

Reworking Duty of Care

Pan-European research study
looking at employer attitudes to
duty of care provision

CHUBB®

Accident & Health



Foreword by Stéphane Baj



Employees are increasingly juggling their working lives with personal pressures such as childcare, care for elderly family members, and managing their own chronic long-term medical conditions¹ or any other serious health related issues. Yet challenging macroeconomic conditions in Europe mean that many governments have cut welfare and healthcare spending, placing greater financial pressure on individuals and their families.

As a consequence, the relationship between employers and employees is evolving. Individuals are becoming more dependent on their companies to provide health and social support that extends beyond the traditional employer-employee relationship. To a certain extent, employees are becoming citizens of the companies they work for as well as citizens of the countries or communities in which they live.

In this report - based on a survey of 240 managers with responsibility for employee duty of care and business travel across seven regional clusters in the EU - we investigate how European companies are responding to the changing expectations of their workforce. What duty do companies believe they have towards their employees, and how do they care for, protect and support their staff? What does a mature duty of care framework look like, and what impact does it have on wider business success?

Broadly, we find that companies are aware of their duty of care responsibilities and are implementing measures to address these. Many exceed minimum legal requirements to create a pleasant, healthy and safe environment for their staff. Respondents also accept that such an employee-focused approach can deliver positive outcomes for the business. Our research supports the argument that well-developed duty of care policies improve profitability, increase productivity and attract - and retain - top talent.

Despite these encouraging findings, we also find inconsistencies - particularly in areas such as workplace and business travel insurance. Some sectors, such as retail and education, are only meeting the legal minimum requirement and are missing an opportunity to further support their staff, and improve employee retention as they do so. Many are also not making full use of the external support they could receive

from the insurance industry to develop persuasive employee propositions and achieve best practice.

So how can European companies ensure they are implementing a duty of care offering that will support their wider business ambitions? Our findings suggest that organisations with less mature policies and processes in place should learn from those that take a more holistic approach - and consider employee duty of care to be a defining value rather than a routine regulatory exercise.

As the workplace becomes more complex and employees, particularly those with families, aim to strike a more favourable work-life balance, companies need to ensure that they are proactive rather than reactive in mitigating employee-related risk, creating a more pleasant workplace and providing support to employees at all levels of the organisation. As a way to create positive outcomes in an uncertain business environment, duty of care needs to become part of the fabric of the organisation.

A stylized, handwritten signature in black ink, consisting of several loops and a long horizontal stroke.

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¹ OECD (2015) Health at a Glance 2015: OECD Indicators, OECD Publishing, Paris

Duty of care: The legal and moral responsibility that employers have to ensure the health, safety and wellbeing of their employees in the workplace and while travelling for business.

Key findings



A holistic approach goes a long way

Companies that believe they have a moral obligation to care for and protect their employees as part of a wider corporate mission - beyond simply complying with related regulations and standards - are more likely to see benefits than those which do the minimum. As the relationship between employees and employers becomes deeper and more complex, we can expect more companies to upgrade to such a 'holistic' duty of care offering.

Shortcomings create new risk

Our study points to inconsistencies in approach across industries in Europe. Some companies are falling down on basic provision, while others have more work to do to improve the overall level of their duty of care offering. Companies that fail in providing a consistent level of good-quality care run the risk of exposing their employees to harm, being subject to reputational and financial loss, or underperforming compared with their peers.

The role of the insurance industry

Many companies appear to undervalue the support they can get from insurance carriers, brokers and their partners. They can make better use of insurance or assistance solutions, an increasing range of additional services to protect their employees in the workplace and while travelling for business, as well as training support and prevention tools, some of which being digital. They can also help to maintain good business continuity and improve their corporate performance.

Building on momentum

Most European employers and employees have a good understanding of what constitutes effective duty of care and have introduced tools and policies that protect their employees' health, safety and wellbeing. Yet this is inconsistent across industries, with IT and technology and manufacturing not yet adopting best-of-breed practices. There may be a solid foundation for the provision of employee duty of care across Europe, but there is room for improvement.

The business case

Testing economic times might encourage companies to cut costs, but they can justify investing in their duty of care offering by pointing to the long-term and sustainable corporate benefits that follow. Good-quality duty of care provision can help companies improve productivity and profitability, hire and retain top talent, and boost brand equity.

