

## **Risk and Responsibility: How to increase resilience with improved insurance.**



***By Claire Russell, Operations Director at Appletons***

Among the significant impacts of the global pandemic on our sector has been the increased dependency on digital capabilities and the associated risks of cyber security exposure.

Claire Russell, Operations Director at Appletons, Associate Member and UKWA's chosen insurance partner, explains what this means for insurance premiums and explains how warehousing and logistics businesses can improve resilience through better risk management.

The logistics industry is robust, however the Covid-19 restrictions severely disrupted operations, prompting an overnight shift to new working practices, while exposing gaps in digital capabilities and raising cyber security concerns for organisations - and their insurers.

The speed of change and greater reliance on remote access and connectivity may also generate a host of new exposures for businesses, particularly in terms of business interruption and cyber risk.

There has been a great deal of misunderstanding about what perils are covered by different types of insurance – and indeed new risks and exposures are being highlighted, which businesses need help to identify, manage and, where possible, insure against.

Due to the hit that the economy has taken, consumers of insurance should prepare for harder market conditions in 2021. This will mean higher premiums and also some insurers will be introducing new coverage limits and adding new terms and conditions to policies to protect themselves in the event of potential further waves of Covid-19.

But it's not all bad news - while higher rates of premium are likely during 2021, insurers should be looking at how they can add value to their clients, by improving the cover and service they provide. Meanwhile, businesses should be looking at how they can work smarter and manage their risks more closely, to reduce exposure to claims and improve their insurance position.

The Covid-19 pandemic has demonstrated the need for building resilience, and businesses can improve their organisational resilience by having the right risk management and insurance program in place.

When the insurance market is challenging, as it is now; with some covers difficult to place and increasingly expensive, businesses may be looking at how they can make cost savings. However, it is more important than ever not to sacrifice vital cover – or risk under insurance, which could leave your business in a precarious position.

Research indicates a worrying trend of under-insurance and the reality is that the Covid-19 crisis, along with Brexit, and the impact on the UK economy may worsen this problem and mean that many businesses are dangerously exposed.

Resilient organisations will have adapted their businesses and their working practices in response to the Covid-19 pandemic and Brexit, preparing themselves against future risks. They must also ensure that their risk management and insurance programs do what they

need them to do, enabling them to weather the current storms, continue to develop resilience and thrive for the long term.

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