

AON

fdf
food & drink
federation

Food, Agribusiness and Beverage

Food safety & workplace
wellbeing webinar

14th May 2024



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A holistic view of food safety risk



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Sector expertise

We understand your business and the industry in which you operate. This is demonstrated by our sector expertise:



Aon clients represent **52%** of the **top 100** food manufacturers in the UK including **7** of the **top 10** (The Grocer report, 2022)



Globally, Aon advises **9** of the **top 10** largest food manufacturing companies in the world

Our UK Food & Drink Practice brings together our experts from across the UK and internationally. Our group meets regularly to share insights and best practice, but also brief colleagues on new and innovative solutions available for our clients



Our industry experts contribute regularly to our thought leadership communications, and these can be found on our [Practice website](#)



Aon is an Associate Member of the Food & Drink Federation and regularly support and attend its events

Over the last 5 years our claims consultants have **actively managed over £200m** of major losses in the Food & Drink Sector to accelerate positive claims settlements and avert crises

Addo Foods **Apetito** **Arla** **Asda**
Associated British Foods
Bernard Matthews **Bacardi** Bidfood
Boparan/2SFG Brake Brothers
Country Style Foods Cranswick
Dairy Crest Daniel Thwaites **Danone**
Danish Crown **Douwe Egberts** First Milk
Fox's Burtons Company Fentimans
Ferrero UK Frontier Agriculture **Glen Grant**
Grenade **Greencore** Hazlewood Foods
Hills Biscuits Iceland Seafoods **Kerry Foods**
Kettle Produce **Lidl** Marr Seafoods
Martin Brower McQueens Dairies **Morrisons**
Mondelez **Nestle** North British Distillery
Ocado Pets Choice **Peters Foods** Pork Farms
Quintessential Brands Saputo UK
S&A Foods Scottish Salmon **Sofina Foods**
Tesco Thomas Tunnock **Unilever**
Upfield Foods **Walkers** William Jackson Foods
Whyte & Mackay Wyke Farms **Zwanenberg**

Aon's Insights

Top Risks in the Food, Agribusiness and Beverage Industry

Current Top 10 Risks

1 Commodity Price Risk or Scarcity of Materials	2 Supply Chain or Distribution Failure	3 Business Interruption	4 Cyber Attack or Data Breach	5 Climate Change
6 Weather or Natural Disasters	7 Damage to Reputation or Brand	8 Regulatory or Legislative Changes	9 Failure to Attract or Retain Top Talent	10 Product Liability or Recall



Human Behaviour & Risk

The Role of Safety Mindset

Employee Safety Outcomes

Manufacturing / Blue Collar Roles

Solution:

- Job analysis
- Designed selection measures to assess key competencies
- Developed Workplace Practices safety test
- Validated selection test with current workforce

