

The background of the image is a blurred financial market data display. It features several overlapping line graphs in various colors (green, blue, red, orange) and a candlestick chart at the bottom. The overall aesthetic is that of a busy trading floor or a data center.

# Aviva Risk Insights Report

Analysing the risks  
facing UK businesses





# Welcome to Aviva Risk Insights

The Aviva Risk Insights Report is a large and significant piece of research focused on UK business attitudes to risk. It's part of our commitment to risk management, designed to help UK businesses understand the unique risks they face and plan for the future. We are looking at the evolving business landscape and tracking changes in opinion across multiple industries.

The data in this report is based on the online interview and survey responses of 1,260 business leaders, from SMEs to UK-headquartered multinational corporations. These participants were selected from the wider UK business population without bias to any existing relationship with Aviva. This research provides a comprehensive source of intelligence on the risks UK businesses face, their level of preparedness, and the methods they are using to manage and mitigate those risks. Additionally, this report applies expertise, context and insight from subject matter experts at Aviva to support and enhance the intelligence available.

The Aviva Risk Insights Report is the first in what we intend to be an annual publication to provide both business leaders and the insurance community with rich, risk-focused information and intelligence covering UK businesses.



# Methodology

We spoke to business leaders across a wide variety of industries and regions to get a full picture of the threats and opportunities to UK businesses.

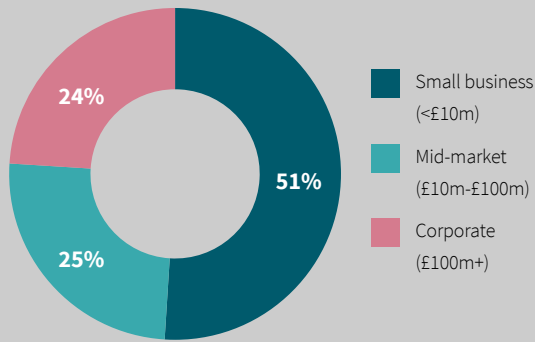
This research was carried out in partnership with YouGov during September 2020. Business owners, executive level managers and individuals with significant decision-making power responded primarily to online surveys. A wide geographical spread was sought where feasible. Throughout this report, we've split business sizes into three categories:

- **SMEs** – businesses with annual revenue of less than £100m that includes:
  - › Small – businesses with less than £10m in annual revenue
  - › Mid-market – businesses with between £10m and £100m in annual revenue
- **Corporates** – businesses with an annual revenue greater than £100m.

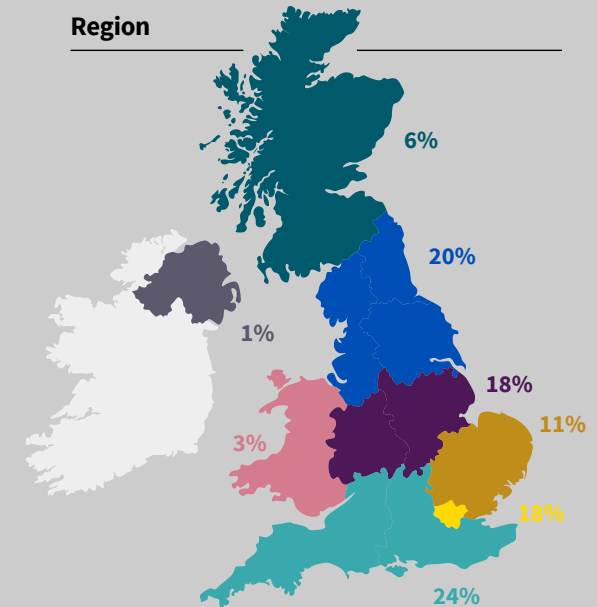
We also categorised businesses into nine broad but analytically useful industry sectors.

Given the challenges facing businesses today – including COVID-19, Brexit, climate change and the threat of a global recession – the time has never been better to examine attitudes towards risk. No one could have predicted the incredible challenges businesses have faced in 2020. Businesses are in the middle of the biggest risk mitigation period in living memory, and this report examines how they are coping with and responding to it.

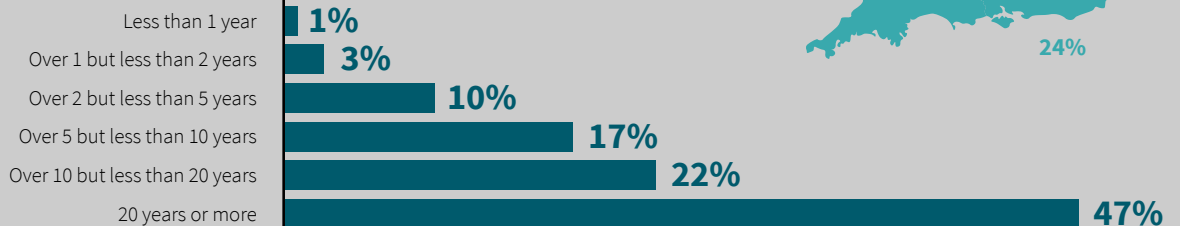
## Business revenue



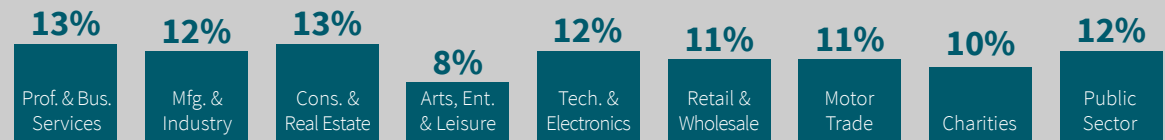
## Region



## Tenure



## Sector







## Foreword

As UK businesses continue to respond to the COVID-19 pandemic it has been a reminder that the risks businesses are facing are increasingly interconnected, global and complex. The Aviva Risk Insights Report recognises the importance of supporting businesses and communities to identify and understand emerging risk trends to help focus attention where it's needed most.

Whilst the vaccination roll-out programme provides hope in addressing the public health concerns at the forefront of all leaders' minds, businesses must build on the agility shown over the last 12 months to prepare for and react to the unexpected. Unsurprisingly, focus on traditional risks, such as regulation and climate change, has been overshadowed by addressing the immediate disruption caused by COVID-19, triggering the acceleration of digital adoption, remote working and supply chain reassessments all in a single year.

Preparing for the unexpected in 2021 and beyond demands a considered and holistic approach. Traditional risks are merging to create some key themes, and insurers play a significant role in assisting businesses to build resilience and provide confidence through the provision of clear and affordable protection alongside the right expertise and support. At Aviva, we are committed to supporting businesses small and large to navigate this ever-changing and evolving landscape for the long term, aligned to our purpose of 'with you today for a better tomorrow'.

### **Nick Major**

Interim Managing Director, UK Commercial Lines

“Insurers play a significant role in assisting businesses to build resilience and provide confidence through the provision of clear and affordable protection alongside the right expertise and support. At Aviva, we are committed to supporting businesses small and large to navigate this ever-changing and evolving landscape for the long term, aligned to our purpose of ‘with you today for a better tomorrow’.”

# Contents

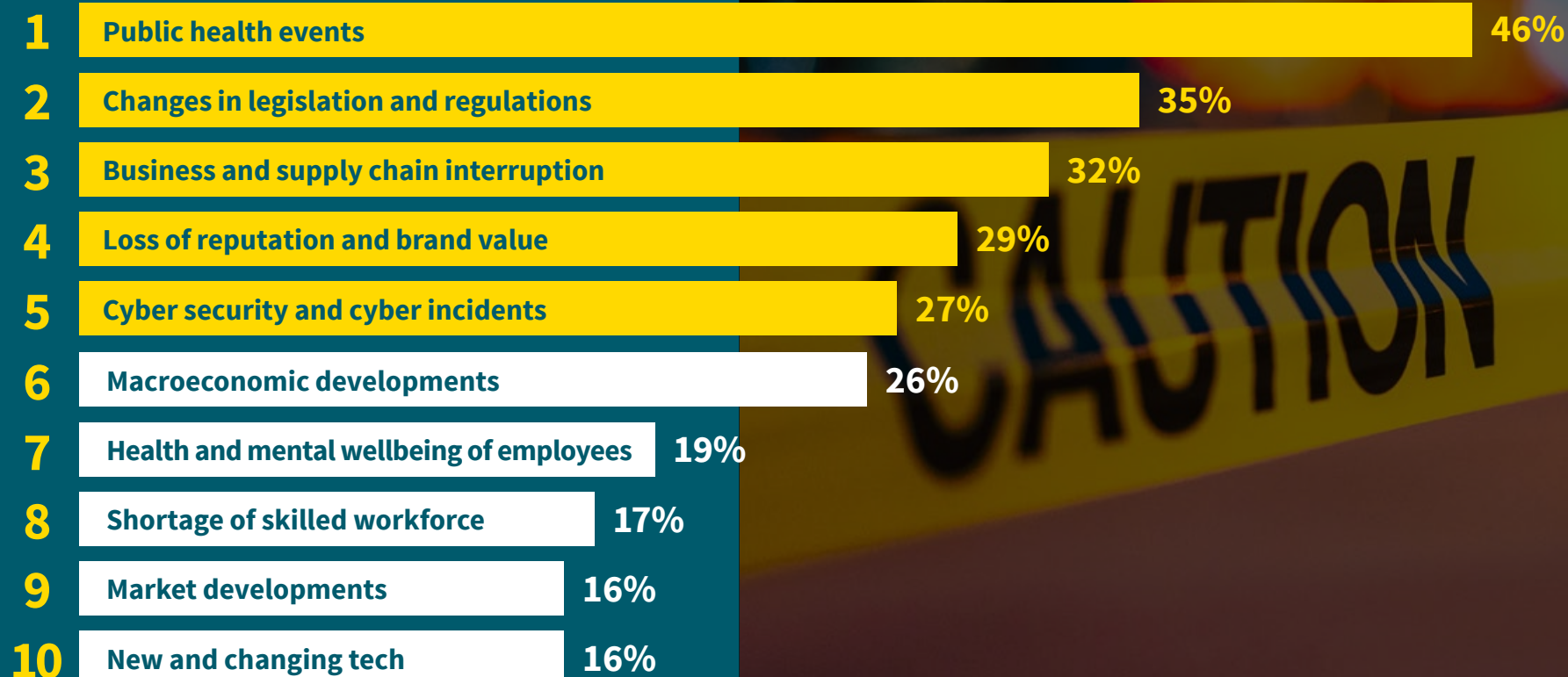
<b>10 biggest risks</b> .....	06
<b>Public health events</b> .....	07
<b>Changes in legislation and regulation, including Brexit</b> .....	10
<b>Business interruption, including supply chain failure</b> .....	12
<b>Loss of reputation and brand value</b> .....	15
<b>Cyber security and cyber incidents</b> .....	16
<b>Macroeconomic developments</b> .....	18
<b>Health and wellbeing of employees</b> .....	19
<b>Shortage of skilled workforce</b> .....	20
<b>Market developments</b> .....	21
<b>New and changing technology</b> .....	22
<b>Environmental, Social and Corporate Governance (ESG)</b> .....	24
<b>The changing role of risk management</b> .....	27
<b>Conclusion</b> .....	29



