

Delivering industry insights for the recruiter

Say hello to helpful



It's a changing world for many industries, and the £36bn UK recruitment sector is no exception as it adapts to new ways of working – particularly in sourcing candidates¹.

Recruiters are contending with a range of issues. Brexit continues to restrict access to EU workers, new regulations, particularly around IR35, are creating new operational and financial risks and cyber criminals continue to target the sector. Meanwhile, with employees under growing pressure, the mental wellbeing of recruitment teams is increasingly under the spotlight.



Candidate sourcing

An ongoing skills shortage along with changing attitudes to work/life balance, is forcing recruiters to adapt.



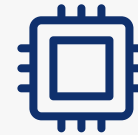
IR35

As recruiters adapt to expanded IR35 legislation, the risk of unexpected tax liabilities and fines remains.



Brexit

Restrictions on freedom of movement are creating a shortage of candidates in a range of sectors.



Digital transformation

Recruiters are using remote collaboration, automation and AI technologies to streamline processes.



Cyber security

Data privacy controls and cyber security are essential to protecting candidates' personal information.



Mental health

Industry pressures and the longer-term impacts of COVID-19 may impact the wellbeing of employees.

The recruitment industry challenge



Candidate sourcing

Even as the post-COVID economic recovery drives job vacancies to record levels², a combination of issues is creating real challenges for recruiters when it comes to sourcing the candidates required to fill them.

First, a number of sectors are experiencing severe skills shortages, including hospitality, IT, transport and logistics, manufacturing, health and social care and retail. Those shortages are compounded by the ongoing impact of Brexit on access to EU workers³.

On top of that – and despite the so-called ‘Great Resignation’ – the overall experience of working through the pandemic has left large numbers of employees hesitant about changing jobs, again shrinking the talent pool available to recruiters⁴.

In response, employers may seek to recruit from a wider talent pool – looking to older candidates, the recently retrained or upskilled and those with transferable skills from other sectors. That could leave recruitment businesses needing to adapt at pace, from the implementation of new candidate assessment processes to the use of technology to shorten candidate sourcing timescales.

2 | <https://www.dailymail.co.uk/news/article-10413311/Job-vacancies-hit-record-1-25m-unemployment-drops.html>

3 | <https://www.euronews.com/2021/12/30/a-year-since-brexit-how-bad-are-the-uk-s-labour-shortages-now>

4 | <https://www.euronews.com/next/2021/09/09/uk-employers-face-worst-shortage-of-job-candidates-on-record-rec>





IR35

The extension of IR35 tax regulations to cover the private sector – enacted in April 2021 – continues to send shock waves through the recruitment industry. Already, the impact on contractors with their own limited companies has been dramatic, with many end hirers reluctant to use their services due to the greater tax liability risk. Limited companies are therefore looking for protection, either from the recruitment agency or via insurance to mitigate the risk.

The new IR35 regulations also create extra responsibilities and potential liabilities for recruiters, with firms now responsible for determining the IR35 status, and therefore tax treatment, of contractor engagements they arrange. Crucially, getting those determinations wrong can see recruiters held liable for unpaid tax and National Insurance, as well as fines from HMRC.

As a result, strong IR35 compliance controls are now crucial to minimising operational and financial risk. There are a number of tools available to help do just that, while IR35 specific insurance policies can help recruiters to minimise risk and costs.



Brexit

Brexit has impacted the usual supply of overseas workers in sectors including agriculture, health and social care, construction sector and transport. New immigration laws encourage only those foreign national workers with particular skills or qualifications to enter the UK – and, in fact, the number of EU citizens seeking work in the UK has fallen by a third since Brexit³.

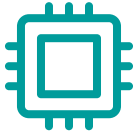
Agriculture relies on unskilled pickers and packers but lower paid roles in hospitality, warehousing and the care sectors have also proven hard to fill. As a result, recruiters in the supply of such workers will need to look for alternative sources for candidates - for instance securing licences to sponsor non-EU nationals and working with employers to attract a UK-based workforce⁵.