Outcomes

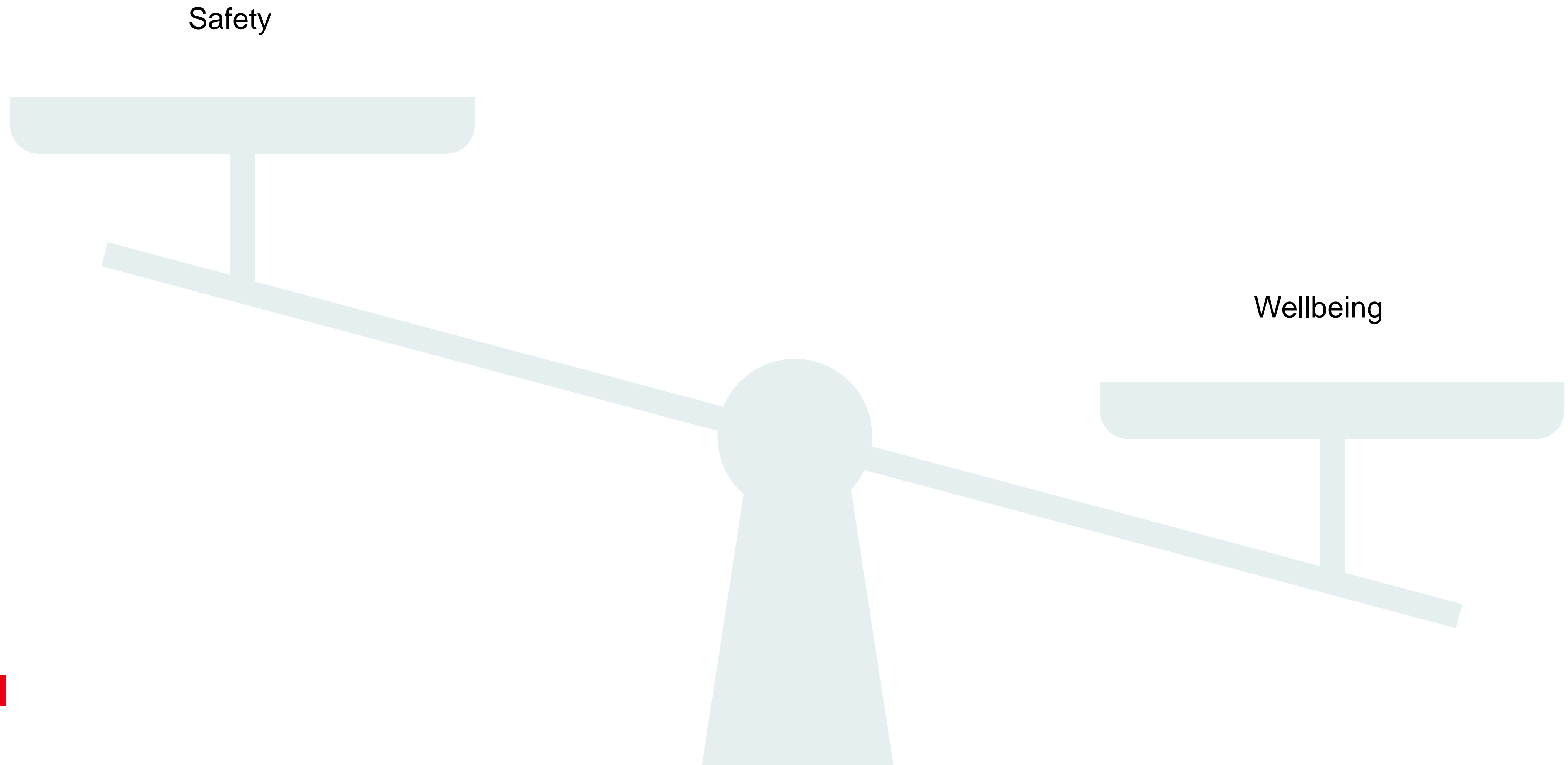
\$2.6 million
Savings per year in injury-related costs

