relied upon as such. In relation to any particular problem which they may have, readers are advised to seek specific advice. Further, the law may have changed since first publication and the reader is cautioned accordingly.

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