At the same time, with Brexit clearly affecting candidate availability, recruiters will need to remain adaptable, manage costs, and consider diversification into sectors offering greater opportunities.



3 | <https://www.euronews.com/2021/12/30/a-year-since-brexit-how-bad-are-the-uk-s-labour-shortages-now>

5 | <https://www.clarkewillmott.com/news/employing-low-skilled-workers-post-brexit/>



Digital transformation

One of the biggest changes in the industry surrounds digital transformation, and the experiences of working remotely during COVID-19 lockdowns have only served to accelerate this trend.

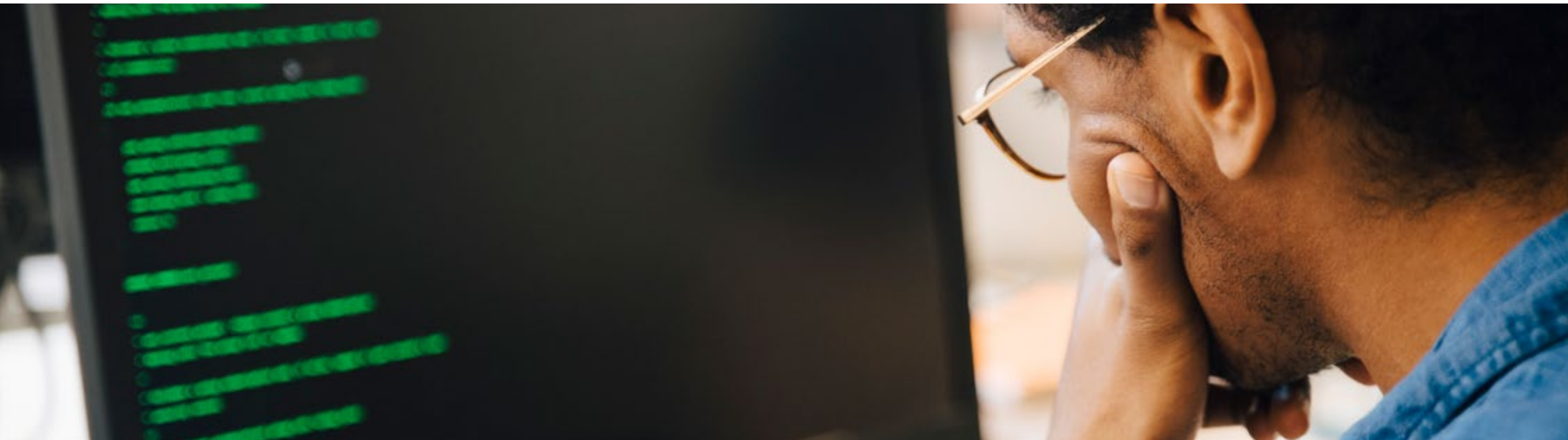
In essence, there are now two streams to the digital transformation of the recruitment industry. First, remote working seems here to stay, and firms are actively investing in digital collaboration and recruitment tools to ensure remote workers have access to the systems and support they need wherever they are.

This investment runs alongside the longer-term transformation of recruitment, which has for some time focused on automation

and AI technologies to streamline manual processes and drive business efficiencies. These are sophisticated technologies that impact on everything from candidate tracking to screening and assessment, and which have the potential to fundamentally change the industry⁶.

Clearly, however, investments in technology can also bring risk, so they should be paired with updated processes and systems – from continuity planning to ensure the business can still operate if critical technology fails, to strengthened cyber security to defend against cyber criminals.

⁶ | <https://www.personneltoday.com/hr/what-does-the-future-of-recruitment-look-like/>





Cyber Security

For the recruitment industry, cyber security remains a priority – one brought into sharp relief by serious cyber-attacks on firms worldwide⁷, the sector's increasing reliance on technology, and the simple fact that recruitment relies heavily on the storage and processing of personal information.