Reduced short - and long-term disability expenses

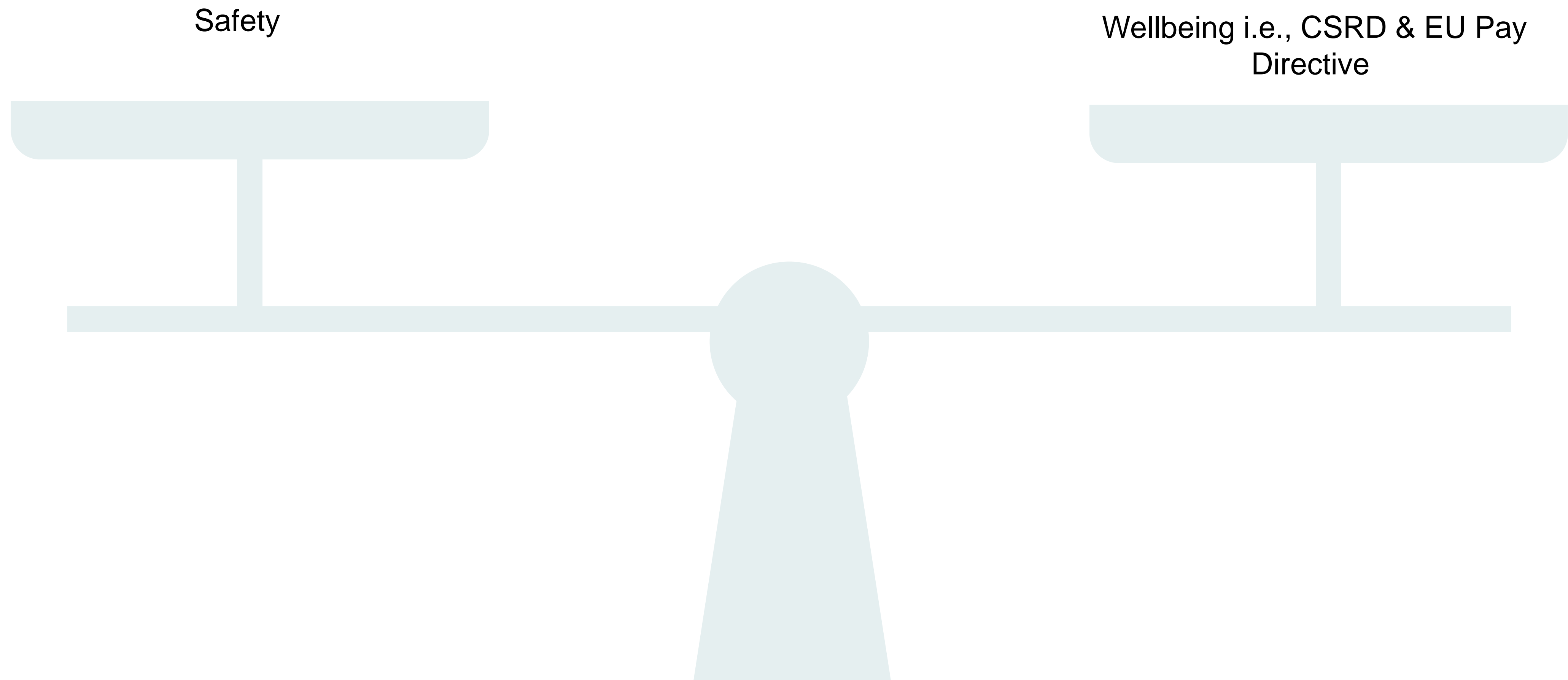
Injury rates dropped from 14.4% to 4.5% within the first year

Reduced workers'
compensation costs

The Tide is Changing... from what felt like this



The Tide is Changing... to this



Poll Question;
On a scale of 1-5, how mature would you consider your employee wellbeing strategy to be?

What is HSI & how does it work?



This slide provides a high-level overview about the Human Sustainability Index – we may refer to this wellbeing tool as HSI from here onwards.

The full 20-min version of HSI has **3 distinct layers:**



Individuals

as a route to navigating the complexity of our modern day experience



Teams

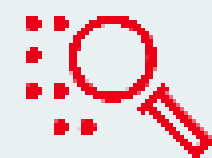
as a pathway to building collective capacity for change



Organisations

to advance their social responsibilities within their sustainability ambitions

There is also a short, pulse version available which tracks changes & progress over time.



The data HSI produces provides clients with data-led insights to identify the wellbeing priorities of their organisation including:

INDIVIDUALS: which lifestyle choices are causing your people the most stress and challenges & what preventative action & interventions needs to happen

TEAMS: how is the culture of the business enabling or disabling sustainable working practices and what needs to change? How do we enable & upskill the managers to manage the team wellbeing and create a culture of psychological safety.

BENEFITS: what support services and benefits do we need in our technology eco-system to attract, retain and sustain performance? How do we drive traffic and usage to our low-usage services?