# 10 biggest risks

We asked business leaders what major risks they believe their business is particularly exposed to.

It's perhaps unsurprising that most of their answers were directly influenced by the COVID-19 pandemic, with public health events named as the single biggest risk to businesses of all sizes. Furthermore, the twin concerns of the pandemic and Brexit have driven concerns about changes in legislation and regulations, in addition to the economy and market developments.



# 1. Public health events

46%



The coronavirus pandemic and the government response to help contain the virus have caused large-scale disruption for both businesses and society, so it's unsurprising that UK business leaders have ranked public health events as the single biggest risk they're facing. 46% of our survey respondents cited it as one of their top five concerns. COVID-19 has been so disruptive that it was named as one of the top two risks by business leaders from almost every industry – with the technology sector the only outlier. Its top risks, according to 44% of its leaders, are cyber security and technological disruption.

When we spoke to business leaders about the risks they are particularly exposed to as a result of COVID-19, over half (51%) named economic and market risks. This was closely followed by operation disruption (48%) and employee and customer health and wellbeing (48%). Over a third (31%) were concerned about increased levels of working from home, its operational impact and its impact on the health and wellbeing of workers.

## Effects of COVID-19

Which of the following, if any, do you think your business is particularly exposed to as a result of COVID-19?



Despite the unexpected nature of the disruption caused by COVID-19, 72% of business leaders felt their business continuity plans left them well prepared for the restrictions put in place. The risks businesses face are connected to each other: for example, employees working from home presents risks to operations, IT security and employee health and wellbeing. This isn't a new trend – it's a fact of the modern world – but the pressures of COVID-19 have brought this to light. As businesses continue to focus on the ongoing impacts of COVID-19 focus on “traditional risks” has reduced with only 11% and 5% of business leaders ranking climate change including extreme weather events and fire as key risks to their business.



“It's right to focus on the immediate disruption and impact of events like COVID-19, but business leaders must ensure that they do not lose focus on the wider risk picture. Knock-on impacts like supply chain risk, as well as fire and flood risks, remain as some of the most damaging and likely risks a business will face. Dealing with them requires a considered, holistic and multi-faceted approach.”

**Chris Hughes**

Director of Commercial Claims at Aviva

### Divided decisions

Fast action from the government was well-received by UK businesses, with a third (33%) of our survey respondents saying they have relied on government support to get

through the pandemic. Almost one in five (18%) received support from their bank, and 12% from the insurance industry, including insurance brokers.

While a great many businesses have been impacted by the pandemic, our research found significant differences between the responses of small businesses and corporates. Not only were larger businesses quicker to access a wider range of support and help when COVID-19 hit, but they've put in place a wider range of measures to help them cope with ongoing changes.

All businesses have shown agility and resilience this year. Just under half (48%) of the business leaders we spoke to have increased their digital adoption of technology. However, larger businesses have invested more resources into greater workforce training (7% small, 21% mid-market, 23% corporate), automation (6% small, 22% mid-market, 22% corporate) and supply chain reviews (8% small, 23% mid-market, 32% corporate). Over half (54%) of business leaders from small businesses reported that they've made no change in their use of technology through the pandemic, in contrast to less than a quarter (23%) from mid-market businesses and 12% from corporates. This split between business sizes presents, potentially, a risk to the economy of an uneven recovery.



### COVID-19 pandemic long-term impacts

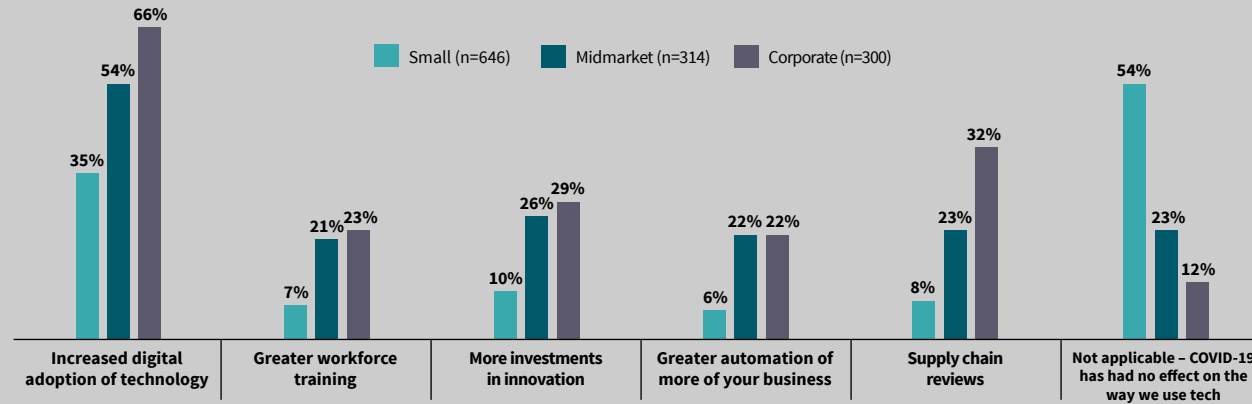
Do you think the long-term impact of COVID-19 on your business will be positive, negative, or do you anticipate there being no impact?





## Impacts of COVID-19

How, if at all, has COVID-19 impacted the way you use technology in your firm?



The pandemic also drove a higher rate of digital demand and adoption, amplifying and changing the culture of choice. Consumers are increasingly demanding faster responses, more value and better services, with an accelerated focus for on-demand capabilities. This could be a sticking point for some SMEs.

**“Only 20% of SMEs updated their insurance cover to reflect changes made as a result of the pandemic<sup>1</sup>”**



“Businesses must balance changing market conditions with the short-term challenges and costs associated with keeping employees and customers safe and socially distanced. Many SMEs have been making bold decisions to diversify their service offerings during lockdown, with more and more moving their operations online. For businesses who are undergoing a transformation in light of the challenges posed by COVID-19, it’s critical that their insurance cover is updated to reflect these changes. As we move into an increasingly harder market in 2021, it’s vital businesses review their cover to make sure they are protected. This is reiterated further by the fact that only 20% of SMEs updated their insurance cover to reflect changes made as a result of the pandemic.<sup>1</sup>”

**Jason Chambers** – Head of Data and Digital Solutions at Aviva Commercial Lines

<sup>1</sup> Source: Data from survey of SME senior decision makers across the UK conducted by Censuswide Research in November 2020, on behalf of Aviva.



## 2. Changes in legislation and regulation, including Brexit

35%

The UK's exit from the European Union, or Brexit, is shaping up to be one of the largest disruptions to businesses in the UK in a generation. Brexit is likely to have large impacts on legislation, economy, trade, migration, employment, healthcare and daily life. It is unsurprising, given the levels of uncertainty involved, that according to UK business leaders Brexit and changes to legislation and regulation is the second biggest risk they face. 35% of business leaders highlighted Brexit as one of the top five risks facing their business right now.



“We're going to face quite a lot of regulatory change over the next five to ten years, including new legislation and potentially new regulatory bodies, as the UK asserts its policy independence from the EU. This is an opportunity to tailor rules that are better attuned to the UK's needs, but the uncertainty that this period of change brings is understandable. Brexit will have effects beyond the legal and regulatory environment, impacting two of the biggest risks highlighted by businesses in this report: macroeconomic developments and supply chain risk. Certain sectors, in particular manufacturing and retail, might find that realising new trading opportunities overseas looks a bit distant if there are shorter-term supply chain issues.”

