Shaping a brighter world of work

The case for a new social contract

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Imagine a world where people enjoy the benefits of social protection that are flexible, secure, and fair to support them throughout their working lives, regardless of where and how they choose to work.

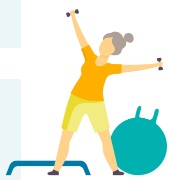
Imagine if

__Governments, employers and insurers (PPPs) together meet the growing demand for insurance benefits__ for all workers and types of work.

Vulnerable workers, __who may not be covered by job retention schemes and unemployment insurance,__ are protected in between jobs.

Workers are educated on and apply best practice wellbeing behaviors __to their own financial, mental, social, and physical wellbeing.__

Advances in technology serve as a catalyst for engagement in personal and on-the-job growth, __rather than being perceived as a potential job-loss threat.__



Young people __will have a more diverse set of training opportunities through apprenticeships and__ learn about financial education and engagement on retirement early on.

__Meanwhile,__ older workers have more incentives for retraining opportunities __and those closer to retirement have added incentives to retire earlier.__

CHAPTER 1

Introduction

The reality is that the current world of work is very different. Before the onset of the COVID-19 pandemic, workforces were already facing challenges with strained social protection systems, the demand for new skills and shifting employment relationships.

The onset of COVID-19 in early 2020 produced a set of economic challenges on a scale not seen in decades. As economies shut down in an effort to contain the virus, millions of workers were unable to return to their jobs – some temporarily, some permanently. Entire industries and sectors have been affected. While not all were adversely impacted and many will eventually recover, the pandemic has accelerated many of the structural changes already taking place in the economy. In the months and years ahead, workers will need to adapt and respond to unprecedented challenges, while also taking advantage of new opportunities.

COVID-19 distributes risk across entire populations and has exposed significant shortcomings in some countries' public health and welfare systems. The question of what kinds of institutions can work together to insure against systemic risk and whole population vulnerability has taken on new urgency.

And when it comes to insurance, we need to think not just in terms of products or the industry that provides them. Rather, we need flexible institutional structures for the new world of work that are resilient to future shocks.

While an ideal world of work may seem like an unattainable utopia, many elements of it may indeed be within reach. It will require a strong awareness and understanding of the issues, a global review of the risks and challenges, and finally the collaboration and agility of key actors and consortiums to put the call for a new social contract high on their agendas.

This is why Zurich Insurance Group and the Smith School of Enterprise and the Environment at the University of Oxford are executing an in-depth analysis and publishing this report, which outlines emerging thinking on a new social contract, recommending areas for further investigation and action to key stakeholder groups: governments, employers, and the insurance industry as well as households.

Methodology behind the Zurich-Oxford research

Zurich Insurance Group and the Smith School of Enterprise and the Environment at the University of Oxford are examining the potential for lifelong, tailored, contemporary social protection under a three-year research program on workforce protection. This program builds on the success of the Income Protection Gaps project, a three-year research collaboration (2015-2018) focused on shortfalls in earned household income due to disability, illness, or the premature death of the main wage earner.

This report draws on empirical insights from earlier phases of our current project, as well as key findings from our previous project, to sketch a multi-stakeholder approach to the challenge of workforce protection in a post-COVID-19 world. The report serves as a bridge between the old world and the new, putting the new reality front and center while reinforcing the most salient messages of our program.

We have much to learn about the near- and long-term consequences of the pandemic. As events continue to unfold, it would be premature to offer a set of solutions as such. The report instead outlines emerging thinking on a new social contract, recommending areas for further investigation and action to key stakeholder groups: governments, employers, and the insurance industry as well as households.

The insights of the report draw on bespoke quantitative and qualitative research:

- **A survey of employers across six countries** (Australia, Brazil, Germany, Spain, Switzerland, and the UK); targeted at heads of HR and/or benefits at 1200 medium and large companies (conducted in January and February 2020); aimed at establishing through more than 50 questions key insights on issues such as recruitment, retention, the advice and education given to employees, and the role of employers in providing pensions, savings and insurance.
- **A survey of consumers across 17 countries** (Australia, Brazil, Finland, Germany, Hong Kong, Ireland, Italy, Japan, Malaysia, Mexico, Portugal, Romania, Spain, Switzerland, the UAE, the UK, and the USA) of over 19,000 working individuals aged 20-70 (conducted in March 2019, with the exception of Portugal [May 2019] and Finland [February 2020]); aimed at establishing through approximately 100 questions individuals' current work status, concerns about automation, attitudes towards retraining, and financial situation.
- **In-depth interviews** with a group of 14 heads of employee benefits at major corporations with activities in a diverse set of industries and with operations locally and globally (completed in summer 2019 and again in May 2020).

We also relied on our academic expertise in social protection and pension systems to derive insights on the long-term trends underlying most of the issues discussed here, and to monitor research and policy developments as the pandemic continues to unfold.

The pandemic has exacerbated or accelerated many underlying trends we had previously explored in our research, including the effects of technological change (notably automation and artificial intelligence [AI]) on the labor market, and the resulting need for continuous adult education and retraining programs; as well as the fragility of many national social protection systems, notably in health care and pensions. It also highlights the importance of educating individuals about the financial risks they face, as well as the options available to them for managing those risks.

For some time, we have spoken about the need for shared responsibility between individuals, governments, employers, and insurers. We have made a case for institutions to shoulder a greater share of individuals' burden, exploring the role employers can play in providing not just social protection but also career opportunities and enhancements. There is no doubt that political demands have grown for a greater role for the state in providing various forms of worker protection. But as we have also suggested, no single stakeholder group can shoulder this burden alone. This is especially true of governments, which are increasingly indebted and stretched beyond capacity already.

A final recurring theme in this report, and our research more broadly, is the need to manage cognitive and behavioral biases that naturally tend towards immediate problems at the expense of long-term welfare. We recognize that as the short-term crises in labor markets and protection systems wrought by the pandemic eventually subside, attention will naturally shift back to systemic issues. This report offers perspective on how to manage beyond the immediate crisis to the long term.

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Highlights

Certain types of unemployment insurance should be mandatory

Universal Basic Income schemes have been much discussed but likely won't work

Younger workers' risk aversion in the labor market presents opportunities to design new protection schemes

For older workers, balance to be struck between keeping engaged in productive work and risks of aging, especially post-COVID-19

The COVID-19 crisis has shown how quickly governments and employers, including insurers, can act to protect working people. In the past few months, institutions have responded to the tremendous societal challenges of economic lockdowns and sudden mass (temporary and permanent) job loss. Policies to address such huge and complex issues were previously assumed to take years, if not decades, to design and implement. Yet many governments acted quickly, and measures were drawn up and put in place within a matter of weeks.

Even countries such as the UK and Ireland with no prior history of offering state-sponsored job retention schemes were able to introduce support packages in a matter of weeks. Other countries implemented support packages for businesses. For instance, the Italian government promised to pay essential business costs as well as furloughed workers' wages. Policy choices to manage employment levels will have long-term structural implications for the workforce, and the economy, not seen in a generation.

Absorbing unemployment

Furlough schemes have played a crucial role in protecting households' financial security during very precarious economic times. Many countries, including Germany, the UK, Ireland, and France, introduced job retention schemes to top up a significant proportion of the wages of those temporarily unable to work during economic shutdowns. This has been especially beneficial for smaller firms, which are more vulnerable to economic shocks. By contrast, the U.S. has primarily used unemployment benefits as a policy tool, along with one-off universal payments.

The long-term costs of income support schemes are a highly controversial topic, and the true costs will only become apparent in time. An early study of Denmark's furlough scheme suggests that roughly 20% of participating firms' workforces have been spared unemployment. Insofar as they have prevented permanent job loss, such schemes have also done a great deal to shore up workers' long-term careers as well as financial prospects. Research on past recessions suggest that those who permanently lose their jobs will have 12% lower pay when they eventually find a new job.

For people not covered by job retention schemes, insurance that protects them in between jobs should be mandatory. Unemployment insurance is very important in facilitating switching between jobs, whether voluntarily or otherwise.[1]

This and related types of insurance, including health, disability, and income protection, along with protection for dependents, enable people to take time to make a better match between their skills and the jobs available to them.

Without it, they are forced into taking the first available job, thereby damaging the human capital they have to offer in a more suitable role. These types of insurance schemes need to be compulsory because those most at risk are those who ought to be given every chance to adapt and adjust in ways that sustain their own well-being as well as societal welfare.

These types of insurance play a role that self-insurance cannot. Our Income Protection Gaps research[1] suggests that people who are much more likely to take the kinds of risks that will have long-term payoffs for their household finances hold income protection insurance. Far from being 'reckless', they seem instead to be taking calculated risks – regardless of their income level. While discretionary savings could play the same role, people's ability to save clearly depends on their income level. Mandating insurance levels the playing field in this respect.