Section 1. Working from a solid foundation

While there are variations across Europe in the specific terms and concepts that companies use to define duty of care, employers largely accept responsibility for providing a safe, protective and comfortable work environment for their staff.

Company-wide awareness about duty of care is generally good. Nearly two in three (63%) companies have a clear understanding of their duty of care obligations to employees. A similar number (64%) say that everyone in their organisation has a good understanding of what constitutes the policies, procedures and support to help keep them safe and well. However, Chart 1 shows that the level of understanding still varies between industries in Europe, with understanding least evident in retail and education.

Industry-wide awareness is also encouraging, but the level is lower than within companies. Our survey asked respondents whether they thought there was a clear consensus about what constitutes best-practice duty of care in their industry. More than half (56%) of all respondents say that there is agreement about this in their industry, yet variations do exist. Chart 2 shows those industries where there is strong consensus about what constitutes 'best practice' duty of care - due in part to strong understanding of the potential for workplace accidents and safety issues relating to the general public.

Health and safety priority

Health and safety is a critical element of duty of care and is understandably enshrined in industries where serious or fatal accidents can happen if guidelines and procedures are not followed strictly. There are various EU directives with which companies across all industries - from agribusiness to retail - must comply as a minimum².

Chart 1. 'Everyone in our organisation has a good understanding of the duty of care we provide' (% of companies by industry that agree)

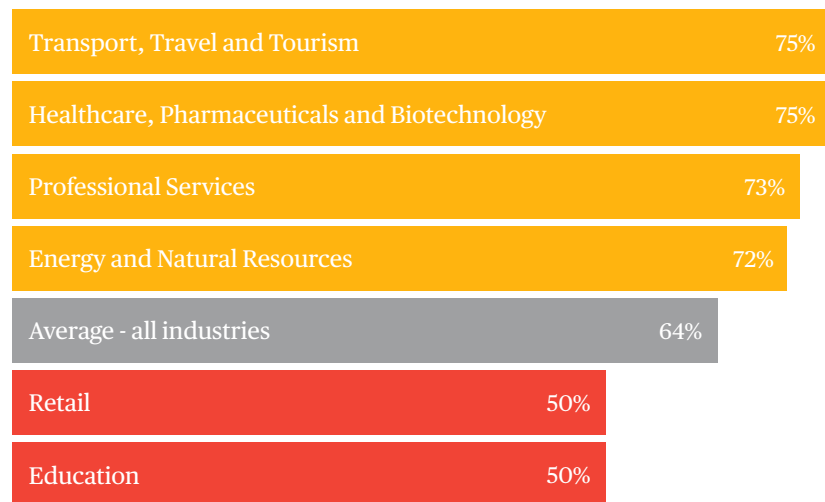
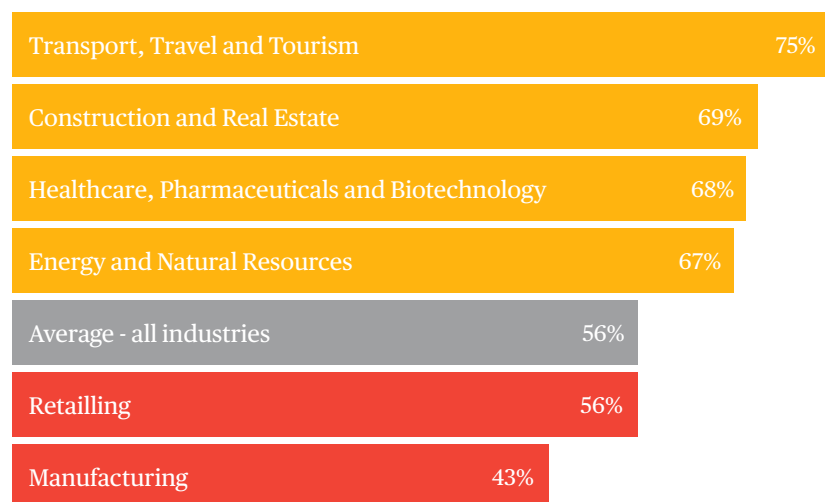


Chart 2. 'There is a clear consensus in my industry about what constitutes best-practice duty of care' (% of companies by industry that agree)



Antoine Carlier, Head of Compensation & Benefits at French chemicals company Inovyn, believes that health and safety awareness is "truly embedded" in his organisation. "Our approach in the chemicals industry goes beyond the legal requirements to offer preventative and curative care and precise measures relating to health and safety," he says.