**Suresh Weerasinghe**

Head of EU and Brexit Public Policy

Despite already being upon us and the UK having officially exited the European Union, most businesses are struggling with the uncertainty that Brexit has brought. With queues of lorries around the ports and the complexity of trade outside the EU making the news it is clear the UK has some distance to go when it comes to finding a new post-Brexit normal.

Our research showed UK businesses' overall outlook towards Brexit was pessimistic. Four in ten said that Brexit has already had a negative impact on their business, and half think that the UK's business environment will worsen as a direct result of the Brexit deal. Not only will trade with the EU be affected, but changes in leadership in the United States following the election of President Biden create additional uncertainty around the future of trans-Atlantic trade.

Employment and the workforce, always a key issue for businesses large and small, faces challenges and uncertainty of its own. Post-Brexit immigration may impact on the skilled immigration many businesses look to for their workforce; this is particularly concerning when 17% of businesses already highlighted to us that a shortage of skilled workers is a top five risk for their business. Similarly, employment law has entered a period of uncertainty as the government looks to introduce a new Employment Bill in 2021 to replace legislation formed while the UK was part of the EU.

### Brexit long-term impacts

Do you think the long-term impact of Brexit on your business will be positive, negative, or do you anticipate there being no impact?

23%

Positive

24%

No impact

53%

Negative



Similarly, supply chains that previously relied on the free movement of goods and services across the EU have had to be reviewed and revised. Three in ten (31%) businesses told us they were actively looking to source from more local or British suppliers to help ensure greater transparency and control, especially as consumer attention on a business's supply chain has heightened.

It is clear that leaving the EU may have vastly different impacts for different business sectors. Of those concerned about regulatory changes nearly eight in ten leaders from the manufacturing sector, and three-quarters from retail, named Brexit-related regulatory challenges as a major concern. Many businesses have implemented strategies to prepare for Brexit well in advance of the deal, for example stockpiling raw materials and stock to protect supply chains. This adaptability is to be applauded but with one in four SMEs<sup>1</sup> having not made a material change to at least one sum insured in more than four years businesses should look to leverage their business relationships with insurers and brokers to ensure adequate cover is in place.

### **The Green Industrial Revolution**

Brexit, while a huge source of uncertainty for businesses, isn't the only source of change to the UK's legislation and regulation. The government has broader plans that are likely to have significant impacts on business. As the UK looks to recover from the impact of COVID-19 the government has outlined what it calls a 'Green Industrial Revolution'. This plan could bring opportunities for UK-wide investment and green jobs. Business leaders, particularly those working in large corporates, will need to commit to

operating in greener and more sustainable ways, as the UK works towards hosting COP26 in Glasgow in November and the target of reaching net-zero carbon emissions by 2050.

Businesses will need to continue to develop, measure and disclose clear Environmental, Social and Governance (ESG) targets and measures, as the UK government continues to shape policies and regulations to create a market environment that increases consumer and business demand for low-carbon solutions and encourages sustainable private sector investment decisions.

### **Wider uncertainty**

Beyond the immediate issues of COVID-19 and Brexit the UK is also facing a renewed surge in support for independence or reunification from some of its constituent nations. The Scottish National Party intends to run in the May Scottish elections on the platform of another independence referendum.<sup>2</sup> The traditionally muted independence movement in Wales has gained steam with 22% suggesting they would vote yes if a Welsh independence referendum was held.<sup>3</sup> Similarly, support in Northern Ireland for a reunification with the Republic of Ireland<sup>4</sup> has risen to record levels with 51% of residents wanting a referendum on reunification.

Although the UK government insists no new independence or reunification referenda will be held, public pressure and support continues to mount. The possibility of independence or reunification for any of the constituent parts of the UK possess yet more uncertainty for businesses.

<sup>1</sup> Based on Aviva-held modelled data

<sup>2</sup> <https://www.ft.com/content/842f20d4-1728-4e9f-8afd-f57228f01e8a>

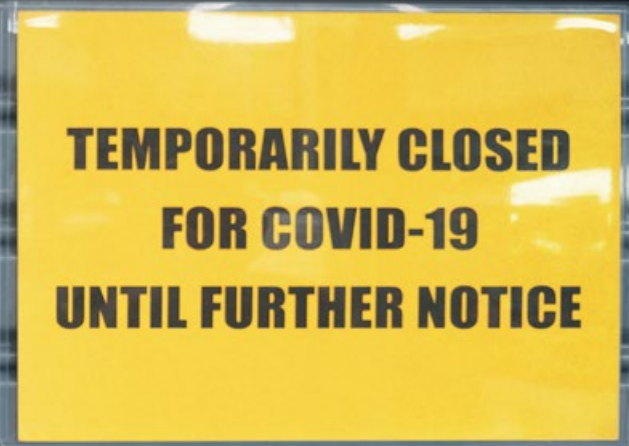
<sup>3</sup> January's Welsh Political Barometer poll for ITV Wales and Cardiff University

<sup>4</sup> Sunday Times Poll 4th Feb 2021



**“Three in ten (31%) businesses told us they were actively looking to source from more local or British suppliers to gain more transparency”**

### 3. Business interruption, including supply chain failure



Business operations and supply chains saw significant disruption across 2020. Business interruption is the third largest risk identified in our research, with nearly a third (32%) of business leaders placing it in their top

five risks. A quarter (26%) reported that they were unable to conduct any business operations for at least some portion of 2020. Any disruption to a business's operations can result in financial loss and impact its reputation.



“The most common causes of business interruption claims in the last five years have been traditional risks like fire and weather-related events, at the premises of the insured or their supplier or customer. However, as the use of technology changes the nature of business interruption risk, businesses will need to also consider wider impacts of emerging trends such as political events, climate change and cyber attacks.

Good business continuity planning mitigates against operational interruptions. The events of 2020 forced many businesses into putting these plans into action.

Our research found that a quarter of businesses felt their business continuity planning was successful over the year, with a further 49% saying their planning worked well but would require some small revisions. However, over a third (36%) of small businesses had no business continuity planning in place at the start of the national lockdown – compared to only 6% of mid-market businesses and 2% of corporates.”

**Mark Dunham**  
Head of Technical Underwriting



**of UK businesses were unable to conduct any business for some portion of 2020**



**of small businesses had no business continuity planning in place at the start of the national lockdown**





## Business Continuity Planning

Thinking about your Business Continuity Planning (BCP), which of the following best describes your views?

23%

Our current BCP has worked as planned and does not require revisions

49%

Our current BCP has worked relatively well, but will require some revision

6%

Our current BCP has not worked well, and will require considerable revision

20%

Not applicable – we did not have any BCP in place prior to the COVID-19 pandemic

15% of the business leaders we spoke to told us that supply chain resilience is one of their top three priorities for 2021. It's a priority that some business leaders are investing in: one in five say the pandemic has led to more investment in their supply chain reviews.

Around two in five (37%) business leaders have told us that they are expecting higher supplier and supply chain-related costs. But many are already responding proactively to emerging supply chain risks. 16% of businesses expect to focus on reducing the length of their supply chains in 2021. What's more, nearly half (49%) of businesses now believe that responsible sourcing is important or extremely important for their business – including 39% of small businesses, 52% of mid-market businesses and 64% of corporates – highlighting how this issue ties to ESG concerns.



“Supply chain issues could represent a significant business interruption risk – and if a business is unable to serve customers as a result, it could cause reputational damage. Even though the problem may be further down the chain, perhaps a supplier to a supplier, it's the business that customers will see as letting them down. In today's climate, it's becoming clear that there are advantages to having suppliers closer to home. Cutting out some of the links in the supply chain gives businesses greater control and reduces the risk of business interruption. Plus, it's easier to forge closer relationships with local suppliers. Finding resilient suppliers within arm's reach is best practice – and it's one that many business leaders are beginning to adopt in 2021.”

**Pete Holmes MBCI CISMP** – Technical Specialist for Business Interruption, Continuity Management, Supply Chain and Cyber





### Emerging risks

As businesses look to review supply chains there is growing demand for additional triggers to both safeguard a business's balance sheet and also reflect the changes in its business models and operations. The recent protests in France, Chile, Hong Kong and the USA have highlighted the increasing political risks facing businesses supply chains. This could mean physical damage preventing a business from operating, indirect damage to key infrastructure in the vicinity or loss of attraction. In the UK, businesses need to review and monitor the possibility of further restrictions as a result of future lockdowns against the backdrop of rising unemployment.

Climate change is also a critical consideration as the severity and frequency of global weather events increase. Notable weather events include storm Filomena where significant amounts of snow disrupted daily operations in Spain and Europe, the number of hurricanes recorded in the Atlantic and wildfires seen in California. These events not only impact the availability of raw materials, equipment and machinery but have knock-on effects that can disrupt entire supply chains.

The changing regulatory environment as a result of climate change is also a consideration for business leaders. Whilst this will bring opportunities for businesses to adapt and evolve their businesses, one indirect impact of climate change is that it takes longer to reinstate property to build back in a greener, more sustainable manner.