Unemployment and related types of insurance enable people to take time to make a better match between their skills and the jobs available to them.

[1] G. Clark, S. Innocenti, and S. McGill (forthcoming)

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Universal basic income (UBI) schemes appear attractive in principle but would not work in practice. In our final Income Protection Gaps report, we briefly discussed the idea of a universal basic income (UBI) as something attracting the interest of policymakers, academics, and even some industries (e.g. the tech sector). It has been touted as one response to what some view as the inevitable widespread and permanent loss of entire occupational categories to automation and AI. If the people who once held these jobs face long-term or even permanent unemployment, the thinking goes, a single government payment that simultaneously serves as a living wage and a source of self-insurance could at least ensure some minimal standard of well-being across entire populations. It could also facilitate people's transition between careers, whether due to voluntary or involuntary unemployment, and support them in part- or full-time continuing education.

Much has changed in the three years since our report was published: mass unemployment wrought by COVID-19 has led to a minor revival of discussions about UBI. The Spanish government has begun trialing such a scheme, as have a handful of U.S. localities. In fact, the one-off income support payment of US$1200 paid to U.S. taxpayers as a response to the pandemic can be viewed as a form of UBI. (Notably, and in contrast with countries such as Germany and Switzerland, Spain and the U.S. do not have long-term unemployment benefits or other benefits that would offer income support after furlough schemes come to an end.) There is also some popular support for a permanent scheme in the UK, among other countries.

However, the evidence we have so far doesn't support the effectiveness of UBI schemes. We noted in our 2017 report that these programs are expensive to administer, inefficient (i.e. don't always help the people they are intended to) – and costly to the taxpayer. In 2017 Finland launched a trial in which 2000 unemployed people in a single district were selected at random to receive €560 per month. The trial lasted only a year before encountering problems and losing popular support. The idea that a UBI will be necessary to cope with the consequences of technological change is based on the assumption that, as was historically the case, workers who have lost their jobs in the course of old industries being destroyed will have difficulty finding employment in new ones.

Popular support for the idea of a UBI scheme may not survive the COVID-19 crisis. Some countries, such as the US and UK, still favor a welfare system that generally incentivizes work and focuses support on the most vulnerable. In this context, a UBI scheme should be better understood as an 'EBI': Emergency Basic Income, only to be used in exceptional circumstances.

Engaging and protecting the vulnerable

Younger and older workers have been particularly affected by economic shutdowns, with specific generational cohorts each facing their own challenges. Protecting them in the labor market should be balanced with maintaining the dynamism of the overall workforce through difficult economic times:

Younger workers will likely become more risk-averse when it comes to changing jobs. One of the main myths about millennials is that they are serial job hoppers. In fact, their average job tenure has been more stable than for previous generations early in their careers and compared with the years following past recessions (e.g. in the early 1980s). Particularly for older millennials, this in no small part stems from their formative experience of starting their careers in the teeth of a recession.

Now this age cohort, along with 'Generation Great Lockdown' (i.e. younger millennials and the oldest members of Generation Z) will likely be disproportionately affected by COVID-19-induced unemployment. These age cohorts more often work in smaller organizations, are self-employed or active in the gig economy – all sectors that were among the first to suffer as lockdowns began. Many of these workers, now in their late 20s to mid-30s, may become more risk-averse and seek job security at larger organizations, which they would tend to view as more stable.

Millennials' views on the changing world of work

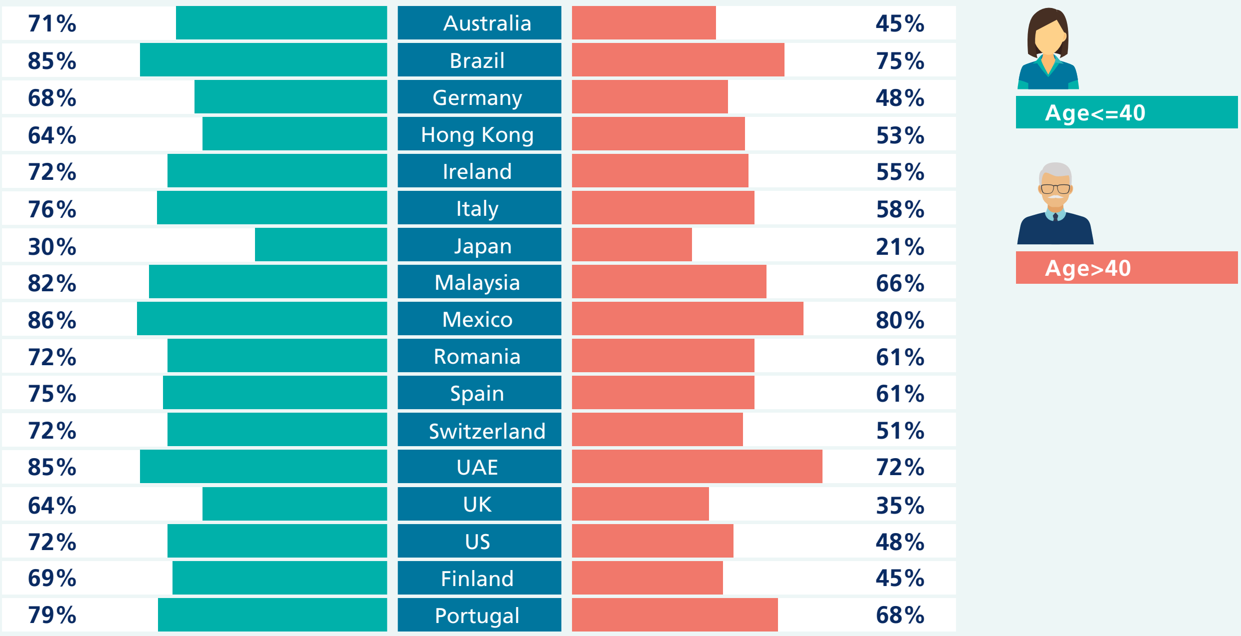
Biggest financial worries now and in the future:
In our 2019 consumer survey, one-third of millennials report retirement security as their top financial concern, with worries about paying monthly bills coming in at a close second.[2] Now that we are in more difficult economic times due to COVID-19, it's likely that more people would say that some of the short-term worries on our original list (e.g. paying monthly bills, managing debt) are their biggest concerns. This doesn't however mean they aren't still worried about retirement or that pensions won't come top of their list in future.

Anxiety about job security due to technology:
Fear of involuntary job loss due to technological change was widespread among young people: 34% of millennial respondents worried about losing their job to automation within five years.

In parallel, an encouraging sign was that nearly three-quarters, or 74%, of millennials were willing to give up some of their leisure time for six months to undertake voluntary skills training. Now, COVID-19-related short-term trends in automation and long-term developments in AI will impact what type of jobs are available (note, not necessarily the overall number of jobs). Younger people, being more tech-savvy and also more aware that they are unlikely to serve their entire careers in the same type of role or organization, should now be even more willing to reskill in order to remain competitive in the labor market.

How likely are you *to take on training to improve your professional skills if it would take you one evening a week (of your leisure time) for 6 months?*

Percentage of respondents declared to be very or somewhat likely to take on training.



Source: Zurich-Oxford consumer survey, 2019

[2] Across our entire survey, 44% of respondents said that having enough money for a comfortable retirement was their biggest financial worry compared with 27% who were most concerned about paying monthly bills. As we explained in reporting our findings at the time, this question presented respondents with possible short- as well as long-term sources of financial concern, and the fact that so many chose a long-term issue suggests they were doing relatively well economically at the time of the survey.

Reshaping employment

Freelance aspirations: Millennials were twice as likely to choose freelancing as a career path. 25% of workers in their 20s said they had plans to leave their job and become freelancers within the next 12 months. Those who had already become self-employed overwhelmingly tended to do so for reasons of flexibility, autonomy, and opportunity, rather than because they were forced to or due to economic necessity. Now it seems more likely that this trend will be reversed: self-employment will be an option – perhaps the only short-term option – for those forced out of the traditional labor market, and for those with the social capital and relevant industry experience.

Mobility across jobs and borders: Pre-COVID-19, millennials were a great deal more willing to be mobile across jobs and borders. 41% of workers in their 20s said they planned to leave their current job voluntarily within a year – almost 20 percentage points higher (22%) than those over age 40. Meanwhile, 39% of workers in their 20s and 30s said they would be willing to move abroad for a job. Now, having experienced two recessions, millennials are likely to become more risk averse. This could mean that they stick to the role they already have. The desire or willingness to be flexible geographically may still be there, but mobility will be severely restricted until there is a vaccine for COVID-19. On the other hand, now that many 'white-collar' roles can be performed remotely, organizations will be able to cast a wide net when recruiting for them. This bodes well for those who actually land the roles, but it also means that competition for scarce jobs will be even greater than in normal downturns. Being 'virtually geographically' flexible will also mean that it could be even more challenging to build social capital in a new remote role if in another region or country.