Sanitaryware manufacturer Ideal Standard International uses a monthly CEO conference call - open to all staff - to raise awareness and provide updates about the company's duty of care to staff. "The first item on the agenda of our CEO's call is health and safety, which shows how important the subject is in our company," says David Tjong, Global Director of HS&E at Ideal Standard International, Belgium.

² <https://osha.europa.eu/en/safety-and-health-legislation/european-directives>

Section 2. How duty of care benefits companies

Our research suggests that a clear majority of companies believe there is a correlation between their duty of care provision and their ability to increase profitability, boost productivity, and attract and retain top talent.

More than half (57%) of all companies in our survey see a link between duty of care and improved corporate profitability (see Chart 3 for a breakdown by industry). The same number (57%) believe that their policy is core to their employee value proposition, while 55% of respondents agree that duty of care helps them to attract top talent. Almost six in 10 companies (58%) say that their duty of care policy helps to reduce employee absence.

Chart 4 shows the leading duty of care areas that companies offer staff in order to achieve positive corporate outcomes, including a focus on pleasant working conditions and flexible working/time off for life events.

Being seen to care

High-profile media rankings such as The Sunday Times Best 100 Companies³ and Fortune 100 Best Companies to Work For⁴ can go a long way towards shaping a company's employer brand and ability to attract the best talent.

Evolving demographic trends are one explanation for the growing importance to employees of a good work-life balance. "We have more people in

Chart 3. 'Our duty of care policy improves our profitability'
(% of companies by industry that agree)

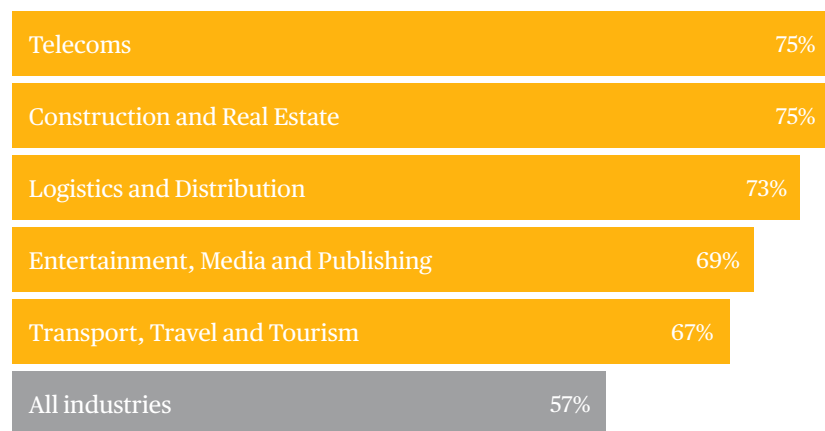


Chart 4. The leading types of duty of care that companies offer their employees (% of companies)



³ <http://appointments.thesundaytimes.co.uk/article/best100companies/>

⁴ <http://fortune.com/best-companies/>

Germany that have to take care of ageing parents with dementia,” explains Juliane Barth, CEO and owner of employee assistance consultancy Corrente AG. “Employees struggle to balance work with long-term care duties.”

Promoting wellbeing is an integral part of the culture at Belgium’s IBA Group, a global medtech company. Christophe Swaenepoel, its Global Compensation,

Benefits & HR Systems Director, says the company encourages activities that staff can do together, such as running and socialising. “In sites where we are installing new equipment, there is a natural tendency to incur even more stress because of commercial pressures and deadlines, so trying to safeguard wellbeing can be quite challenging,” he says.

Digital first for effective communications

More than half (53%) of the companies in our research communicate by email, followed by 40% of companies that use the company intranet. Both approaches are simple to use, and readership can be easily monitored.

Despite this willingness to use digital channels, only 10% of companies say that they communicate via work-based social media, such as Yammer and Jive. Again, monitoring engagement is straightforward and cost-effective, and these channels can also create effective dialogue across the company. Only 30% of companies that do not currently use such tools plan to start doing so. Workplace social media could be an area for companies to investigate as they review and update their duty of care policies.

Increased use of smartphones and apps

Although some employees will always work remotely or on site without access to standard office communications, smartphone use is sufficiently widespread in Europe for companies to be able to reach their workforce by communicating via mobile SMS or email. Some insurers even offer apps and tools that support duty of care needs, which can enhance the range of care that companies offer their employees.