### Cyber Business Interruption a growing concern

Cyber attacks are increasing in frequency and severity across the UK market. It is estimated there were a third more attacks on internet-enabled business in the first quarter of 2020 when

compared to the same period in 2019.<sup>1</sup> In our own research, a quarter of business leaders consider operational interruption their biggest risk when it comes to cyber threats. A cyber incident which locks down the whole IT estate of a business can have the same impact as a catastrophic fire: although the timescales for the interruption to the business may be shorter, the interruption can still be significant. For example, in June 2019, an outage caused significant failure at some Google cloud services, causing significant disruption to a large number of online businesses reliant on digital supply chains.

Traditional property or crime insurance does not provide cover for cyber losses. Therefore, as the dependency on technology and the threats increase, so does the importance of Cyber Business Interruption cover. Businesses need to be aware of the impact a cyber event can have and their vulnerabilities and include cyber within their BCP to ensure they can protect their revenue in the event of a cyber event causing a loss.



“Supply chain management is a much larger and more complex task than many businesses realise. We recommend regularly reviewing your supply chain and assessing it in its entirety to spot – and mitigate – any weak points. For SMEs, who have smaller teams and budgets, this may seem like an over-investment of resources, but this is a complicated risk that requires proactive measures as much as reactive – and too often, it’s under-realised.”

**Pete Holmes MBCI CISMP** – Technical Specialist for Business Interruption, Continuity Management, Supply Chain and Cyber

<sup>1</sup> Cyber Threat Report Q1, Beaming 2020



## 4. Loss of reputation and brand value

29%

With the shift to a more social sharing economy, public opinion about a business can now spread across the internet in seconds. Nearly one third of business leaders named damage to their brand's reputation as one of their top five risk exposures – making it the fourth-biggest risk identified in this report. This concern was consistent across business sizes and industry sectors.



“The demands of modern business are increasing manifold, whether it be social causes, climate change or another issue; profit isn't the only measure of success any more. Businesses are expected to be good citizens, doing good for their employees, their customers, their communities and the planet. A brand's reputation is therefore affected by many factors. It is a company's biggest and most fragile asset.

When the world becomes more uncertain, customers look to companies with a strong reputation. Expectations for customers are being set by companies and industries that are not traditional competitors, whether it is delivery expectations or being able to self-serve more.

Reputation is a risk that is dependent on other risks in a business. You might consider reputational damage as a consequence of your business falling victim to external factors outside of your control – but that doesn't make looking after your brand and reputation any less important. Keeping your promises and acting

Reputational risk has traditionally been seen as an impact of other risks such as product recalls, executive and employee conduct, or data breaches. One in three of the business leaders we spoke to, rising to nearly half of those from corporates, said cyber attacks are a key threat to their reputation.

in the best interests of your customers have been the building blocks of a good reputation for generations. In the modern age we're also seeing a new strand in how one acquires, uses and stores data. Your customers trust you with their data, no matter what business you work in, and keeping it safe, using it ethically and making sure customers have clarity on the data they are giving us is critical.

Damage to your reputation can be long-lasting and difficult to fix if not managed quickly and with integrity. Yet, a lot of companies are not taking simple steps to protect it. Your stakeholders are always talking about you, and every company should be tuned into what they're saying. Work to understand what's driving the conversation and take active steps to keep building and protecting your brand's reputation.”

**Raj Kumar**

Director of Group Brand and Reputation



# 5. Cyber security and **cyber incidents**

27%

Cyber is increasingly becoming a key risk as businesses and industries continue to see a shift towards digitalisation to drive efficiencies whilst opening up the ability to trade on a global scale. Over a quarter of the business leaders we spoke to named cyber security and cyber incidents as a risk they are particularly exposed to. In some cases, these fears are based on past experience. More than one in ten business leaders said they had been affected by a data breach or cyber attack in the past 12 months, with this figure rising to one in five for corporates.

This figure is perhaps not surprising when you consider that 98% of businesses rely on some form of digital communication or solution<sup>1</sup> such as cloud storage, email, online banking or digital supply chains – all potential avenues for cyber criminals to exploit. Most criminal activity isn't specifically targeted to a particular business or industry, with tools often used to search the internet for any system vulnerability. This means any business, small or large, can be targeted – and more than once.

In our survey, two in five businesses were concerned about operational disruption problems and loss of data – and a third were worried about the direct financial impact and losing consumer confidence. Following the COVID-19 pandemic, cyber attacks have increased in both volume and sophistication. Many cyber criminals have looked to exploit weakness in stretched IT security systems through targeted phishing emails and ransomware attacks, which threaten to destroy or publish a victim's data unless a fee is paid.



“We see mixed levels of business preparedness against cyber risks with 20% of business leaders surveyed indicating that they did not think they were exposed to any cyber risks. Most businesses and employees will know what to do if they discover a fire, but would they know what to do if their network was down due to a ransomware attack? A rapid response to a breach is essential in recovering quickly and requires a co-ordinated approach, often needing a range of experts.

Cyber insurance should be a key part of a company's cyber security strategy. As well as protecting against the financial impact of cyber threats insurance should provide access to a range of experts in order to reduce the damaging impact of the event and help the business bounce back. It may not be enough to just fix a security breach and get back to business as usual; businesses may wish to take advantage of specialist experts to help them learn from an incident so that they can become stronger and better prepared in future.”

**Neil Arklie** – Head of Cyber



## What is phishing?

A similar principle to fishing. A criminal will cast his line out, using bait to attract a victim e.g. spoof email or website, before reeling them in. They tend to be indiscriminate, targeting a wide number of potential victims. The email may appear to come from a trusted source e.g. a bank, eBay, a supplier or HMRC, with the intention of getting them to reveal confidential information. The recipient is more likely to reply or take action if requested by a legitimate source. Often a phishing email requests login details for online banking accounts under the guise of security questions to confirm the person's identity. The criminals can use these details to steal from bank accounts or make purchases from online retailers.

<sup>1</sup> Cyber Breaches Security Survey 2019, DCMS

Footnote 1: This source contains public sector information licensed under the Open Government Licence v3.0.

```
... logged <[if] ret:log.origr set(278,50,200)
... ript src= {#wq, xK, #89_method}
... sponse?
... ck.command]#>>access:derial
... out <cha...to#6 m 4:h61104y)
```

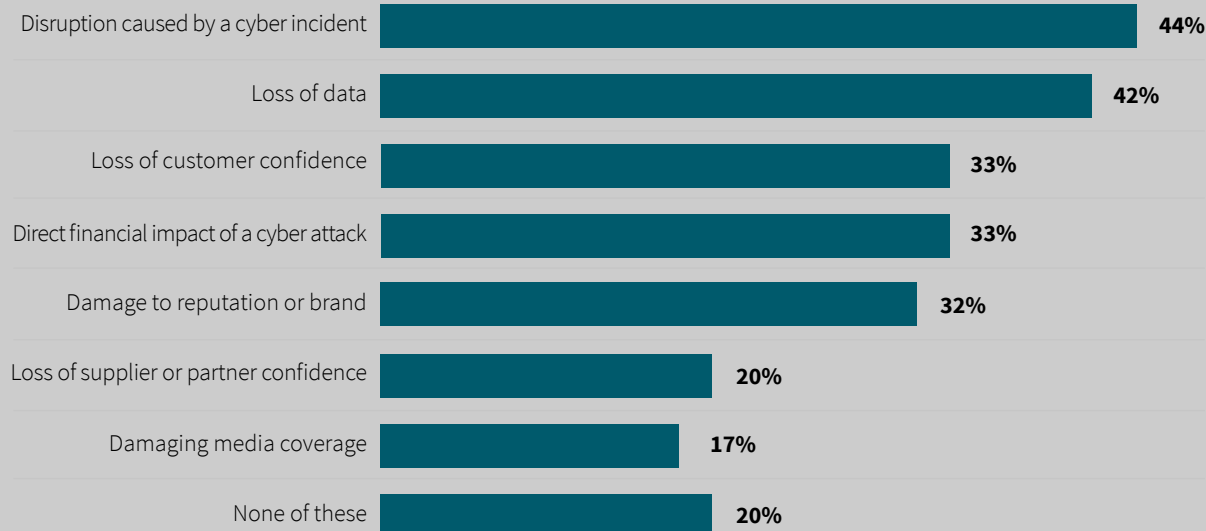




**“20% of business leaders did not think they were exposed to any cyber risks”**

#### Effects of cyber attacks:

Which of the following, if any, do you think your business is particularly exposed to as a result of cyber attacks?



#### The threat of ransomware

Ransomware is a form of malware that enables the hackers to remotely lock down files on a computer. Essentially the hacker ‘kidnaps’ the files and demands that you pay a ransom for their release. Ransomware encrypts files on a computer, preventing access to files or the computer system.

Alternatively, the hackers could make copies of the files and if they find anything sensitive or embarrassing may blackmail the person and threaten to publish the material, unless a ransom is paid. If desperate, the business may be tempted to pay, however even if the ransom is paid the criminal may not release the decryption key. Once they know the business will pay, they are likely to carry out a repeat attack.

#### Importance of creating a cyber security culture

Cyber criminals are continually finding new ways to access information, but many can be avoided with practical processes outlined by cyber accreditation certification programmes such as Cyber Essentials aimed at smaller businesses and the ISO27001 standard for larger businesses. However, 88% of cyber breaches in the UK<sup>1</sup> can be attributed to human error or negligent employees, therefore creating a culture of consistent awareness to the new methods and threats is critical to implementing successful cyber risk mitigation strategies in any businesses, particularly when the threats are ever-evolving.