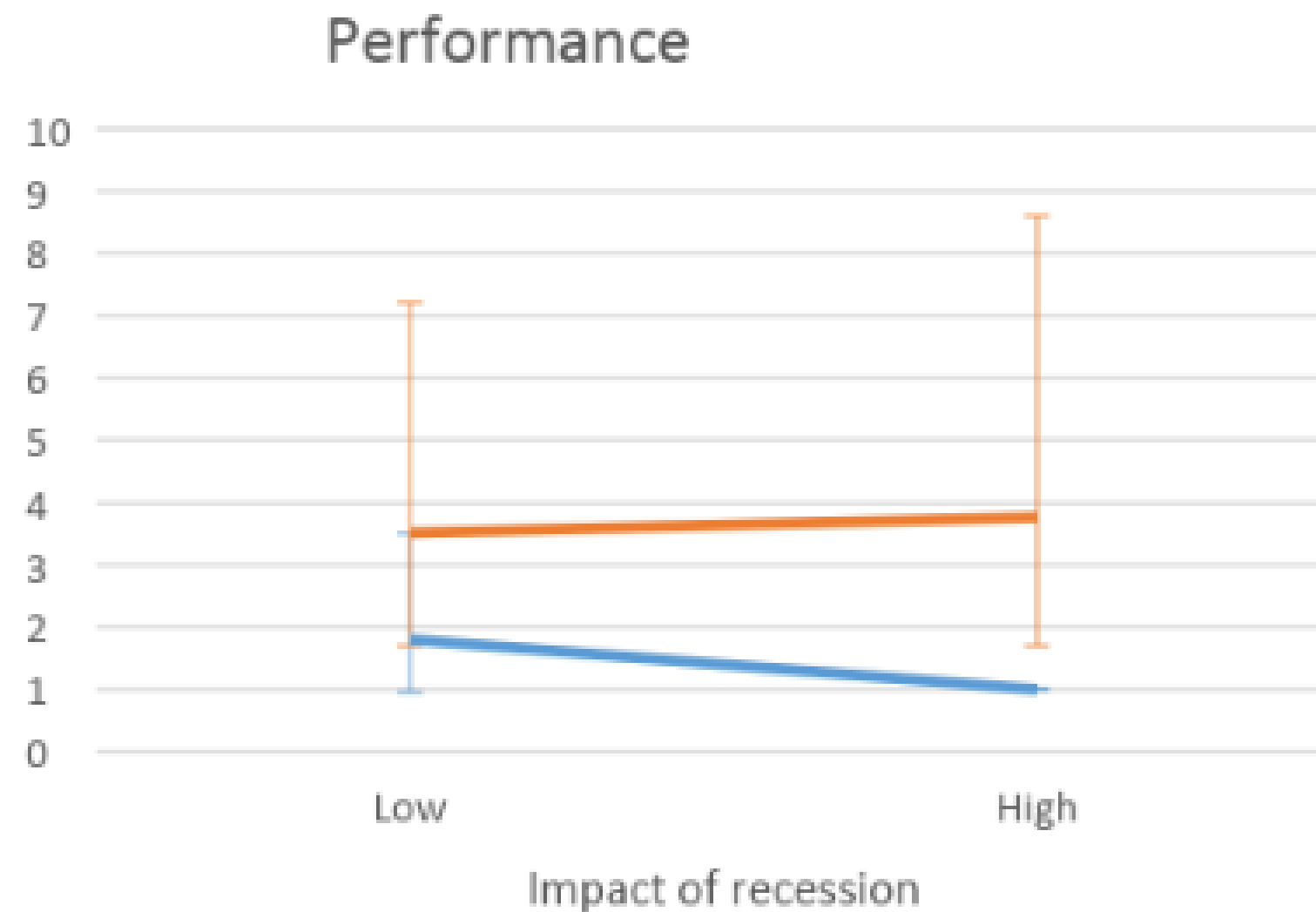
STRATEGY: how do we assign actions and accountability to enhance wellbeing in our business over the next 3-5 years? Are we making progress & what is the ROI of the initiatives we have implemented?

Is Wellbeing Soft/Fluffy or does it do More?