Section 3. Rise in the holistic approach

Our research suggests that duty of care frameworks driven not just by regulatory compliance but also by moral obligation towards employees are likely to generate greater benefits for employees and the company.⁵

Companies that take this holistic approach are much more likely to be considerate of their employees' needs: 68% of them offer flexible working conditions to their staff, compared with just 38% of companies motivated by regulation alone. Chart 5 shows how a holistic approach generates additional commercial benefits.

The view across industries

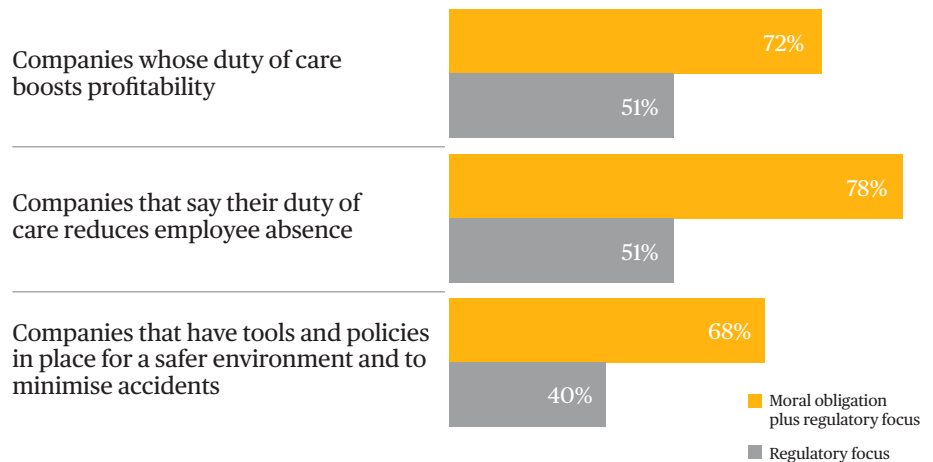
Our survey finds that the industries that report the highest level of moral obligation are chemicals (75%) and telecoms (75%). These sectors have a long tradition of maintaining high standards of health and safety in the workplace, and this has tended to positively influence their duty of care.

"Companies operating in the oil and gas, chemicals, construction and infrastructure industries are exposed to much bigger occupational hazards. They have invested time, money and expertise in hiring specialists to put policies in place," says Stéphane Baj, Regional Director of Corporate and Affinity for Accident & Health in Europe at Chubb. "This results in them usually being ahead of the game in terms of risk appreciation and deploying best-practice policies that other industries can take inspiration from."

Core value proposition

Many companies' obligation to protect and care for their staff is enshrined in their guiding principles or corporate values. "Care is one of our core values," confirms Christophe Swaenepoel of IBA Group.

Chart 5: Companies with a holistic approach benefit more than companies with just a regulatory focus (% of companies)



This sentiment is shared by other companies with mature duty of care policies. Ideal Standard International's David Tjong says that the term 'care for our wellbeing' is one his company's core values. "We believe that our 'care for our wellbeing' is a more proactive approach that we take to look after our staff's wellbeing," he says.

"We have very strong legal regulation in Nordic countries, but I would say that duty of care is something that we want to do for all our employees," says Jaana Löfberg-Snell, Compensation and Benefits Manager, Group HR at energy company Fortum in Finland. "Our social security has been so strong for decades, so it's something we do and are proud of."

Regulation can be the basis for good duty of care

Across Europe, demographic factors - such as the ageing workforce - are increasingly influencing legislation related to how companies engage with their employees to promote their health, safety and wellbeing. Companies that take a proactive approach to duty of care can pre-empt legislation and be more able to deal with change.

In Germany, for example, companies are required by law to engage with employees while they are on sick leave. "I think nearly all companies are aware of this requirement now, and that has resulted in a change in attitudes," says Juliane Barth of Corrente AG. "Before this development, we thought people that were sick at home had to be left alone."

In the Netherlands, meanwhile, there is now a legal requirement on the employer to be more proactive in understanding the needs of employees. Over time, it will be interesting to see how companies with operations in the Netherlands can learn from their experiences there and apply this knowledge to their operations in other regions.