<sup>1</sup>Cyber Security Breach Report, 2020

## 6. Macroeconomic developments

26%

Between COVID-19, Brexit and changes in political leadership in the USA, it's unsurprising that a quarter (26%) of business leaders (including 24% from small businesses, 22% from mid-market businesses and 36% of corporates) told us that changes in the macroeconomic environment are a key risk for their business. It was a particular concern for those in the professional and business services, retail and manufacturing sectors, where 38%, 33% and 30% respectively named it as one of their top five risks.

The strength of concern was strong, with three quarters (74%) of business leaders that declared macroeconomic developments one of their top five risks saying they are worried or extremely worried about it.

The COVID-19 pandemic and reactions to it across the world have resulted in unprecedented movements in GDP, creating the deepest recession since the Great Depression. In most developed countries GDP fell by between 10% and 20% in Q2 of 2020 when much economic activity was shut down temporarily. It then rebounded sharply in Q3 as economies reopened. Policy responses have also been extreme. Interest rates have returned swiftly to the effective lower bound and a wide range of more unconventional measures, including large-scale asset purchases and liquidity assistance schemes, have been quickly reinstated. Meanwhile, fiscal support has been provided on a vast scale as the public sector tries to absorb the risks that the private sector cannot, protecting enterprises and people until more normal times return.



“There is good news on the horizon in the form of the national vaccination programmes. These should ensure a more lasting recovery later in 2021, but the next few months will be tough. It will be some time before the extent of any lasting damage from economic shutdowns becomes apparent. Ongoing fiscal and monetary support will be required for a while yet. It also remains to be seen what permanent changes take place regarding how people and economies work in a post-COVID-19 world.

Businesses should expect to see a globally coordinated upswing in 2021 which will help support commodities and raw materials in general and global trade overall. It is expected that the Biden administration in the United States will take a more open attitude to free trade than Trump's. While attitudes towards open trade may take a hit due to the experience of COVID-19, open trading nations like the UK and Eurozone should benefit from a revival in trade flows boosting exports.”

**Michael Grady** – Head of Investment Strategy and Chief Economist at Aviva Investors



# 7. Health and wellbeing of employees

19%

Employee health and wellbeing has been an increasing focus for businesses in recent years, gaining momentum in 2020. The coronavirus pandemic has changed the way we think about both physical and mental health, especially in the workplace. Key workers continued to enter the workplace with new restrictions, while other employees began working from home or were temporarily furloughed.

Just under a fifth (19%) of the business leaders we surveyed said their employees' health and wellbeing is one of their five biggest risks – including 15% in small businesses, 21% in mid-market businesses, and 23% from corporates. And over a quarter (27%) told us that investing into employee retention and development is one of their top three priorities for 2021.

While half (51%) of business leaders felt that working from home becoming the norm would have a positive long-term impact on their business, there were significant differences between business sizes. Around seven in ten (68%) corporates were optimistic about remote working, compared to nearly four in ten (38%) small businesses. This suggests that larger businesses have been able to invest time and budget into remote working and are keen to keep it as an option in the future, whilst striking a balance between flexibility, productivity and security.

It's clear that flexible working has been effective for many workplaces, but there can be downsides. While short-term pressure can be good and challenging, employees who

feel they should be 'always on' risk becoming stressed, exhausted and unmotivated, which can then impact wider business operations and the workforce. With laptops, tablets and mobile phones being key tools with more interactions, and meetings and even socialising moving online, there's a danger of employees becoming digital addicts. Employees faced with prolonged periods of stress risk being exhausted, unmotivated and ineffective. This is recognised by business leaders with 57% highlighting they are worried about their employees' health and mental wellbeing.



“It's never been more difficult – or more important – for employers to keep their workforce healthy. And that means more than protecting their people from COVID-19: mental health is vital too. As the lines between work lives and home lives blur, businesses could see increases in presenteeism and burnout – especially if your workplace culture focuses on hours logged rather than output. With employees working remotely, line managers may not be able to spot health issues as they arise. This could pose a significant risk: the long-term absence of a key employees, for example, could have a disproportionately negative impact on UK businesses.

Employers are ultimately responsible for the health and safety of workers, wherever they are working – including their homes. Employers have been doing their best throughout this difficult period, but now's the time to implement an ongoing strategy that supports the wellbeing of their employees, if they don't have one already. The coronavirus pandemic has made many companies recognise that employees are a key asset – one that performance and profits are dependent on. At this moment, employers have an opportunity to take the initiative and make their employees' health and wellbeing a priority. By listening to their employees and understanding the dynamics of their workforce, business leaders can create a personalised approach that meets the needs of both their business and their people.”

**Debbie Bullock** – Wellbeing Lead at Aviva

## 8. Shortage of skilled workforce

17%



The difficulty in recruiting a workforce with the right skills has been a risk facing businesses for many years. The 2017 Government Employer Skills Survey<sup>1</sup> found that a lack of skills in the workforce is holding back productivity gains, contributing to the long-standing productivity gap between the UK and international competitors. Our own research found six in ten businesses admitted that finding skilled workers was one of their biggest concerns. Nearly one in five (17%) of business leaders (including 12% from small business, 25% from mid-market businesses and 21% from corporates) said that a shortage of skilled workers is one of the top five risks they're facing today.

The situation is unlikely to improve in the near term post-Brexit with concerns around a lower level of skilled labour immigration, alongside a rising rate of retirement. Increased digital growth and technology adoption continues to drive demand for skilled workers that can move with the times across all industries. Businesses in the UK are having to balance recruiting employees that fully meet their skill needs with adopting lifelong learning, upskilling and retraining programmes to improve the skills of existing employees.

<sup>1</sup> <https://www.gov.uk/government/publications/employer-skills-survey-2017-uk-report>



## 9. Market developments

16%

2020 was a turbulent year for the UK. Between the impact of COVID-19 and the upcoming disruption of Brexit, it's easy to understand why 16% of business leaders – including 12% from small businesses, 18% from mid-market businesses and 24% from corporates – view market developments as one of their top five risks.



“The prices of risk assets often move in response to economic news – but many markets have found it difficult to ‘price in’ appropriate reactions to the COVID-19 virus, simply because there has never really been any similar experience. Stock markets fell steeply in February and March 2020, partly as the extent of the economic hit became apparent, and partly because of huge uncertainty and fear about the virus itself. After an initial jump higher, sovereign bond yields fell markedly as monetary policy was loosened and a deflationary impulse emerged. But credit spreads spiked higher due to growing worries about wide-ranging business failures.

Since those initial reactions, equity and credit markets have recovered strongly, but government bond yields have remained low. The overall message is that financial markets have essentially done two things: they have been prepared to ‘look through’ the economic horrors resulting from the pandemic, and they have taken heart from the various policy reactions to the crisis.

The two are linked, of course. Policy support should help sustain economies until conditions allow for a more general reopening of economies. With vaccine deployment now commencing, they are probably right to do so. But vulnerabilities remain: the virus has not been eradicated and there may be some lasting damaging effects. Policymakers have signalled that they intend to continue to provide stimulus for as long as it is needed, but it cannot be guaranteed that they will get their timing right, especially on fiscal policy.

This year it seems clear that SMEs are the most vulnerable and, unfortunately, it's likely that some will fail. However, we expect government support will try to keep as many as possible afloat until they can operate unaided. The expected recovery in 2021 should be dominated by the service sector, the industry most affected by lockdowns. Manufacturing, largely goods, has shown resiliency and will rebound as the current constraints begin to loosen.

Despite the unusual circumstances we find ourselves in today, we are expecting a strong recovery into the next year and, as always, the recovery phase of the business cycle offers opportunities for mergers and acquisitions. Although such deals are always dependent on the ‘animal spirits’ of entrepreneurship, it is abundantly clear that financing conditions could not be more favourable. This, alongside what should be a robust upswing, will enhance the appeal of M&A both within countries and across international borders. However, any deals involving UK-based companies may face prolonged uncertainty while the rules of engagement are established in a post-Brexit world.”

**Michael Grady** – Head of Investment Strategy and Chief Economist at Aviva Investors

## 10. New and changing technology

16%



We live in an age of change and disruption. 16% of the UK business leaders who responded to our survey – including 15% from small businesses, 18% from mid-market businesses and 15% from corporates – believe that new and changing technology is one of the five biggest risks their business faces. This is primarily driven by the technology sector, 44% of which selected it as a top five risk. While often thought of as the driver of this change, the technology industry is also acutely aware of the potential vulnerabilities and disruptions it can pose.

Businesses are responding to this threat. One in five (22%) of our respondents – including 18% from small businesses, 23% from mid-market businesses and 30% from corporates – said that investing in new technology and digital adoption is one of their top three priorities for 2021. They're primarily looking to technology to expand into new markets or product areas (41%), reduce cost bases and increase liquidity (28%) and to obtain greater control of business operations (17%).

The risk and investment response is not a new trend, but it is one that has been accelerated by COVID-19, with businesses recognising the benefits technology can deliver as opposed to the risks and barriers for adoption. More than two in five (44%) business leaders told us they're aiming to accelerate their previous technology adoption plans in response to the COVID-19 pandemic.