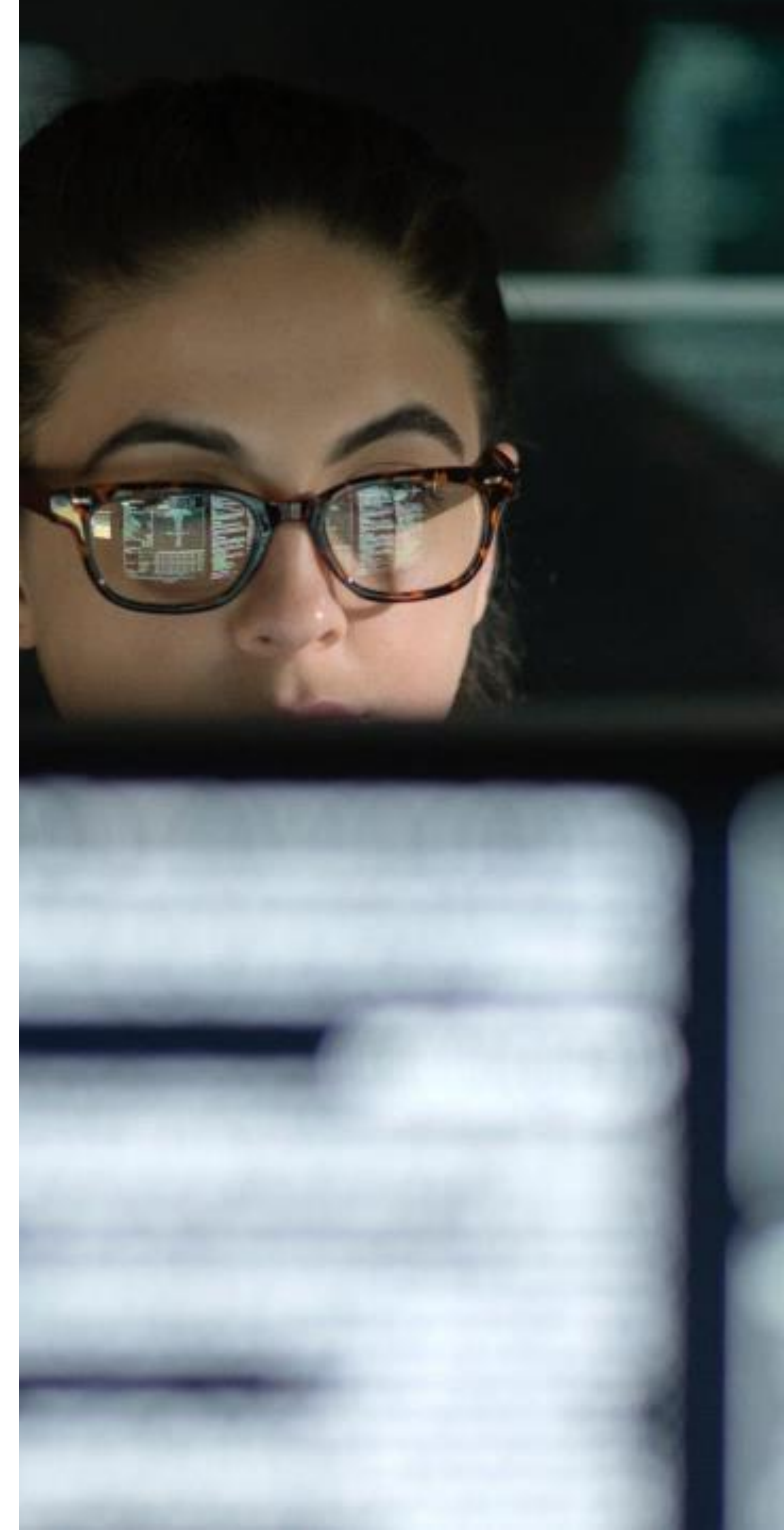
How does it link to performance outcomes?

- Learnings from the last recession / downsizing if the organisation invested in organisational health:

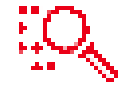
1. Employees were **four times more likely** to have withstood the **negative effects** of the recession on their health, wellbeing and productivity
2. The organisation was **almost four times** as likely to maintain **high levels of organisational performance**



- In our broking and ill-being data, we observed increases in presenteeism, ill-being claims, mental health claims, which created increased premiums for businesses
- As such, leading organisations are now underpinning their transformation strategies with health psychology to maintain employee health, but also ensure continued levels of performance (e.g., how do we underpin digital transformation with a wellbeing strategy to mitigate change fatigue & burnout?)



Reflections / Take Aways



- Greater onus on employers to show care, empathy, and that they are doing the right thing for the workforce and society due to new regulations
- There are effective ways of mitigating people risk, but recruiting pressures means hiring managers may ignore the risks due to business pressure for headcount
- If you haven't yet started, it is time to think about pay transparency

Poll Question;
Have you started your Pay Transparency
journey?

Risk transfer solutions

Poll Question;

What do you consider to be the most likely cause of a food safety incident?