Self-Protection: In the less well-insured countries we surveyed (Romania, Brazil, and Spain), younger millennials were the ones most likely to have insurance. The youngest (along with the oldest) workers were most likely to have income protection insurance. This may be because recent economic events have taught new entrants to the labor market that their best means of protection is self-protection. In the better-insured countries surveyed (Australia, Hong Kong, Japan, Malaysia, the UAE, and the UK), it was older millennials who were more protected. Those in their 30s are often in the midst of family formation years while also being more established in their careers, so it makes sense that they see the value of insurance to themselves and their families. These overall trends probably won't change much post-COVID-19.

Knowledge of products: In general, knowledge gaps about insurance between age groups were not large. Millennials admitted to being a bit less knowledgeable about term life insurance and personal pension products. However, they appeared to be slightly more knowledgeable about income protection insurance. Our earlier Income Protection Gaps survey in 2016 had found a majority of respondents looked towards their employers for their protection needs. Post COVID-19, people are unlikely to look towards the state in the longer term given how much debt governments will have to bear and how overstretched they are, which limits their capacity to innovate when it comes to providing benefits.

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Self-employment now appears to be a riskier career option. Having lived through the industrial 'churn' of the 2008 recession and its aftermath, some younger people believed – rightly or wrongly – that no organization can provide security indefinitely: in their eyes, only self-employment can. For these young people, the idea of 'risk' was turned on its head by circumstances in the wider world. In the current downturn, however, the self-employed have been highly vulnerable to losing clients, yet have not always had priority in emergency government employment support schemes. At the best of times they are among the most precarious workers yet have the least income protection rights.

As we have discussed at length in previous reports, there is a great deal of scope to better define and expand protections for the self-employed, as well as those holding two or more part-time jobs. The pandemic may add greater urgency to this issue, and as already noted, governments have already proven that they can implement reforms far more rapidly than had been assumed. Adding still further to the impetus to improve the social contract for the self-employed is the fact that governments have already had to address the omission of many of these workers from furlough schemes.

Building resilient protection for atypical workers to create a truly agile workforce

Working lives are changing as individuals are less likely to have long-term fixed labor relationships and more likely to be self-employed, whether as gig economy workers, freelancers, or business owners. Moving away from traditional forms of work has an impact on workforce protection. As current insurance products and state benefits are designed for conventional career paths, self-employed workers are left unable to secure their future. This was already an important issue prior to COVID-19, but it has taken on enhanced urgency as the self-employed have lost work while often falling between the cracks of existing and emergency state social safety nets.

Prior to the pandemic, working on demand appealed to the traditional workforce. Where 7% of respondents to our 2019 consumer survey were working on demand, almost one out of five "traditional" employees indicated that they were (very) likely to leave their current job to become a freelancer. Such workers already had a more agile lifestyle than their "conservative" colleagues. They were younger, not bound to one location, and willing to improve their skills.

The main reasons they provided for wanting to work on a freelance basis were independence, flexibility, and control. However, as mentioned in Box 1, in a post-COVID-19 environment it is more likely that people who have had to switch to freelance work have done so out of economic necessity. And even prior to the pandemic, being autonomous and flexible appeared to come at the expense of job security and income continuity for our survey respondents: more than two out of three freelance workers didn't have any type of work contract.

One important distinction here is between business owners and self-employed contractors. For instance, business owners feel healthier and more secure in life: they are generally not afraid of their skills being replaced by technology, whereas such insecurities are more common among freelance workers. Freelance and gig workers also own significantly less insurance than employed workers as well as self-employed business owners, indicating that as well as a knowledge gap, there was a big ownership gap for freelance workers.

As was clearly the case for all our respondents, the self-employed tended to cite retirement as their top financial concern. In fact, business owners were the most likely to be thinking of retirement, suggesting that they had a degree of job and financial security that allowed them to look beyond short-term concerns. Interestingly, the self-employed were less burdened by credit card debt than traditional workers. On the other hand, freelance workers worried the most about burdening their loved ones financially if something were to happen to them.

The insurance knowledge and ownership gap of freelance workers suggests that this part of the labor force has difficulty finding a place in the current insurance landscape. An important discrepancy between sentiment and behavior shows. Although fearful of losing their job and burdening friends and family, freelance workers don't, or cannot, protect themselves against these risks.

Existing insurance products are often not equipped to protect this new way of working. Since freelance workers are not able to profit from employee benefits or social security schemes, it is even more relevant for on-demand workers to protect themselves and their future.

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Keeping older workers engaged should be another post-COVID-19 priority. In our interviews, many companies noted that it was difficult to retain skilled and knowledgeable older staff, especially those eligible for Social Security and/or corporate pensions. Older workers should be encouraged to remain active in the labor force for several reasons. Demographic aging in many countries around the world already meant that people were having to make their retirement savings stretch over many more years than past generations did. Now, as older workers are being hard hit by unemployment, old age poverty could be severe. From an employer's perspective, older workers bring valuable skills, experience, and institutional knowledge, as well as perspective from having to adapt to changing circumstances many times over the course of their careers. This group also tends to have greater institutional loyalty than millennials and younger employees. In a word, their human capital tends to be much more organization centric.[3]

Some organizations will introduce early retirement policies as a response to COVID-19. Our consumer survey found that older people are both less aware of technological change, and less willing to give up their spare time to gain new skills. Perhaps in part for these reasons, in our interviews, a couple of companies indicated that they may introduce early retirement schemes post-COVID-19.

At a time of high unemployment, some governments will also have an interest in compelling older workers to retire early, effectively rationing jobs in favor of younger workers with more relevant skills. Many of these 'retirees' will re-enter the workforce as part-time consultants, at least partly offsetting this trend.

The effectiveness of early retirement schemes will depend on the nature of benefits provided by the company and by government. As already noted, retirement policies vary considerably by country, with differences in levels of benefits as well as how far Pillar 2 (employer-sponsored schemes) and Pillar 3 (private savings schemes) of national pension systems supplement Pillar 1 (government) benefits. Country-specific policies of pension provision can make a difference to the employee age structures of the companies domiciled in those countries.

But the overall trend remains raising retirement ages. Ultimately, early retirement policies run against the grain as countries have been raising pensionable ages. Governments will continue to extend the retirement age to improve the sustainability of pension systems. The consequences of doing so will need to be managed, as we explain in a later section. In a post-COVID-19 world, older generations still in the workforce will have fewer options to change jobs, and labor mobility amongst older employees will decline at a time when companies will want people to move on and adapt to new work practices.

[3] All of that said, it's difficult to generalize about early retirement given cross-country differences in official retirement ages, what types of government benefits people can accumulate, and how these are supplemented by workplace pensions.

CHAPTER 3

Guiding the workforce as technological change accelerates

Highlights

- *Workers need to be educated about their own needs – their perceptions of unemployment risk can be 'lopsided'*
- *Workers may also need guidance on the career and skilling opportunities available to them*
- *Nudges/incentives to participate in skilling are also needed*
- *Governments and employers will have critical if varied roles/partnerships by country*
- *Need to tailor responses by age*

Despite what the headlines would have us believe; we think it is far from certain that the Fourth Industrial Revolution (4IR) will lead to mass technological unemployment. Technological change creates new business models, and with them, new organizations and industries. However, it is not enough for new occupations to simply be created to replace obsolete ones: the workers who fill them must have the appropriate skills to succeed. Continuous education and training are critical means of making the workforce more resilient in the face of such a changing jobs landscape.

If this has been true with respect to technological change for some time, it is even more so now, during a time of great economic upheaval and the acceleration of digitization.

Investment in human capital helps to shield workers from the adverse effects of automation, especially for those in jobs where technological improvements are widespread, rapid, and profound.

Governments, employers, professional associations, unions, and training providers all have a role to play in supporting retraining efforts, and now is an opportune time to do so. The return on investment may be challenging to measure for the organizations and governments that sponsor them. Ultimately, supporting a robust continuous education system will ensure the long-term competitiveness and resilience of workers, organizations, and entire economies.