"In France, we have the Pénibilité au travail [severity of working conditions] law, which is part of our corporate culture," explains Inovyn's Antoine Carlier. "It covers ten clear criteria, including shift work, noise and exposure to dangerous chemicals. The law allows employees affected by workplace conditions during the whole of their career to accrue points to facilitate an early retirement if they have been exposed to severe working conditions."

⁵ We identified two groups of companies with distinct motivations. Our research asked respondents whether they agreed with the following statements: 1) 'Companies have a moral obligation to provide duty of care to their employees' (moral-obligation-driven) - 60% agree; and 2) 'If it weren't for regulation, we wouldn't have such a well-defined duty of care policy' (compliance-driven) - 42% agree. Note: companies can be motivated by both.

Section 4. Inconsistent application

Businesses in Europe show good levels of awareness and motivation and offer various aspects of care and protection to their staff, but there is room for improvement. More than two in five (42%) companies say that were it not for regulation they would not have such well-defined duty of care. This group is more motivated by the word of the law than its intent. Simply complying with regulation - rather than creating a caring and supportive environment - could limit the benefits a company would derive from a holistic approach to duty of care, because companies are being reactive rather than proactive in shaping their level of care.

Basic shortcomings exist

Some companies do not even provide what could be considered the basic minimum for protecting and supporting employees, and this may be exposing them to unnecessary additional risk. Chart 6 shows areas where companies say they are not providing any duty of care to their employees.

While just over half (54%) of companies say they provide all staff with flexible working conditions for work-life events, our research finds that smaller companies are more likely than larger companies to offer their employees flexibility: 63% of firms with an annual turnover of \$500m or less say they offer their staff this flexibility, compared with just 42% of companies with a turnover of \$500m or more.

Chart 6. Companies that do not provide the following aspects of care and support to their staff (% of companies)



Ensuring consistency beyond Europe's frontier

European companies with operations, subsidiaries or supply chains in countries outside of the region are subject to local laws and regulations. European companies still have a duty of care to their non-European staff and suppliers, but standards can slip or fail - with dire consequences.

"There are many well-known cases of leading European companies that may produce wonderful social and risk management reports supporting their business activities, but they employ workers in very poor and very dangerous conditions in developing countries," says Chubb's Stéphane Baj.

"When there are fatal accidents, they fail in their duty of care - the resulting media coverage is very intense and their brand is severely impacted."

The 2013 collapse of the Rana Plaza garment factory in Dhaka, Bangladesh is an important case - especially for companies working with third-party suppliers in other countries. The world's media was gripped by the disaster that resulted in 1,129 workers losing their lives,⁶ and which led to a compensation campaign organised by workers' rights groups. Many European fashion retailers were identified as failing in their supply chain workplace duty of care.

⁶ 'Collapsed Factory Was Built Without Permit,' Wall Street Journal, 25 April 2013

Section 5. The role of insurance



Insurance solutions help companies identify, manage and mitigate various risks to their staff in the workplace and while they are travelling on business. However, our survey shows that a number of companies are subjecting themselves to unnecessary risks because they are failing to insure all of their staff and provide services such as preventive information, post-accident counselling, or travel-related risk assessments and dedicated travel apps.

Patchy cover heightens corporate risk

With corporate risk management and employee welfare in mind, it is startling that just under half (46%) of companies offer insurance in the workplace - such as group personal accident insurance for all staff - while 28% offer insurance for senior managers only, and 21% for c-suite staff only. Furthermore, 14% of companies say they do not offer workplace insurance at all. Group

personal accident insurance cover and associated services are important because they help employers minimise business disruption that can be caused by sudden or long-term employee absence.

Companies want to upgrade partnerships with the insurance industry

Our research reveals that European companies are keen to see enhanced insurance industry products and services that can help them improve their duty of care provision to staff. We asked respondents to complete the following statement in their own words: 'The one thing the insurance industry could do to improve its offering around duty of care would be to...' The top answers are as follows:

1. Lower costs or premiums
2. Improve the level of service
3. Offer clearer and more flexible terms and conditions
4. Offer a variety of products and services
5. Make clearer product information available
6. Communicate better

European companies can improve many aspects of their duty of care offering by seeking more advice from their insurance partners about solutions, tools, apps and policies that help in the smooth and effective running of their company. At present, however, just over one in five (22%) companies seek advice from the insurance industry when they define or update their duty of care offering.