Food safety risk

Peanut Exec Gets 28 Years In Prison For Deadly Salmonella Outbreak

September 21, 2015 · 9:11 PM ET
Heard on [Morning Edition](#)

New Zealand's Fonterra fined over botulism food scare

RECALLS

Aldi, Hy-Vee and other chains recalled cream cheese spreads that might have salmonella

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HEALTH NEWS

China: 6 babies likely died from toxic milk

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ALLERGY ALERT

Scratch Meals Ltd recalls Scratch Chicken Pad Thai with Noodles and Veggies because of undeclared peanuts

Strawberry needle scare: Australia probe as 'vicious crime' widens

🕒 17 September 2018

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POLITICO PRO

Belgium admits test results show harmful level of fipronil in eggs

Mother&Baby

REVIEWS ▾

GETTING PREGNANT ▾

PREGNANCY

Fruit Shoots recalled after reports of a potential choking hazard

Aon Global Crisis Solutions

Global Product Recall Practice

A crisis may be unpredictable,
but it should not be unforeseeable



Over \$150 million in
premium placed in 2023



Global placement teams
with local service



600+ clients
globally



Recognized global
thought leadership



Aon Client Treaty
unique capacity



Dedicated claims
advocacy and
support



Broking Capabilities

Access to 20+ London carriers	Cover enhancements through key partnerships	Alignment model	Specialist claims team	Strong market leverage, one of the top two brokers for a majority of carriers
Client specific benchmarking data & reports	Extensive class knowledge & access to thought leadership and special reports	Aon Client Treaty – Can provide up to 22.5% follow capacity.	RFP response / pitch assistance & technical cover reviews	Extensive wording database

CASE STUDY



Large Chocolate Manufacturer



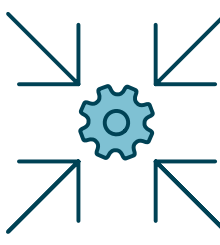
Europe



Chocolate



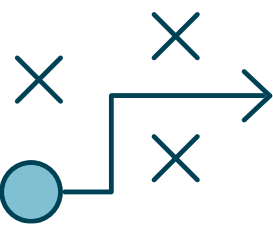
2023



Context & Challenge

Aon has partnered with this client for over 20 years placing multiple lines of insurance for the client, including Contaminated Products Insurance as part of a combined GL/PL/CPI policy, as is typical on the continent.

In recent years the client had a salmonella contamination at their plant. The loss made it's way into the press and the site was closed for over 6 weeks for cleaning. This led to a catastrophic loss, far exceeding policy limits. On the back of this loss and some smaller issues the incumbent market advised they would not be offering renewal terms.



Solution

Aon's London based Global Broking Centre (GBC) had engaged with the client and account team over several years to explain the benefits of a stand-alone CPI policy.

Working with one of our key Lloyd's market partners, Talbot, the GBC was able to restructure the programme offering an option for a stretch primary layer, utilising the power of the subscription market.

Working hand in hand with the local Aon office, we educated the client on the wordings available, how the cover would operate and the catastrophic nature of contamination.

The client now has a standalone and extensive CPI policy in the London market, providing superior balance sheet protection, despite the stressors of the recent loss.



Impact

Securing additional limits (and options for excess capacity) and broader cover, including third party recall liability for the first time ever.

The client has a best in class policy for now and the future and was delighted with the outcome.

Cultivating 8 new market partners, organising market meeting to story tell following the CAT loss and wording reviews.

Aon's strong team efforts across borders and teams was noted by the client and Aon further cemented its reputation as one of the best brokers in class.