Key cyber risks stem from human error by employees, hackers, fraudsters, and cyber criminals, and the estimated cost to the UK economy is a whopping £27bn⁸. For recruitment firms, the potential operational impacts – disruption and remediation costs – are paired with the risk of reputational damage, as well as fines levied by the ICO under UK privacy laws if personal data is exposed to cyber criminals.

Now, with more recruiters working remotely and with firms routinely storing and transmitting millions of pieces of data annually, firms affected by cybercrime could face unforeseen costs running to tens of thousands of pounds.

In order to keep on top of privacy laws and remain compliant we recommend taking the following steps:

- Invest in the right cyber protection so that personal data is kept secure.
- Review your data, discarding anything that is no longer necessary or relevant, or which has not been used for a long period of time.
- Regularly train your staff on cyber risks and security - 95% of cyber breaches are caused by human error⁹.
- Ensure you have a robust cyber insurance programme in place, which can effectively minimise major loss and disruption to trade.

7 | <https://www.securityweek.com/recruiting-firm-apparently-pays-ransom-after-being-targeted-hackers>

8 | https://www.contractoruk.com/news/0015214giant_group_hacked_suspected_ransomware_attack.html, <https://blog.koddos.net/finite-recruitment-loses-300gb-of-data-in-ransomware-attack/>

9 | <https://companieshouse.blog.gov.uk/2021/07/22/how-to-protect-your-business-against-cybercrime/> <https://www.hutsix.io/human-error-in-information-security/>



Mental health

Recruiters operate in a high pressure, high turnover sector which can lead to undue stress. In fact, recruitment has been found to be one of the most stressful jobs in the UK where, overall, 79% of employees commonly experience workplace stress¹⁰.

Meanwhile, opinions are split as to the impact of COVID-19 work from home orders on the mental health of both workers and their families. In some cases, workers felt more relaxed without the daily commute and generally more productive. However, there are just as many who found the lack of social contact with colleagues, concerns over job security, finances, and their physical wellbeing affected their mental health.

So, with remote working seemingly here to stay and candidate shortages creating a high-pressure working environment, recruiters will have to work hard to support the wellbeing of employees. That will almost certainly include putting the right support, technology, and equipment in place for home working, but should also extend to more wide-ranging efforts to provide employees with positive working environments in which they feel valued and supported.

On the other hand, failure to address mental health issues could see staff turnover rise and hamper internal recruitment efforts, while staff could bring liability claims alleging breach of a duty of care.

With that in mind, it may prove beneficial to consider the following tips:

- Invest some time and money in a wellbeing strategy, ensuring it is clearly defined, with measurable outcomes.
- Ensure there is regular contact with staff, and one to one sessions with managers to discuss any issues that they may be facing.
- Provide the necessary resources and time for staff to engage with online mental wellbeing courses and webinars, so they can actively look to self-help.
- Investigate employee benefits programmes as a means to increase staff satisfaction and strengthen your employer brand.



79%

likely to suffer from workplace stress.

Embedded in the recruitment industry, we work with you to become part of your team, supporting your business ambition by giving you the right advice to help you succeed.



Insurance policies you can rely on

Competitive, comprehensive and tailored to you.



Recruiters Choice

From start-up recruiters to large multinationals, we know how hard you work, so we work hard for you. Delivering world-class expertise with a local touch through our market leading insurance product, Recruiters Choice.

Cover that reflects the risks faced by recruiters

Policies can include;



Professional indemnity

Including cover for the dishonest acts of temporary workers, with the option to add vicarious cover.



Employers and public liability

Covering claims made against you by the public or employees, which extends to include temporary workers. Includes contractual vicarious liability.



Cyber and data

Cover included as standard when you purchase either Professional Indemnity or Public Liability. With a limit of £250,000.



Crisis containment

£25,000 worth of PR costs to contain any adverse or negative publicity, or media attention to you or your business.



Cover for claims arising worldwide

So however far and wide your business grows you can feel protected (USA/Canada is available on request).