**“One in five (22%) businesses said that investing in new technology and digital adoption is one of their top three priorities for 2021”**



## Key trends

- Environmental, Social and Corporate Governance (ESG)
- The changing role of risk management





# Environmental, Social and Corporate Governance (ESG)

Environmental, Social and Corporate Governance (ESG) refers to the three central factors in measuring the sustainability and societal impact of a business. While it may seem that ESG concerns took a back seat in 2020, with only one in ten (10%) of business leaders naming ESG as one of their top three priorities, the COVID-19 pandemic has demonstrated how a health and environmental issue can become a profound social problem. The pandemic has caused material governance challenges for companies and countries alike and shows how such challenges do not respect national borders. 2020 can be seen as a giant ESG stress-test for the global economy.

In 2021 and beyond, it's important we increase our focus on ESG. The disruptive nature of COVID-19 and Brexit marks a real opportunity. As we recover from the pandemic, we shouldn't think about returning to normal, but rebuild to make operations more resilient and sustainable.

For consumers, shareholders and regulators climate concern is big – and it's been getting bigger since the pandemic. The transition to a low-carbon economy is underway with Prime Minister Boris Johnson using the Conservative Party Conference to unveil the first part of the government's plans to 'make the UK the world leader in green energy', including £160 million of support to upgrade ports and infrastructure in Northern England. The 26th UN Climate Change Conference of the Parties (COP26) will also be hosted in the UK in November, providing businesses the chance to improve sustainability and be better corporate citizens to our communities and employees.

## A growing priority

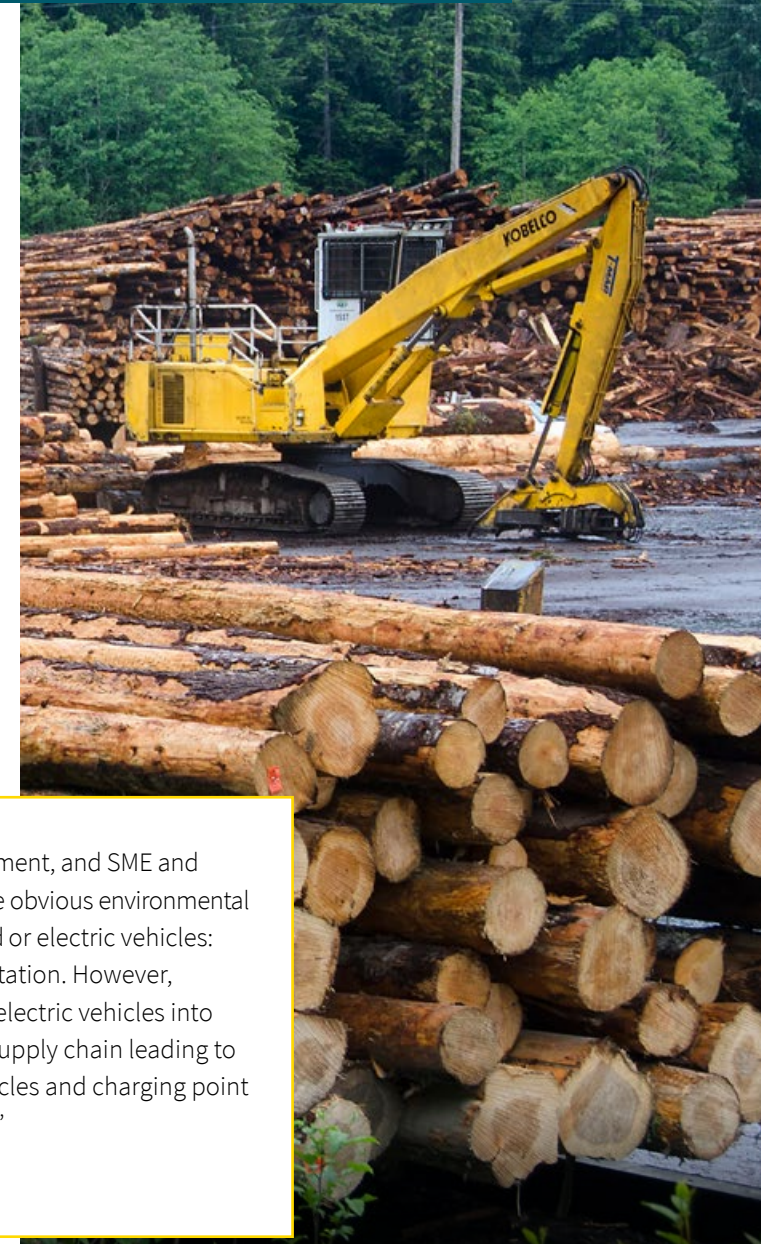
Around two thirds (65%) of our survey respondents said that ESG factors are important or extremely important to their business. 68% said they consider ethical corporate governance factors important, while 66% said the same for social factors, and 61% for environmental factors. Additionally, over half (54%) expect ESG considerations to grow in importance for their business, including 36% from small businesses, 51% from mid-market businesses and 71% from corporates.

As might be expected by the focus of the government and regulators, awareness and activity in the ESG space is largely confined to larger businesses. Additionally, most risk concerns are based on public perception, with a fifth of corporates citing reputational damage and liability as their biggest ESG-related exposures. Six in ten (59%) of small businesses told us they know hardly anything or nothing at all about ESG.



“Decarbonising road transport is a key goal for the UK government, and SME and corporate fleets play a key role in achieving this. Alongside the obvious environmental impact, there are clear benefits for businesses moving to hybrid or electric vehicles: reduced fuel costs, lower servicing costs and improved reputation. However, businesses need to consider the implications of integrating electric vehicles into their fleets, like the range of vehicles, impact on the claims supply chain leading to higher cost of repairs, and hire charges for replacement vehicles and charging point accessibility – including home charging points for employees.”

**Marc Wanless** – Head of Motor







### What Does ESG investing mean?

It's an approach that considers **environmental, social and governance** factors into its investment decisions. In essence, it should benefit the world and society.

#### Environmental factors could include how a business approaches:

- Energy consumption
- Climate change
- Waste production

#### Social factors could include how a business approaches:

- Community engagement
- Human rights policies
- Employee relations

#### Governance factors could include how a business approaches:

- Quality of management
- Diversity of the board
- Conflicts of interests

### The way forward

As businesses of all sizes grapple with ESG concerns, our research has shown many are turning to external sources for help, support and advice. Four in ten (41%) are seeking guidance from the government, while a similar number look to their industry peers (37%) and specialist consultancies (36%).

Although greenhouse gas emissions have fallen by 40% since 1990 the target of reaching net-zero carbon emissions by 2050 is extremely challenging and will not be delivered without radical behavioural and economic transformation.

At first glance, it may appear that ESG is primarily something for larger businesses to concern themselves with. However, the issues it covers apply to all, and it's heartening to see businesses of all sizes take steps to build a more sustainable world.

Nearly half (48%) of business leaders told us that responsible sourcing is important or extremely important to their business, including 39% in small businesses, 52% in the mid-market businesses, and 64% in corporates. Similarly,

one third (34%) of businesses with a motor fleet consider upgrading it to be greener a high priority, with a further 40% telling us it's something they would like to do.

Whilst for most business leaders, immediate opportunities include the extensive electrification of transport (including heavy goods) and heating, the rollout of the hydrogen economy and the development of carbon capture and storage as more experimental technologies will be required to remove the remaining emissions.

Moving forward, businesses looking to start their ESG journey need to identifying areas where they can make a material difference, integrating how they address these areas in their decision-making processes, and strengthening their leaders' ESG knowledge.



“Integration of ESG factors leads to better investment decisions. This is core to being a responsible investor. We are seeing much more importance placed on ESG considerations by our clients as well as the businesses we own. This is very positive as it helps drive investment returns and build a more sustainable economy. But arguably the most important aspect of our work is engaging with policymakers to help them drive more sustainable markets. Our industry needs to think much harder about how market failures can be corrected so that markets solve rather than create sustainability crises like climate change.”

**Steve Waygood** – Chief Responsible Investment Officer

**“One third (34%) of businesses with a motor fleet consider upgrading it to be greener a high priority, with a further 40% telling us it’s something they would like to do”**



# The changing role of risk management

2020 put risk management and business planning to the test like no other year in recent memory. Despite the incredible challenges over the last 12 months, the businesses that have survived have done so with a renewed sense of confidence. Almost nine in ten (89%) of our survey respondents consider themselves resilient to risks. However, the world has been changing – not just over the last year, but over the last few decades – and the nature of risk has changed too.

The risks businesses face are increasingly complicated and interconnected. We're seeing the rise of non-physical risks like cyber and an uncertain legislative agenda, alongside immediate events like COVID-19. Businesses must be commended for their collective response in safeguarding their operations, their employees, their communities and the nation – but our research has highlighted some concerning trends.

## A range of approaches

Over half (53%) of business leaders told us they don't usually undertake regular health and safety risk assessments, including 65% from small businesses, 46% from mid-market businesses and 37% from corporates. Meanwhile, two thirds don't undertake regular security risk assessments (66%) and fire risk assessments (67%). Given these assessments are legally mandated, these businesses are not only potentially breaking the law but could be putting the health and wellbeing of their employees and customers at risk. Similarly, just under three in ten (28%) business leaders told us they usually test their business continuity plans – including 11%

from small businesses, 38% from mid-market businesses and 51% from corporates. If this year has shown us anything, it's that the worst can happen – and the importance of businesses being well prepared to face it.