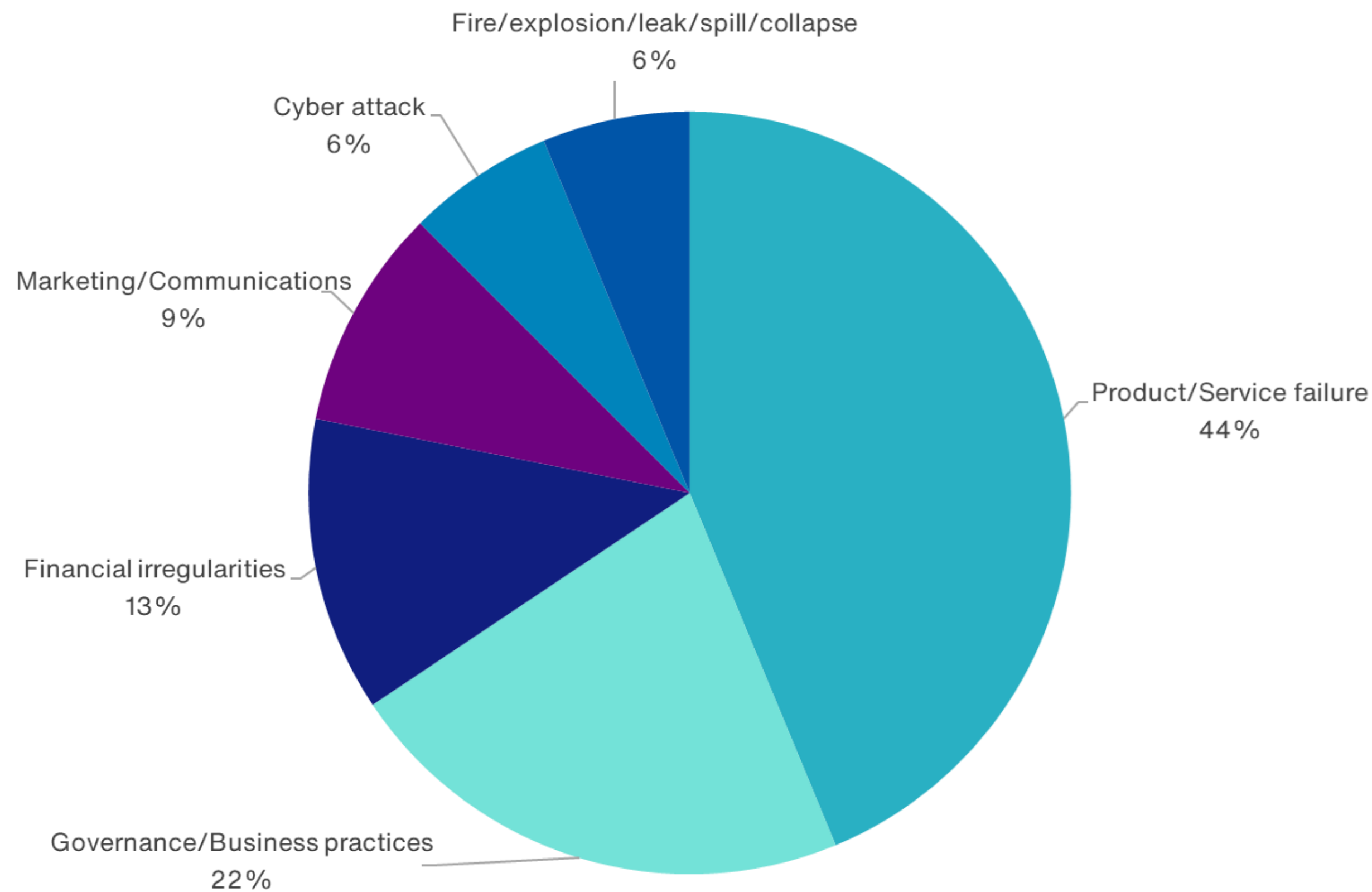
State of the Global Product Recall & Contamination Market– Q2 2024

↓	↑	↑	↔	↑	↑
Pricing	Limits	Retentions	Coverage	Capacity	Losses
<p>The contamination and recall market continues to be competitive as a result of new markets vying for market share and incumbent markets seeking to hold on to renewals.</p> <p>2023 saw a continued drop in average and median rates across all product groups. Most clients who are experiencing rate decreases have long term carrier relationships and clean loss histories or have moved to newer carriers.</p>	<p>Limits purchased in recent years have increased year over year. Driven by favorable pricing for recall insurance, especially on excess layers, while at the same time the occurrence of increasing costs of a potential recall (because of inflation and transportation challenges) fosters an environment where exploring higher limits is worthwhile.</p>	<p>The appropriate retention is unique to every company’s individual circumstances. However, average retentions increased in 2022 and 2023.</p> <p>Factors that led to higher retentions are the increase in claims activity being seen across all product lines and premium pressure in other lines of insurance. For smaller risks there is usually little incentive given for marginal retention increases and significant penalties for reduced reductions.</p>	<p>Competition continues to drive innovation with more carriers looking to add broader coverage offerings and enhancements.</p> <p>For example, some markets can now include a new Mold/Pest Infestation coverages with others looking at adding it in the future.</p>	<p>Market capacity is abundant with new carriers entering the market in the past 18 months via Managing General Agents (MGAs).</p> <p>Newer entrants continue to seek market share and have been successful particularly on excess programs.</p>	<p>The industry is seeing an increase in loss activity across all product portfolios.</p> <p>Several markets have incurred significant losses in 2023 as the number of recalls exceeded pre-pandemic levels.</p> <p>Aon does expect that if losses continue, then the market may harden in the future, but the marketplace remains competitive at present.</p>