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The reskilling revolution

Even before the pandemic hit, there was huge unmet demand for retraining. Almost two-thirds of our consumer survey respondents said they were willing to give up an evening of leisure time every week for six months to undertake training, which suggests a fairly high level of motivation on the part of the general working population. Fortunately, we know that individuals tend to put more time and resources into skills development during recessions as the unemployed or under-employed seek to enhance their attractiveness in the labor market, so in principle demand should be even higher now. However, this still leaves a substantial number of workers who need to be informed of the opportunities available to them:

Some workers need to be made aware of their own needs. Governments and employers alike could play a role in informing workers not just about the risks to their jobs, but also about the opportunities available to them to make their careers more resilient to ongoing technological change. Communicating more clearly with workers over the potential impact of automation is important, especially considering how much misinformation exists in this area.

By far the most widely quoted recent study on this issue has unfortunately been consistently misquoted as finding that nearly half of jobs in the U.S. are at fairly imminent risk of being lost to automation. Despite the authors' best efforts to put this finding in context, it has become a headline in itself, and one of the soundbites many members of the public take away from discussions about technology and the future of work. It may therefore not be surprising that across the 17 countries in our consumer survey, 30% of workers worried to at least some extent that their job would be lost within five years to a machine or algorithm. In fact, the true figure is likely much lower, perhaps less than 15%.[4]

Moreover, there was considerable variation in our survey in people's apprehension about technological change across different socio-demographic groups. Although many workers are aware of the risks of technological change, there is sometimes a mismatch between an individual's self-perceived personal level of risk and their willingness to take steps to address it.

Individuals tend to put more time and resources into skills development during recessions, so demand for training opportunities will be even higher post-COVID-19.

[4] For example, in 2019 the OECD estimated that for its member countries, about 14% of jobs are at serious risk of automation within the next 15-20 years, with a further 32% "likely to see significant changes."

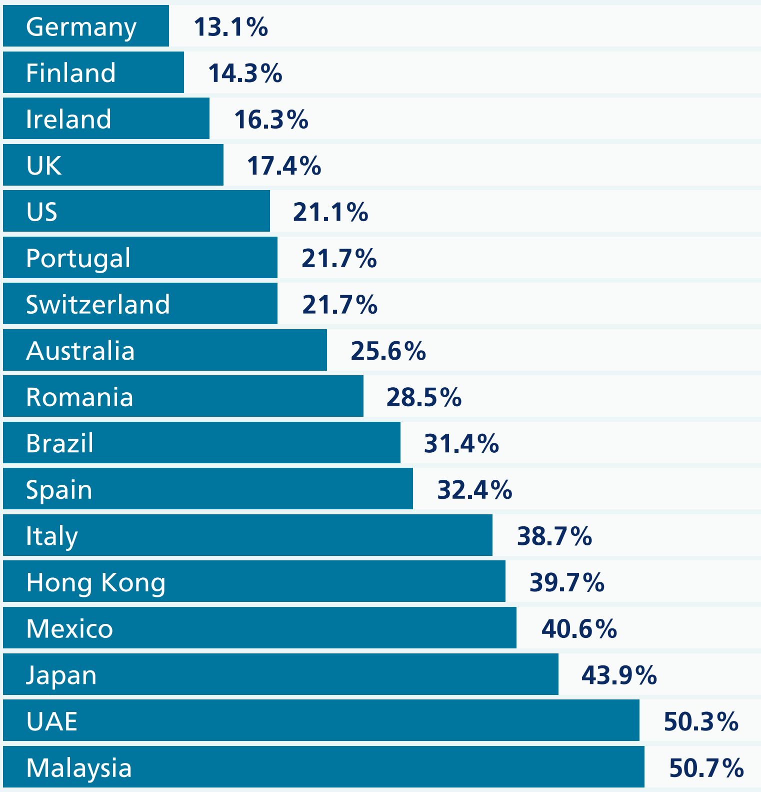
For instance, respondents who held jobs consisting of more routine tasks as well as those who were less educated appeared less concerned about long-term trends in automation or were unable to make the connection with the risks to their jobs. Conversely, those whose jobs were at relatively low risk of being substituted by machines and computers seemed, if anything, overly sensitive to technological change.

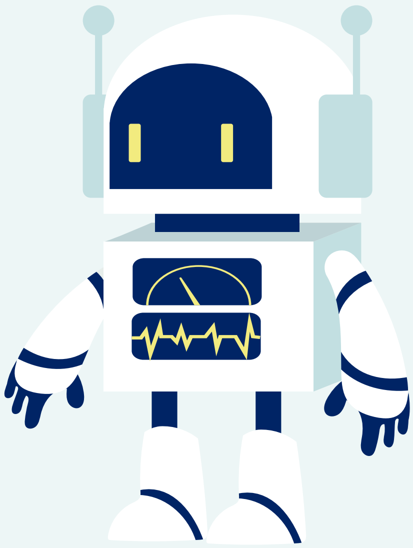
Yet it was the former groups that were more willing to sacrifice some leisure time to invest in reskilling. Similarly, while there is also a gender dimension of technological unemployment, risk awareness seems unbalanced.

Although in the near-term automation will disproportionately affect women, since they are overrepresented in clerical and retail jobs, our survey showed it was men who were more willing to invest time in reskilling. Messages about risks and opportunities could be tailor-made for those who need motivation.

__To what degree__ are you worried about losing your job in the next 5 years because your tasks will be replaced by a machine or a computer programme?

Percentage of respondents who declared to be very or relatively worried.





Sample average 29.9%

Source: Zurich-Oxford consumer survey, 2019

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Guiding the workforce as technological change accelerates

Incentives will be needed to nudge those in greater need of reskilling. If those in occupations deemed highly automatable are less likely to feel threatened by the disruptive potential of technology, they may need encouragement from multiple institutions if their skills are not to become obsolete. A number of European countries have experimented with career counselling for the low-skilled, often with EU backing. Still other examples exist of innovative delivery mechanisms, ranging from outreach to mothers via their children's nurseries (Germany), to learning representatives engaging with trade union members (UK), to mobile information trucks (Belgium).

Another significant obstacle to the widespread uptake of reskilling programs is that the long-term benefits relative to the short-term costs may be very difficult for individuals to perceive. Both employers and governments will need to incentivize participation for many, especially for those individuals who are least likely to act on their own account. Automatic enrollment in retraining programs could prove useful to prepare workers for new jobs and shelter them from automation risks.

One group that will be difficult but especially important to engage with is those who are concerned about automation taking their jobs but feel powerless to do anything about it. Workers in our survey whose jobs consisted more of manual (rather than cognitive) tasks tended to worry about automation but were less willing to retrain.

The same was true of those who believed they had little control over their lives – that they were at the mercy of events, regardless of their actions. Many of these workers were in jobs that consist of highly automatable manual tasks, so they were at risk of technological unemployment. If more vulnerable people are already pessimistic about their ability to adapt to technological change, this could contribute to widening existing labor market inequalities.

Workers may also need guidance on the opportunities available to them. For individuals and providers alike, the focus should be on the quality rather than quantity of training. The range of offerings in ongoing education is vast and has already expanded rapidly for some types of skills. In general, initiatives fall into two categories. Whereas reskilling (or retraining) entails learning new sets of competencies to transition to completely new roles, upskilling entails learning new competencies to stay in one's current role, due to the change in skills required, or adding certain competencies for career progression.[5] In either case, instead of racking up more and more qualifications, workers should focus on acquiring skills that can't be automated, or at least complement automation.

[5] One notable specific type of reskilling is outskilling: the process of learning or of teaching someone a new skill or type of work so that they can leave their current organization equipped to take on a new role elsewhere.

Who should deliver, and how?

There is widespread cross-stakeholder agreement about the critical importance of skills training in a post-COVID-19 world of even more rapid technological change and industrial churn. Growing support for a green recovery points to a need for accompanying broad-based, widespread reskilling and education initiatives that ensure that new industries can be properly staffed. Matching displaced workers with new opportunities will depend on mobilizing personal ambition and political insight as well as the willingness of companies to play their role.

Some countries already provide a model for state-sponsored reskilling. In collaboration with industry associations, governments can implement targeted employment assistance to support individuals in sectors impacted by structural change to transition to new jobs.

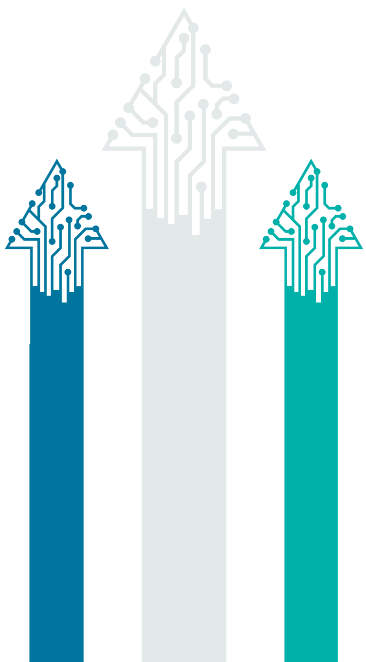
This was already happening in some countries prior to the pandemic, especially for the low-skilled. Germany and France require employers to pay for reskilling for all compulsory redundancies. Australia, Estonia, and Luxembourg offer state assistance specifically targeting those at risk of technological unemployment. Austrian "labor foundations" (or 'work foundations') are run by one or more companies or a statutory industry body in order to help workers on the brink of mass redundancies transition to new jobs. Labor foundations have existed since the 1980s, and have been adapted in a number of European countries.