**“Over half (53%) of business leaders told us they don't usually undertake regular health and safety risk assessments”**

28% of businesses, rising to 35% of small businesses, felt that they were not well-prepared for the impact COVID-19 had on their business. While nearly three-quarters (74%) felt their continuity and recovery plans worked, this figure is heavily skewed by corporates (94%). Smaller businesses faced more difficulties: over a third (36%) of small businesses admitted they had no plans in place, and 7% discovered their plans did not work well. Every business, no matter its size or complexity, benefits from a business continuity plan: a clear set of steps that help a business to deal with incidents as effectively as possible so they can recover, resume and restore their business quickly after an incident. Free help and support for creating a business continuity plan can be found on the Aviva Risk Management Solutions website. [Find out more.](#)





# The changing role of risk management

## Risk and the insurance industry

Most UK businesses turn to certain outside sources for help in managing and mitigating the risks they face. 37% of survey respondents said they seek support from the government, 30% from industry peers and 23% turn to the insurance industry, including their insurance brokers. As might be expected, far more corporates (41%) are willing to foot the bill for independent risk management consultants than small businesses (9%). Overall, smaller businesses rely more heavily on industry bodies and associations, with small businesses seeking advice from trade associations (16%), the Health and Safety Executive (16%) and business organisations (13%), however even these rates are lower than those of their larger counterparts.

Almost a quarter (24%) of businesses do not turn to anyone outside their organisation for help. Given the increasing complexity of risks, the natural alignment between business, insurer and broker to reduce the frequency and impact of risks, and the deep level of expertise and wide view across industries, it's clear there's much more to be done. Insurers are generally risk management experts, and a ready resource for businesses to turn to for help in understanding the risks they face and how best to deal with them. SMEs can benefit from the resources of their insurer and the expertise available to help them address their unique risks and complexities. UK businesses should feel able to turn to the insurance industry for help, and insurers and brokers must reach out to businesses – especially SMEs – to provide timely and relevant insights about the risks and complexities they face while providing choice to businesses on how they want to engage, be it online, on-demand or on-site.

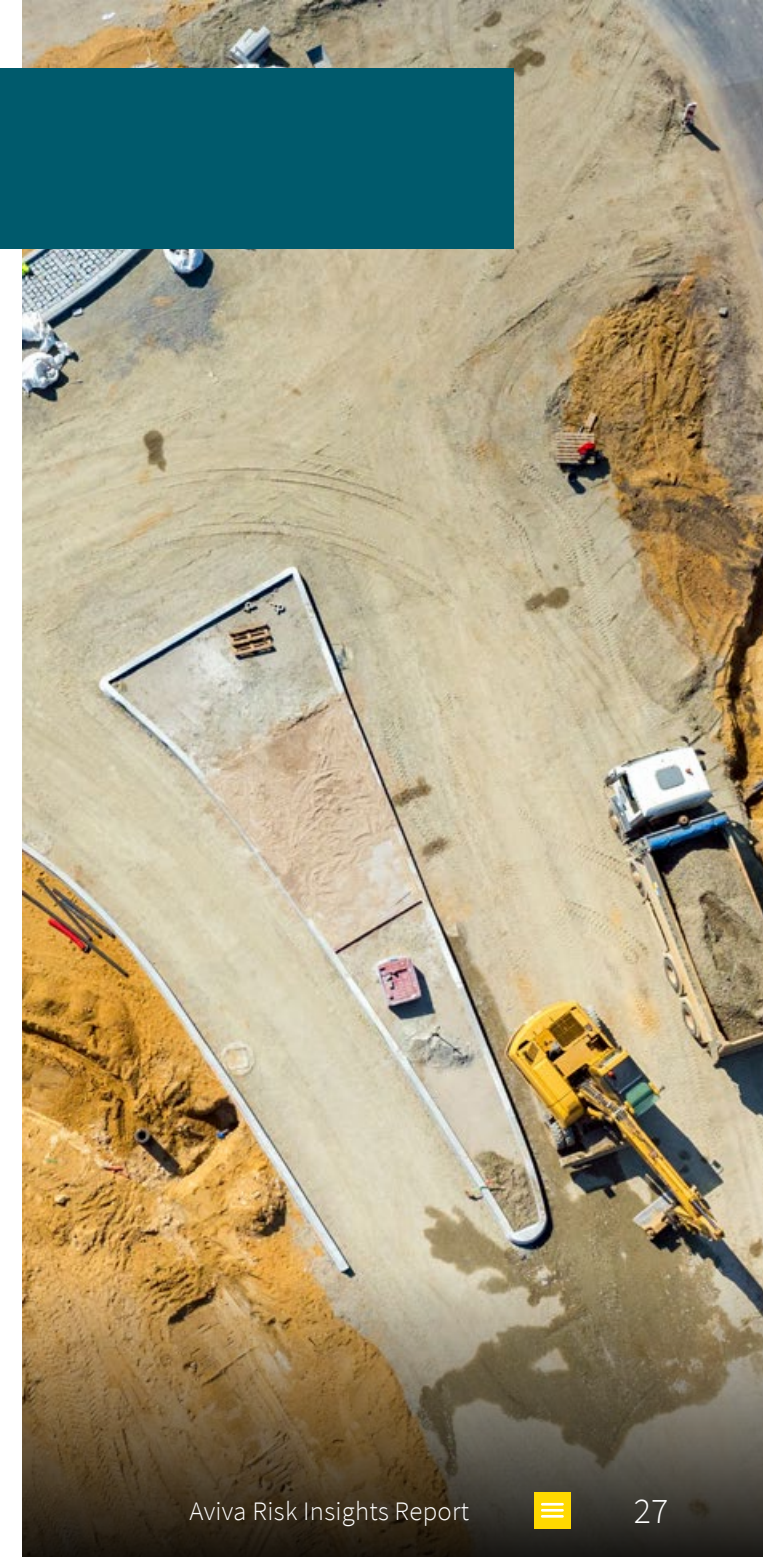
## Looking to the future

Despite some of the worrying trends emerging, UK businesses are optimistic about the future of risk management. A third (33%) of business leaders expect to increase their focus on risk management in 2021, including 19% in small businesses, 43% in mid-market businesses, and 49% in corporates. Overall, 83% of businesses expect their risk management focus to either increase or remain the same.

Similarly, COVID-19 caused 55% of businesses to take a fresh look at their risk management practices and make changes (40% of small businesses, 66% of mid-market businesses, and 73% of corporates). What's more, nine in ten (92%) intend to keep the improvements they've made into a post-pandemic world.

The blockers to good risk management appear to be well understood, with 21% of businesses citing focus on more important priorities, 17% a lack of budget and 16% a lack of understanding and expertise.

**“As many as a quarter (24%) of businesses do not turn to anyone outside their organisation for help”**







**“Overall, 83% of businesses expect their risk management focus to either increase or remain the same”**

“

“We’re seeing physical risks overshadowed by the non-traditional, less tangible threats to businesses. It’s easier to understand physical risks and build measures into your business to prevent them – that’s why we install fire protection systems and intruder alarms on our premises. These risks continue to exist, and the effects may even be exacerbated by the current situation. But threats such as the coronavirus pandemic, Brexit, employees wellbeing and cyber require a different approach. UK businesses must understand and respect these dangers and protect themselves against the threat from both the tangible and intangible risks. Insurance can protect against financial losses, but it’s just part of the picture: business leaders also need to consider their risk management and prevention strategy, learn from the past year and focus on sustained resilience going forward.”

**Chris Andrews**

Head of Risk Management Solutions



# Conclusion



**“26% of businesses are looking to take less risk by increasing their insurance cover”**

While no one can really predict what life will be like after the COVID-19 pandemic, it seems unlikely we'll just go back to 'business as usual'. 69% of UK business leaders expect the COVID-19 pandemic will have a negative long-term impact on their business – compared to just 18% expecting a positive impact. There has been a change in expectations for businesses as they begin making plans for recovery and growth in a post-pandemic world alongside the commencement of a nationwide vaccination programme.

A significant minority of businesses are looking to take less risk, with a quarter (26%) looking to increase their insurance cover as a result. In addition, 83% of businesses expect their risk management focus to either increase or remain the same as they recognise the importance of robust risk management strategies. Three in ten (33%) expect to recover by launching more products and services, while nearly half (45%) look to find growth through increased online sales and marketing.

39% of businesses have lower growth expectations as a result of the pandemic. Many believe that smaller businesses are particularly vulnerable in times of crisis, but our research with business leaders shows that only 14% are struggling to the point where the future existence of the business may be in jeopardy – a similar figure to

larger companies. Where we see real divergence, however, is in the speed of recovery. Only four in ten (42%) of small businesses have reported positive signs of growth, compared to around six in ten mid-market businesses (58%) and corporates (60%).

Overall, we see big differences in how businesses of different sizes approach risk management. Large corporates face pressure to protect their assets, implement good governance and have the resources to invest in dedicated risk management teams. In SMEs risk management is likely to only be one aspect of a role, often of the business owner themselves, making it harder to take a proactive approach.