Directors and officers liability

Up to £100,000 included as standard so you can tackle your ideas with enthusiasm rather than any fear of making the wrong decision.

While you make a difference in your clients' lives, we protect you and your business, making insurance one less thing to worry about.

An expert, powerful and responsive team helping make it easy for you.



Global reach, local focus

We combine the power of Marsh with the passion of our people; world class expertise with a personal touch, all on your doorstep. The advice and support you need, no matter how complex your risks are.



Recognised by the recruitment industry

We are the sole insurance business partner of the REC, as well as long-term affiliate members of both APSCO and TEAM. Our key sector specialists understand the unique risks you face and will be by your side as you grow.



Supporting your business

Whatever your specialism from IT to oil and gas, we will be behind the scenes backing you to succeed. As well as providing you with insurance advice; we'll help you, your business and your community to thrive. Using understanding and expertise to find better ways to manage your risk, protect your people, and support your growth.



Strong reputation and relationships with insurers

With the enduring relationship demonstrated between ourselves and leading insurers, our buying power and negotiation skills ensure the best of breed cover for our clients.



We're on your side if you have to claim

We'll combine expertise with empathy and a knack for simplicity, to make sure our advice and support is always tailored in a way that works for you. Providing the help you need, whenever and however you need it. And we'll always be there when it matters most, in your corner in the event of a claim.



Rullion have been a client of Marsh Commercial for several years and have maintained a business relationship with our principal contact Peter Stoll for over 30 years. We have received an excellent service from Peter and the team at Marsh Commercial on our insurance requirements, providing excellent advice and value for money.

The knowledge, in particular, of the recruitment sector, demonstrated by the team has been exemplary and we look forward to maintaining the relationship for many years.

MATTHEW HART, FINANCE DIRECTOR,
Rullion Ltd

Case study



Combatting cyber crime – a real life example

Cyber criminals are infinitely creative in their methods of defrauding companies of their hard-earned money.

To combat this, it can be wise to invest in a standalone cyber and data liability policy which can provide extensive cover and limits of up to £5m. This offers protection for the recruiter from a wider array of risks, including ‘social engineering’ such as fraudulent impersonation.

- The managing director of our client was away on holiday in an area with limited mobile phone contact.
- During his period of absence, hackers accessed the system and fraudulently impersonated the MD requesting that £17,500 be transferred into a Metro bank account.
- A member of the accounts team, convinced that the email was legitimate, actioned the request.
- After realising the fraud, the incident was reported to the police, the bank and ourselves.
- The business bankers accepted part of the responsibility and paid a portion of the stolen money to the recruiter.
- Fortunately, because following our advice, our client had purchased a full cyber and data liability policy, the remaining stolen funds were paid by the insurer.



Frequently asked questions

If I only supply single person limited company contractors or umbrella workers who have their own insurance, why do I need to get cover?

As your company name is on the contract with the hirer, the hirer will likely pursue you in the first instance when there is a negligent act, error or omission by the contractor you supplied that costs the hirer money. Furthermore, can you be certain that the contractor has bought adequate insurance cover for themselves? For instance, have they paid their premium? Renewed their policy? Got an adequate indemnity limit on their policy where required, extended their cover for off-shore work, rail or drivers' negligence? Not cancelled their policy after commencement of the assignment?

What is a vicarious policy extension, and why do I need it?

It is the extension of your policy to cover the actions of the worker you supply, as if the temporary worker was your employee. Usually the demand for this is created by the hirer's non-standard terms and conditions. It is important to check with your broker that there is no contract liability exclusion, as without removing the exclusion it would rule out the extension of cover.

Will my standard policy cover me for breaches under GDPR?

Most likely the answer is no. You would usually require a separate, dedicated cyber liability policy for this. It would provide more relevant cover, and could also provide cover for other cyber risks including cyber extortion, cyber business interruption, and social engineering risks (fraudulent impersonation).