Now, with unemployment rates high and more awareness around the acceleration of automation, companies can offer retraining opportunities as a retention tool.

Post-COVID-19, a handful of governments will invest in reskilling and retraining displaced workers over the coming years – most likely in Germany, the Benelux countries, some Nordic countries, Estonia, and Japan. These governments have the infrastructure to do so, and there remains a close connection between skills enhancement, corporate recruitment, and long-term economic growth.

In other countries, governments will play more of a supporting role to employers. Other governments, notably those in the Anglo-American world that have made fewer investments in technical training, may not always have the capacity to take to market these types of training programs. Governments could provide subsidies to organizations and individuals, particularly those most at risk to changing conditions. One option may be to offer deferred-repayment loans to support smaller organizations willing to invest in retraining, and link repayment levels to future revenue. Alternatively, they could encourage employers to do so, relying on private third-party providers. We might expect to see the reintroduction of apprenticeship systems, local training consortia, and subsidies for employers to take on displaced employees with the promise of skill enhancement.

Companies can take advantage of workers' newfound conservatism. In a world where workers are more hesitant to switch jobs, both they and their organizations may have more incentive than ever to undertaking upskilling and reskilling courses. In the past, companies that offered training opportunities faced a dilemma: investment in human capital has clear benefits for productivity and competitiveness – if workers who take part remain at the organization providing the training. At the same time, our employer survey suggested that prior to the pandemic, using retraining to attract, retain, and motivate employees had mixed results. Now, with unemployment rates high and more awareness around the acceleration of automation, companies may be able to take advantage of workers' greater conservatism and their heightened awareness of developments in automation by offering retraining opportunities as a retention tool.

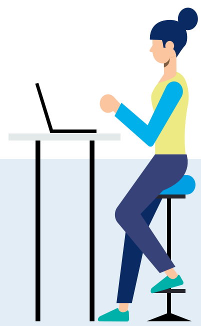


There is both a need and great potential to expand reskilling offerings outside company walls. Reskilling outside the workplace includes more selective, bespoke offerings as well as training to enhance or complement skills with broad-based demand from employers. It is particularly beneficial to those trained in occupations threatened by technological change. Universities and other third-level educational institutions could also play a role, not least given how adaptable they have proven in switching to online teaching in such short order. Business schools, for example, already have experience offering modular content in the form of executive education – a model that could be expanded across disciplines and at all levels of employment. This would be mutually beneficial given how hard the higher education sector has been hit by the pandemic.

Young people will need a more diverse set of training opportunities. The assumption that school leavers should attend university by default in order to improve their career prospects had come into question recently in many countries, as the cost of higher education spiraled and the returns to investment in three- and four-year degrees declined. Now these costs will be out of reach for even more people. Short-term enrollment has dropped, presenting great challenges for the young on the cusp of entering the labor market.

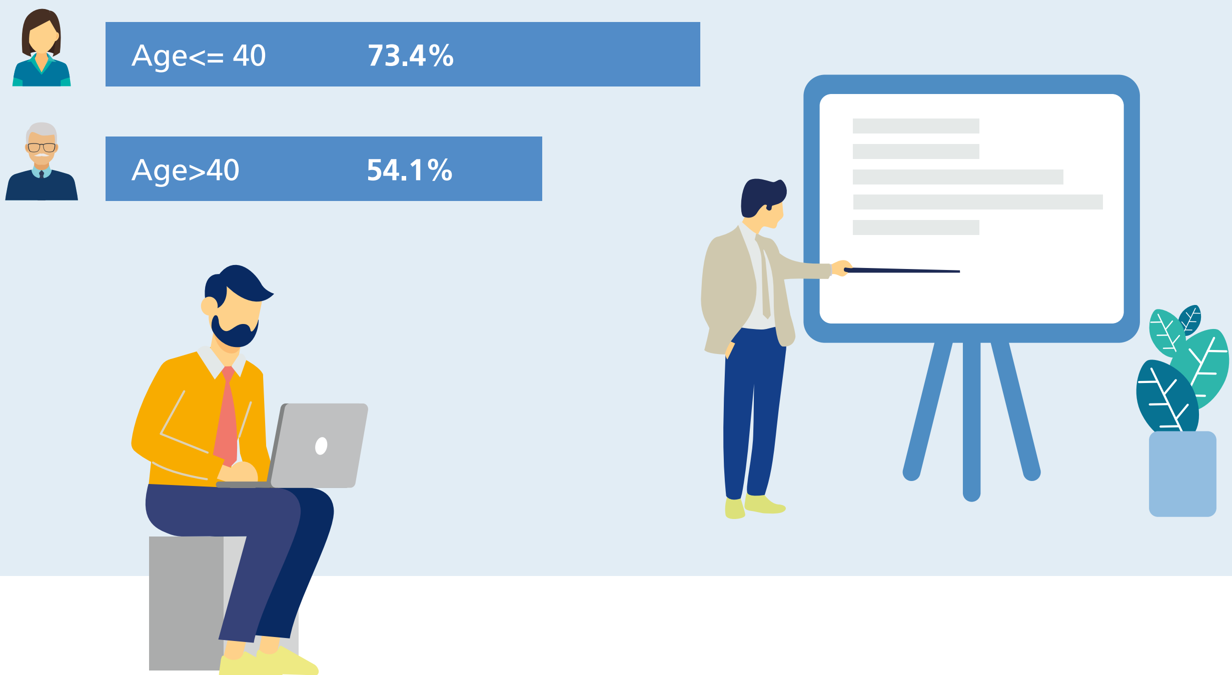
Parental unemployment has knock-on effects for youth employment: if parents can no longer afford their (young adult) children's course fees, non-completion of an educational qualification will negatively impact their opportunities in the job market. As universities turn to more flexible modes of education, there is scope to rethink the design, delivery, and purpose of further education more broadly. Given changes in the wider economy, more modular education, on-the-job training, and vocational qualifications could all be part of the mix.

For older workers, retraining should be balanced with early retirement incentives. Our interviews found that older staff can be somewhat less engaged or committed, particularly in companies and industries primarily requiring manual skills. In white-collar industries, older staff can become stranded as circumstances change or as their skills become less relevant. And as mentioned, our consumer survey found that older workers are less aware of the risks of technology to their jobs, and less willing to invest time in retraining.



***How likely are you** to take on training to improve your professional skills if it would take you one evening a week (of your leisure time) for 6 months?*