We believe that taking a step back is key to understanding which risks your business is exposed to, especially when it's forced to adapt to changing circumstances. Business Impact Assessments and Business Continuity Plans are vital tools for setting priorities and recovery objectives and protecting your business against the impacts of risk. However, this is just the start of ensuring you're protecting your business effectively. If the current situation has taught us anything about understanding and managing risks, it's to invest the right amount of time, engage with the right stakeholders, and learn from the ever-changing business environment.

## Contact us

We hope this report has helped you understand and consider some of the risks to your business in 2021 and into the future. For more guidance on key risks, you can access our library of Loss Prevention Standard documents available free of charge on our website – or speak to our in-house team of risk management experts.

Visit the Aviva Risk Management Solutions website at [aviva.co.uk/risksolutions](https://www.aviva.co.uk/risksolutions)





# Appendix

## Top risks by region

We broke down the risks businesses consider themselves most vulnerable to by their region, to understand risk profiles across Britain.

▲ Higher than national average  
▼ Lower than national average

### Northern Ireland

1. Business interruption, including problems in your supply chain – ▲ 41%
2. Public health events – ▼ 35%
3. Changes in legislation and regulations – ▼ 35%

### Midlands

1. Public health events – ▲ 47%
2. Changes in legislation and regulations – ▲ 39%
3. Business interruption, including problems in your supply chain – ▲ 39%

### Wales

1. Public health events – ▲ 47%
2. Business interruption, including problems in your supply chain – ▲ 42%
3. Changes in legislation and regulations – ▲ 42%

### South

1. Public health events – ▼ 45%
2. Changes in legislation and regulations – ▲ 36%
3. Loss of reputation and brand value – ▲ 30%



### Scotland

1. Public health events – ▲ 52%
2. Changes in legislation and regulations – ▲ 44%
3. Business interruption, including problems in your supply chain – ▲ 44%

### North

1. Public health events – ▼ 44%
2. Changes in legislation and regulations – ▼ 35%
3. Business interruption, including problems in your supply chain – ▲ 32%

### East

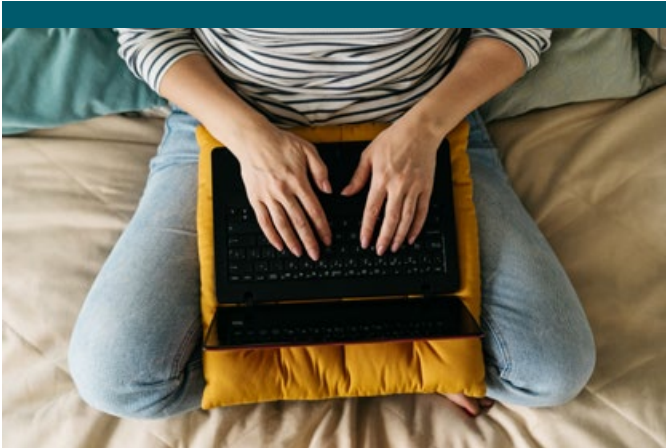
1. Public health events – ▼ 43%
2. Changes in legislation and regulations – ▲ 37%
3. Business interruption, including problems in your supply chain – ▼ 26%

### London

1. Public health events – ▼ 46%
2. Macroeconomic developments – ▲ 32%
3. Cyber security and cyber incidents – ▲ 32%

# Appendix

We asked business leaders what major risks they believe their business is particularly exposed to. Here's what they told us.



## Professional and business services

1. Public health events
2. Changes in legislation and regulations
3. Macroeconomic developments

Many workers providing professional services have had to leave the office and start working from home – and many more have been furloughed or made redundant. It's clear that business leaders in the sector are concerned about the challenging economic situation, which may have serious implications for their clients and demand for their services.



## Manufacturing and industry

1. Business interruption, including problems in your supply chain
2. Public health events
3. Changes in legislation and regulations

Interruptions can be particularly challenging for manufacturing companies, which rely on a healthy supply chain to produce and deliver products. This has been a challenge for many during the pandemic, as borders have been shut and imports slowed.



## Construction and real estate

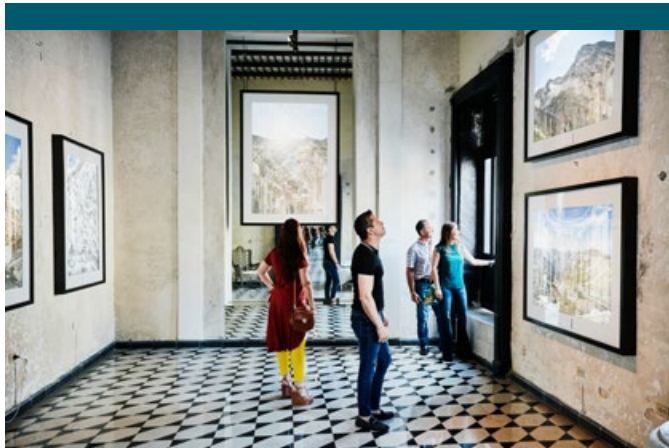
1. Public health events
2. Changes in legislation and regulations
3. Business interruption, including problems in your supply chain

Work ceased on some building sites during lockdown, and on others the delivery of materials and supplies was delayed, setting back timescales. And the approach of Brexit, which may see changes to UK building regulations, is a potential challenge that never went away.



# Appendix

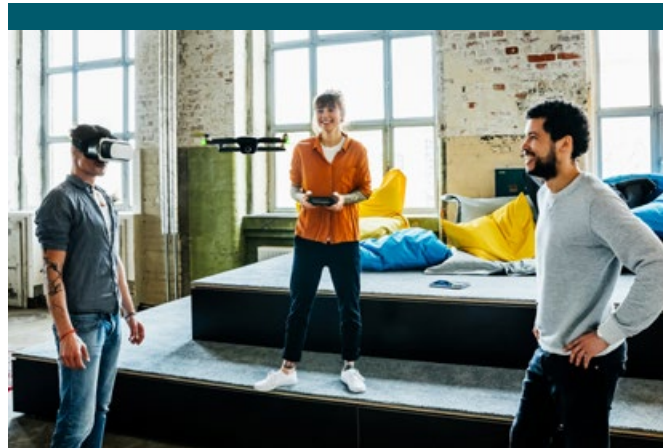
We asked business leaders what major risks they believe their business is particularly exposed to. Here's what they told us.



## Arts, entertainment and leisure

1. Public health events
2. Loss of reputation and brand value
3. Business interruption, including problems in your supply chain

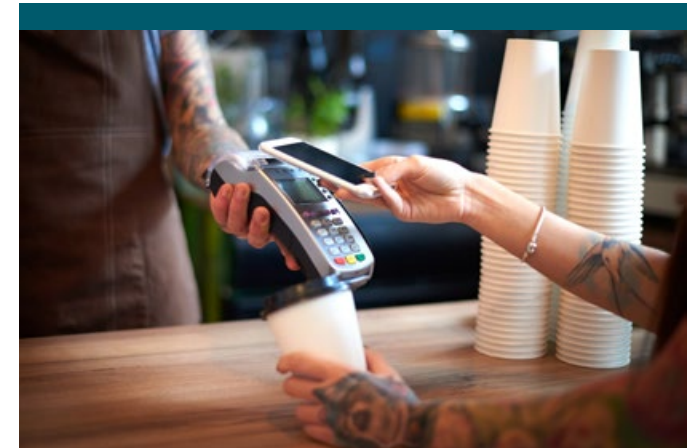
One of the sectors hit hardest by the pandemic was the arts, entertainment and leisure. Venues were forced to close, then reopen with restrictions – if they could at all.



## Technology and electronics

1. New and changing technology
2. Cyber security and cyber incidents
3. Changes in legislation and regulations

Unlike other industries, business leaders in tech do not name public health events as a top three risk. With a wider adoption of digital, their businesses have been able to adapt to the sudden changes – but they are more vulnerable to the threats of cyber incidents, and the risks posed by new technology.



## Retail and wholesale

1. Business interruption, including problems in your supply chain
2. Public health events
3. Changes in legislation and regulations

Before the national lockdown, many retailers were struggling to cope with demand due to stockpiling. Things have improved, but their supply chain health remains vital. Although many retailers were able to remain open, or have been able to reopen, they face additional restrictions, such as mandatory face masks.

# Appendix

We asked business leaders what major risks they believe their business is particularly exposed to. Here's what they told us.



## Motor trade

1. Public health events
2. Changes in legislation and regulations
3. Business interruption, including problems in your supply chain

With millions of workers furloughed, and millions more forced to work from home, the motor trade initially saw a dramatic fall in demand as car use significantly decreased. There has also been disruption to their supply chain, as with many manufacturers.



## Charities

1. Public health events
2. Loss of brand and reputational value
3. Changes in legislation and regulations

Continuing to support some of the most vulnerable in our communities during the pandemic has been difficult for many charities. Some, such as domestic abuse charities, have seen an increase in demand for their services.



## Public sector

1. Public health events
2. Changes in legislation and regulations
3. Cyber security and cyber incidents

Coping with the pandemic has been a huge challenge for organisations in the public sector, particularly the NHS.



Aviva Insurance Limited, Registered in Scotland Number 2116. Registered Office: Pitheavlis, Perth PH2 0NH. Authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority.

[aviva.co.uk](http://aviva.co.uk)

BMGI5242021 02/2021