If my client is insisting I provide cover for sub-contractors, or that they carry their own insurances, what can I do?

Firstly check the contractor has their own policy, that it is fit for purpose and that they maintain it for the duration of the contract. Secondly, ask for a copy of their schedule of insurance, and ensure it is renewed if it expires during the contract.

Will my policy cover the high hazard activities of my temporary workers, such as offshore liability, rail safety critical, nuclear, aviation and petrochemical work?

Some policies specifically exclude these types of risks, so you need to ask insurers to extend the cover, which will usually be an additional cost.

Does my insurance policy cover international placements for employer's liability, public liability and professional indemnity?

Employers liability usually provides cover for UK nationals, applicable under UK law. For non-UK nationals, they can be covered under the policy dependent on their duration of stay in the UK. UK nationals working overseas are covered by their UK policy.

Meet the team



Peter Stoll
Director, Manchester

Peter arranged his first policy for a recruiter in 1981 and hasn't stopped since. As head of the specialist recruitment division based in Manchester, you may have met or listened to Peter as he regularly speaks at and attends recruitment industry events, and sector meetings at REC, APSCO and TEAM. Peter loves sharing his insights and discussing developments in the industry to help recruitment businesses thrive.



Sandeep Sharma
Senior Account Executive,
London

Sandy has over 30 years of dedicated recruitment insurance experience, which enables him to provide expertise and knowledge for insuring and servicing all types and size of recruiters. Sandy understands that the success of a business is usually a result of hard work, personal sacrifice, and commitment. And with a number of people (employees, suppliers, customers) dependent on its success, he is driven by a personal mission to help each and every one of his clients protect their businesses.



Ben Richardson
Team Manager, Worcester

Ben has been working in the insurance sector for over 10 years, five of which have been heading up the recruitment team in Worcester, primarily focusing on supporting new ventures along their growth journey to ensure their policy adapts with their changing business.



John Aspinall
Director, Manchester

With a strong background in underwriting prior to becoming an insurance broker in 2003, there is nothing John doesn't know about insurance in the recruitment sector and the businesses within it. He loves getting to know clients and seeing their business grow and develop.

National coverage, local relationships

Specialist

>2000 recruitment clients across the UK.

Experienced

40 years of supporting recruitment businesses through changing times.

Consultative

We employ some of the most accomplished people in the industry, so you'll always get the best advice.

Committed

16 sector specialists are on hand to support recruitment businesses.

Capable

Clients in more than 130 countries as part of Marsh McLennan Companies, giving you access to a broad market perspective and range of insurance and risk management services.

Industry recognition



Sole insurance business partner for the REC.



Trusted partner for APSCO



Service provider of TEAM



What our customers say



This is genuinely the best insurance provider we have worked with in the last 12 years. They combine big player expertise and knowledge with the personalised and human service you expect from a fully supportive SME. Their prices are competitive with no compromise on service delivery. But what really makes them stand out is the value they add to our business. On several occasions we have needed information and guidance quickly to satisfy client queries out of the blue, and they have always come up trumps promptly with the right answers.

JOHN SHIPMAN
Director, Honeybee Recruitment.com



Marsh Commercial have supported STR for several years now and it is a relationship that has evolved as the team have worked hard to understand our business and the very unique nature of recruitment. Peter and the team have, and continue, to work closely with us to respond to an ever changing landscape, not only in the sectors in which we work but also in our industry as a whole. Their efforts have provided us a suite of insurance that is both robust, yet flexible. It enables us to grow with confidence knowing our provision not only allows for the unexpected but plans for it!

EMMA REES
Group Commercial Manager, STR Group



Peter has looked after our insurance requirements for approximately 15 years. His knowledge of the recruitment sector is excellent and his advice is always tailored and pragmatic.

AVTAR KANG
CFO, Huntress Group Ltd



For more information visit:

marshcommercial.co.uk/recruitment

Or email us at:

recruitment@marshcommercial.co.uk

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