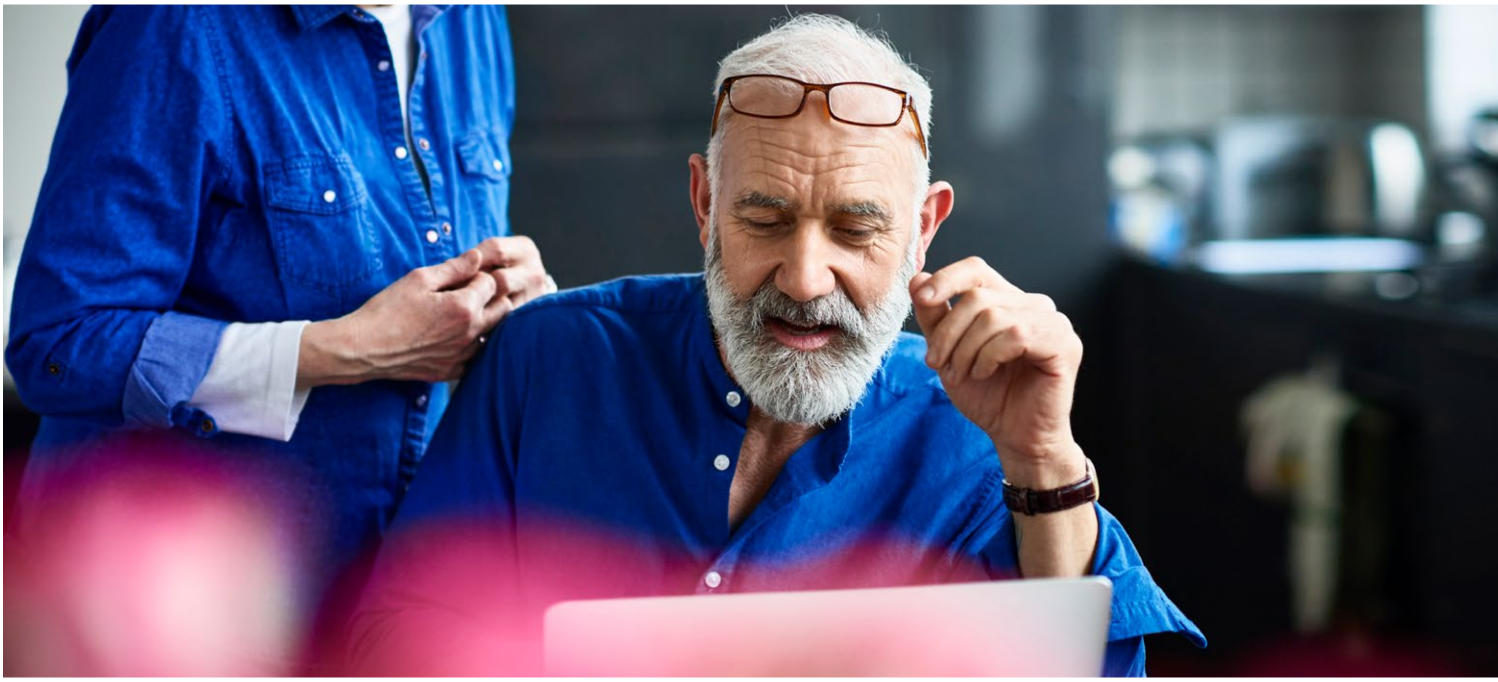
Percentage of respondents declared to be very or somewhat likely to take on training.



Source: Zurich-Oxford consumer survey, 2019

CHAPTER 3

Guiding the workforce as technological change accelerates



When it comes to incentivizing older employees to retrain, there is a subtle, and often barely noticed interaction with, government and company-based pension and retirement income policies. In some jurisdictions, early retirement is the norm: for example, it can be embedded in pension eligibility. In such cases it will be easier to encourage older workers whose skills risk becoming obsolete to make way for younger people with more relevant skills. However, this will be traded off against difficulties in retaining older staff with long and valuable industry- and organization-specific experience.

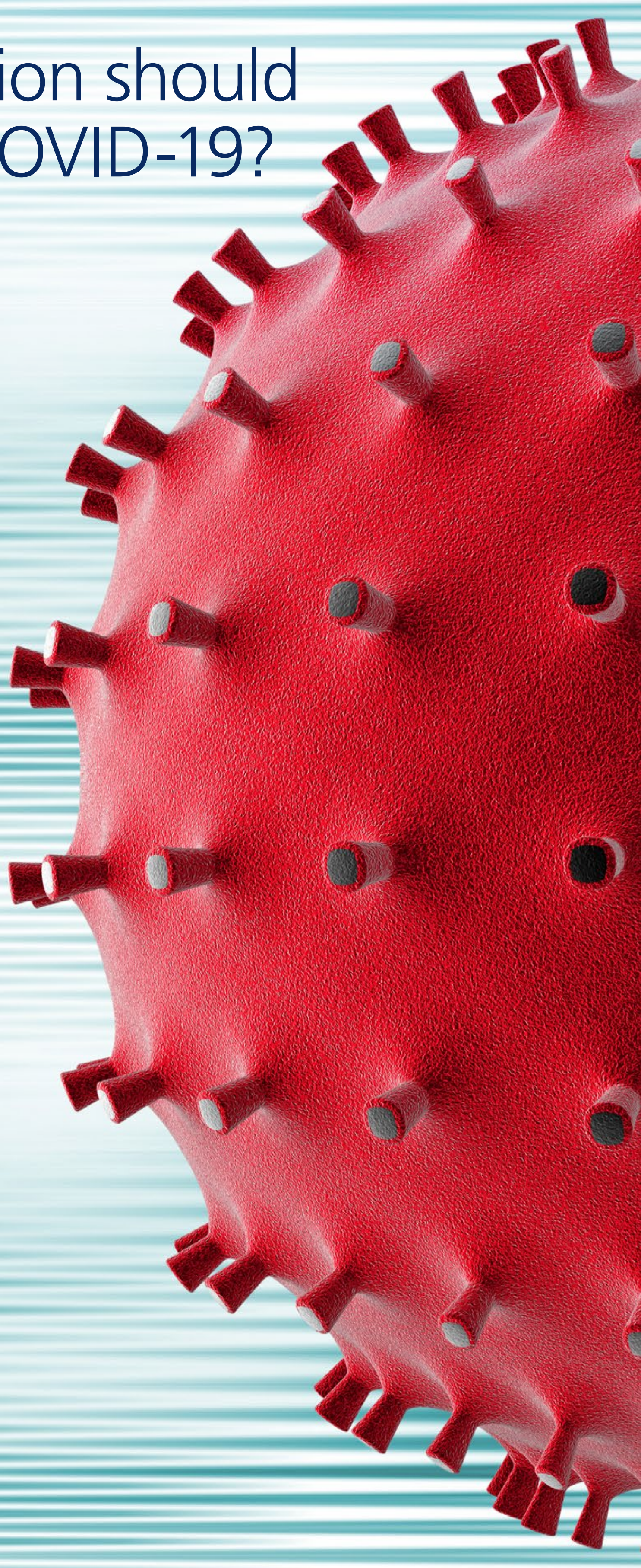
A more constructive way to deal with the issue, as we discuss later in this report, may be to stagger retirement, so that withdrawal from the workforce takes place over a number of years. A proportion of workplace pension income can then supplement reduced earnings. Ultimately the retirement age will also need to continue to rise along with life expectancy.

The immediate imperative to cut unemployment will need to be reconciled with structural economic change. In the aftermath of the pandemic, it will be very important to bring people back to work. As such, public programs, or at least public subsidies for training, will emphasize the short term over the long term. However, technological innovation is a long-term process, as are its economic effects, and so the payoffs for public intervention can be quite modest in the short term. Many governments will face political pressures to compromise long-term ambitions in favor of short-term concerns. Countries that have the infrastructure necessary to sustain long-term investment in skills, as well as a corporate sector willing to play their role, will ensure that these types of programs have long-term payoffs.

Technological innovation is a long-term process, as are its economic effects, and so the payoffs for public intervention can be quite modest in the short term.

CHAPTER 4

What kinds of protection should be compulsory post-COVID-19?



Highlights

The call for more public private-partnerships

Greater role for insurers, with government subsidies for lower-income people

Our past research suggests reasons why political will or reform could be greater and more sustained

Agility must be balanced with social solidarity

The issue of what types of protection should be compulsory will be on the political agenda after COVID-19 has peaked. We support insurance systems that allow for a flexible and adaptive labor market, ensuring a good fit between the supply of and demand for skills, while rewarding investment in human capital on both sides of the labor market over the long term.

The pandemic has revealed the effectiveness of governments around the world at protecting the welfare of their citizens in times of crisis. Take, for example, the success of developed countries such as Germany and Japan. Meanwhile, the UK and the USA are facing the enormous costs of dealing with the medical impact of COVID-19. In the UK's case, health care is provided through a national free-for-service system. By contrast, in the US, health care is provided on an insurance basis for those with coverage and on a payment basis for those not covered. Meanwhile, health and welfare systems in many developing countries, such as Brazil and Mexico, will take many years to recover from COVID-19. The diversity of these arrangements aside, certain principles can guide reform in the years to come:

The capacity for healthcare systems to cope with pandemics needs to be bolstered by new partnerships between governments and employers. While many people in OECD countries regard health insurance as fundamentally important, insurance systems as currently designed are unlikely to cope with pandemics that overwhelm countries' healthcare infrastructure. There will be even greater pressure on governments to ensure that their management and mitigation of healthcare crises is effective in the short term and the long term. In countries that have been unsuccessful in managing the pandemic, individuals are likely to demand more of their employers in the way of prevention, knowledge to manage emerging risks and of relevant insurance benefits. And beyond the immediate effects of the pandemic, the administration of a vaccine will eventually need to be accommodated in health care systems as well. For many, this could mean that the workplace becomes the site of vaccinations.

CHAPTER 4

What kinds of protection should be compulsory post-COVID-19?

New forms of public-private partnerships with employers and insurers can help with risk management and mitigation, and ease pressures on providers of last resort, notably governments. These arrangements will inevitably vary by country given that there are considerable differences between countries in the provision and regulation of workplace health insurance benefits. Some countries require companies to provide health and disability insurance. In some cases, these benefits are provided with incentives prior to the taxation of employees' earned incomes. In other cases, these types of benefits are regulated such that they must meet certain minimum standards of value, are deemed compulsory for all employees, and are not negotiated as discretionary worker benefits.