Business travel insurance and support

Companies in Europe do not provide uniform business travel insurance for all members of staff. When it comes to international travel, 49% of companies offer specific business travel cover to c-suite staff only, and 28% of companies offer such insurance to senior managers only. Just below a quarter (24%) of companies provide this level of cover for all their staff. It is worth noting, however, that we do not have a full breakdown of the extent to which different companies in our survey travel for business.

Many companies are unfamiliar with the additional support and tools that the insurance industry has developed, such as preventive information, post-accident support, smartphone apps and guidance notes for staff travelling internationally for business. Our research shows that only 34% of companies offer these to all staff, while 23% of companies do not offer them at all. These findings may reflect the fact that only certain members of staff tend to travel for business - and some organisations do not send any staff on business trips.

Given the proliferation of smartphones and mobile devices, there is great potential for growth in digital services that can support employees, in particular when they travel for business, and these tools should be considered a standard offering for all companies that send their staff on business trips. Our research still shows that 44% of companies offer a dedicated smartphone app for their staff travelling on international business. Charts 7 and 8 show the top aspects of support that companies extend to their business travellers.

Chart 7. Top six support areas companies offer domestic business travellers (% of companies)



Chart 8. Top six support areas companies offer international business travellers



Conclusions and the way forward

We can draw the following key takeaways from our research:

European companies that invest in upgrading their duty of care offering can improve corporate profitability, strengthen their brand equity, and enhance talent recruitment and retention. Although testing macroeconomic conditions may tempt some companies to cut their duty of care budgets in the short term, they can justify the investment to reap long-term sustainable rewards.

Companies should consider adopting or strengthening holistic approaches to duty of care rather than focusing just on complying with legislation. Our research suggests that companies with a holistic approach to duty of care are more likely to benefit from improved corporate outcomes than those that are only motivated by regulation.

There are many inconsistencies among companies' duty of care offerings, which can potentially impact employee health and wellbeing, subject companies to unnecessary risks, and limit the upside of duty of care. The more European companies engage with duty of care now, the more prepared they will be to adapt to future demands from employees, regulators and legislators. As the workforce is ageing, and as there is growing demand for companies to provide better support for working parents and employees with special needs, businesses would benefit by getting ahead now.



Companies can benefit from partnering with insurance companies or brokers to protect their staff from unwanted workplace and business travel outcomes. At present, many companies appear to be undervaluing the support they can get from the insurance industry, but the range of available products and services can help companies to upgrade their duty of care. Insurance can offer more than just coverage and the range of tools and services that are often included can significantly enhance your Duty of Care procedures and response.

Seven duty of care priorities identified



1. Embrace a duty of care mindset

Go beyond the legal minimum and enshrine duty of care as a core value, aiming to protect employees wherever they are working.

2. Create a supportive working culture

Make employee wellbeing and work-life balance a company priority.

3. Enhance working conditions

Greater investment will help your workforce to be more content and you'll benefit from better productivity, profitability and staff retention.

4. Broaden employee-related risk assessment

Ensure that your business has sufficient insurance cover to protect all of your staff in the workplace and on business travel. Think about the disruptive consequences of serious medical conditions, even if they are not directly work-related, and about the policies and procedures you already have in place that may impact employee morale, absenteeism, productivity and loyalty.

5. Take a fresh look at your international business partners

Failing to extend the same level of care across your international supply chain can result in dire consequences.

6. Promote your duty of care

Good-quality duty of care can boost your company's reputation and serve as a valuable recruitment marketing tool. Raising awareness internally, such as through social media, can also support employee retention efforts.

7. Stay up to date with services

Many employee-assistance services are available to employers and their employees at little or no cost alongside an insurance programme to support duty of care provision.



About the new Chubb

On January 14, 2016, ACE Limited acquired The Chubb Corporation, creating a global insurance leader operating in 54 countries under the renowned Chubb name. The new company combines Chubb's 130 years of underwriting insights and devotion to customer service with ACE's three decades of technical underwriting excellence, broad risk appetite and global presence.

Chubb is now the world's largest publicly traded property and casualty insurer, and provides providing commercial and personal property and casualty insurance, personal accident and supplemental health insurance, reinsurance and life insurance to a diverse group of clients.

Our goal is to provide the very best insurance coverage and service to individuals and families and businesses of all sizes – from small and medium-sized companies to the largest multinational corporations – all across the globe.

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