Reputational impact of a food safety event

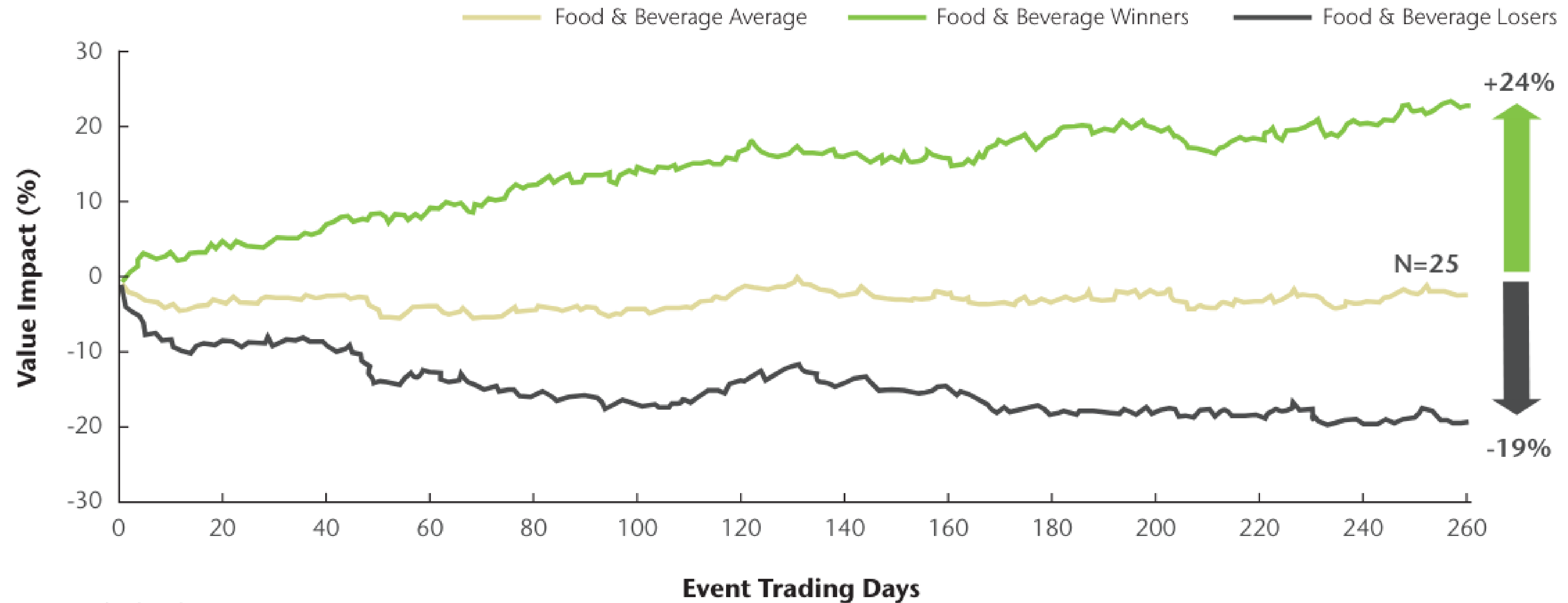
Reputational Risk Events– Food & Beverage

Reputational Risk Events for Food & Beverage are dominated by Product/Service failures



Impact on Shareholder Value

Food and Beverage



Source: Pentland Analytics

Primarily product recalls but other sources of risk well-represented

Questions and answers

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