Regardless of the means of delivery, the aim is to keep costs low, partly through effective risk management and mitigation, to avoid overburdening the health system. However, there is a tension between providing minimum benefits and the benefits granted to higher salaried employees. Not surprisingly, many companies provide the option for supplementary benefits through commercial entities such as insurance companies.

In most countries, insurers are likely to play a greater role in healthcare provision. As governments face increasing indebtedness through programs and policies designed to solve the healthcare crisis (along with supporting labor markets and companies), they are likely to look to insurance companies as obvious solutions to near-term and long-term health care financing. This suggests that healthcare insurance programs will need to be compulsory, nationwide, and financed in multiple ways such that the burden does not fall to governments – in some circumstances, even partially. This model already exists in Germany.

Countries that have been successful in mediating and managing the COVID-19 crisis through their healthcare systems will likely reinforce those systems through a mix (variable by country) of direct taxation, workplace insurance programs, and state benefits. By contrast, those countries that were not successful in managing the crisis through their healthcare systems have, therefore, accumulated huge liabilities against their governmental balance sheets. It seems inevitable that these countries will introduce incentives for employers to provide health care benefits. Governments may subsidize these benefits through taxation of employee contributions, either directly or indirectly, and may have to provide parallel fully subsidized systems for lower-income people.

Redistribution should be a feature of these schemes. Compulsory insurance schemes ought to have embedded within them a redistributive capacity such that those who can't afford the appropriate premiums are subsidized by those who can in one form or another. Lower income people's participation could be subsidized either via tax or lower premiums. The latter is exemplified by Medicaid and Social Security in the U.S., for example. There may be intergenerational transfers, or subsidies (whether direct or indirect) provided to low income workers by higher income workers to enable their participation in healthcare insurance programs. In these circumstances, governments are likely to require the insurance industry, not just insurance companies, to assemble coalitions that sustain minimum standards of provision while not imposing undue costs on specific insurance companies.

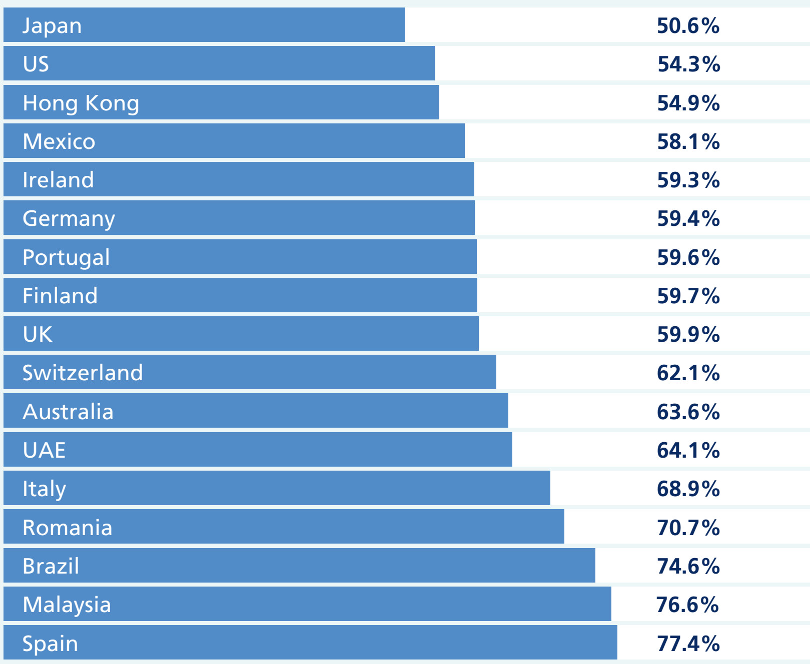
New forms of public-private partnerships with employers and insurers can help with risk management and mitigation, and ease pressures on providers of last resort.

How reform is achieved will naturally depend upon mobilizing political interests. This will require demonstrating to middle- and higher-income earners that they can benefit from a mixed but universal health care system sustained by different forms of taxation as well as different forms of incentives. Attitudes towards the role of the state in social provision appear to be shifting, at least in the short term.

And even before the onset of COVID-19, our consumer survey also suggests public appetite for more state support for individual welfare, with about 60% of respondents in favor of more government responsibility. Similarly, in most of the countries in our Income Protection Gaps survey from 2016, over half of respondents would want the state to provide them with income protection insurance.

***To what extent do you agree** with the statement "The government should take more responsibility to ensure that everyone is provided for"?*

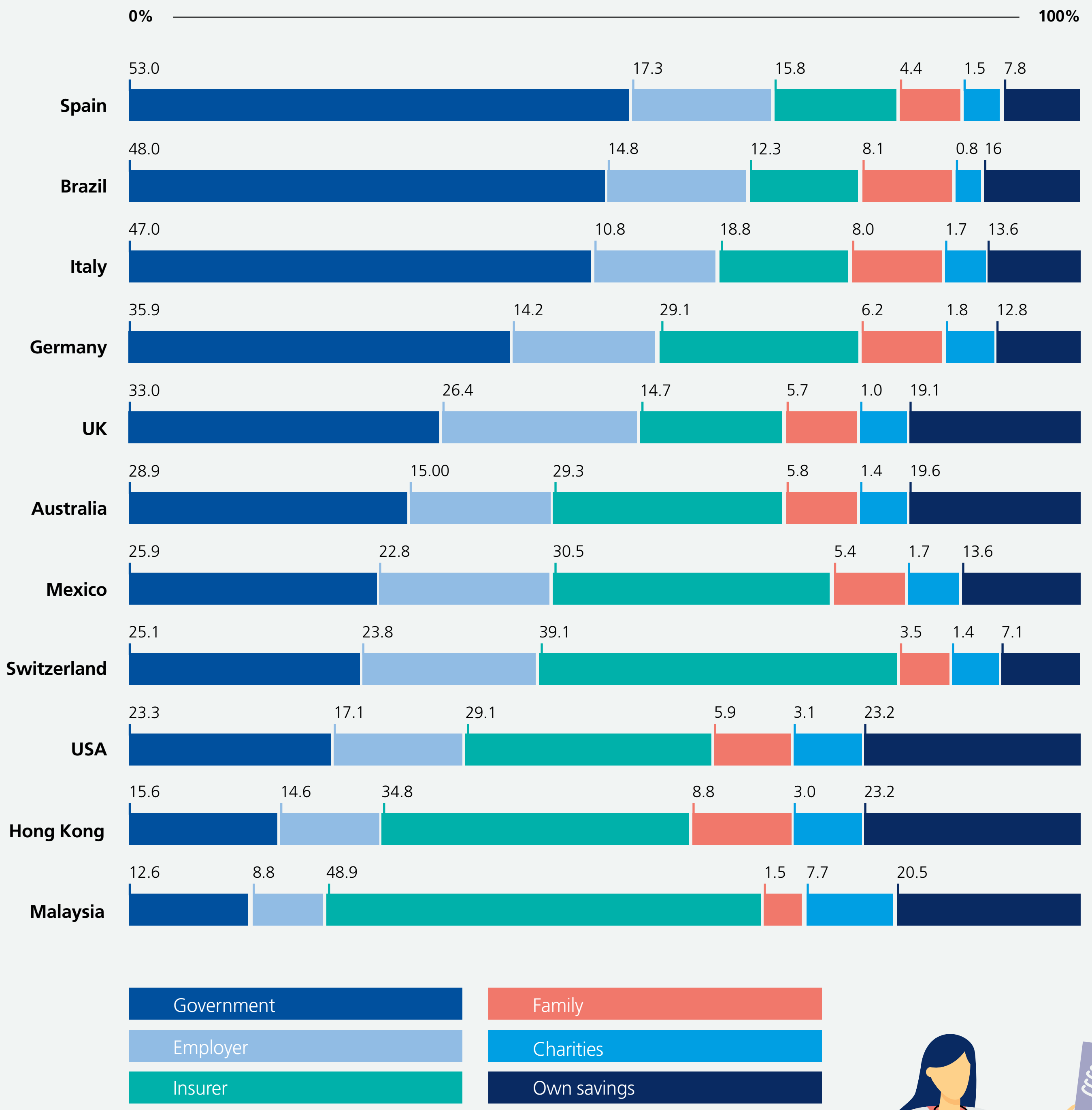
Percentage of respondents who agree or strongly agree.



Source: Zurich-Oxford consumer survey, 2019

What kinds of protection should be compulsory post-COVID-19?

If you were to become seriously ill or injured *such that you were unable to work, which of the following would you want to primarily cover your loss of income?*



Source: Zurich-Oxford Income Protection Gaps survey, 2016

What kinds of protection should be compulsory post-COVID-19?

While undoubtedly politically difficult to implement, compulsory schemes may well be necessary for the effective functioning of labor markets. Precedents do exist in several countries apart from the U.S. To an extent, Malaysia's provident funds are meant to hold together a whole society on health- and welfare-related risks through limited redistribution.[6] Other countries have rainy day funds: the Future Fund in Australia and various funds based on commodity revenues in the Middle East have been built up over long periods of time and are spent in severe emergencies.

Persuading people of the need for protection should be easier in a post-pandemic world. People should be more receptive to messaging about the risks they face and the insurance solutions available to them, having dealt with financial and/or health-related difficulties, or at least having seen others' experience of them on a mass scale. Our Income Protection Gaps study clearly showed that people who had been out of work long enough to lose some income due to illness or disability, or personally knew someone who had, were more likely to hold income protection insurance. This first- or second-hand experience of a negative event appeared to persuade people of the importance of insurance. A key question for us at the time was how to impart this message ex ante (before the fact) to people who might need insurance but not have coverage. COVID-19 has leveled the playing field in this respect: it's likely that relatively few people would say they don't personally know someone who has been affected by the economic slowdown (or the effects on the health care system), if not experienced a financial or health shock themselves.

Now that COVID-19 has generally made workers of all ages, and of most backgrounds, more risk averse, communication from insurers, employers, and governments about the need for protection should resonate more widely.

Another silver lining of the pandemic is that traditional provision will be easier for employers. COVID-19 seems to have made people more inclined to hold on to the jobs they have, and to stay in the same geographic location. If they stay put, they make more commitments. This combination of greater risk aversion and more commitments mean a greater appetite for insurance, and more types of insurance. The portability of benefits across jobs and jurisdictions may take on slightly less urgency as an issue for companies and individuals – at least temporarily.

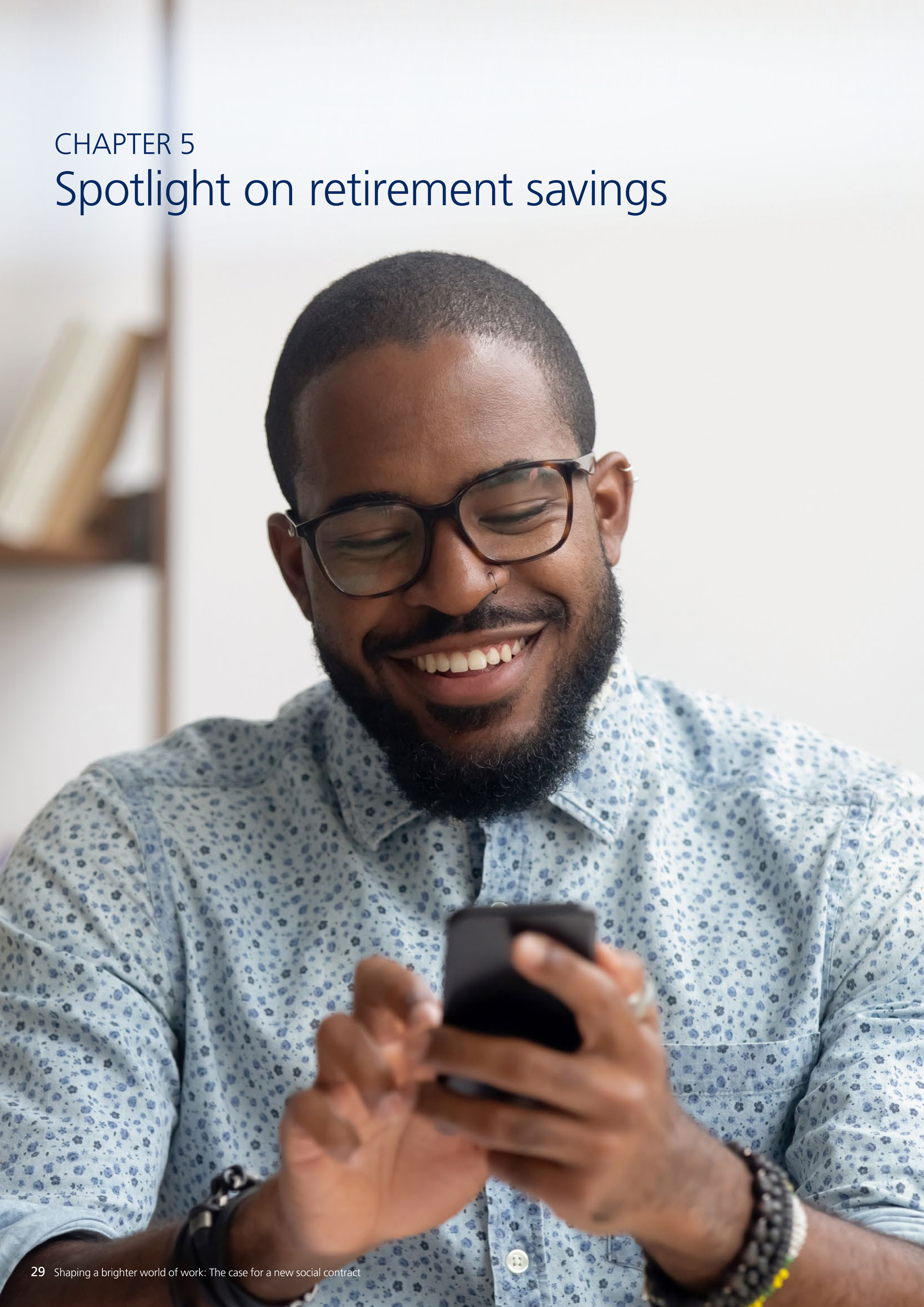
Agility must be compatible with the new post-COVID-19 social contract. Greater agility in insurance provision means greater flexibility in the uptake, payment for, and switching between and within insurance products. Historically, this was not possible, and therefore insurance was a binary proposition – you either held it or you didn't. In a new world of big data, more granular information about individuals' circumstances is available in real time, and detailed patterns can be detected across populations. This means that insurance products can now be designed with greater inbuilt flexibility and continuity across career choices. Rather than providing insurance in annual blocks, for instance, it can be tailored in shorter increments as people's circumstances change. In the current climate, this would make it easier for policyholders to pause or vary levels of coverage temporarily.

Greater agility in insurance provision means greater flexibility in the uptake, payment for, and switching between and within insurance products.

[6] While Singapore and Hong Kong also have provident fund schemes, these are purely individual, or household based.

CHAPTER 5

Spotlight on retirement savings



CHAPTER 5
Spotlight on retirement savings

Highlights

Education and engagement on retirement must begin early and be sustained over time

With the help of plan sponsors, people must be encouraged to overcome short-term worries and plan for their long-term financial security

Technology can play a key role in engagement and education, which needs to begin earlier

Raising retirement ages entails more tradeoffs in a post-COVID-19 world, with an increase in demand for flexible and phased retirement

Retirement has been at the heart of our research on the new social contract. Demographic aging and long-term trends in interest rates had been threatening the viability of traditional defined benefit (DB) pension (final salary) plans for over 10 years. Turmoil in financial markets during the early days of the pandemic accentuated fears about the survival of these funds, and the ability of participants to continue contributing to them. This is just one example of recurrent episodes of market volatility that have challenged pension funds to simultaneously maintain a long-term investment perspective while dealing with short-term challenges. Accounting standards that emphasize short-term solvency tend to reinforce market chasing behavior and have cumulatively threatened the survival of these types of pension plans.

It's therefore not surprising that plan sponsors look to defined contribution (DC) plans, in which employers and employees make regular contributions, as the best option. In many OECD countries, workplace pensions have evolved from DB to either DC or some hybrid of the two. DB plans are not always flexible enough to accommodate rapid changes in technology, or corporate employment practices and competitive strategies. The pandemic will accelerate this shift.

A decade or so ago it would have been rightfully said that DC plans are cumbersome, difficult to navigate, and organized in ways inconsistent with plan participants' engagement. The average DC plan was set up to manage flows of transactions rather than engage, educate, and enable individual decision-making. The smartphone revolution promises to upend this model. Plan sponsors like corporations and commercial organizations that provide DC plan platforms should take advantage of the revolution.

CHAPTER 5
Spotlight on retirement savings

Over the past decade, researchers have learned a great deal about how DC plan participants behave in circumstances that at least nominally require their active engagement with these types of retirement systems. Several key lessons have been learned, with implications for pensions post-COVID-19:

If participant engagement with pension plans was low before COVID-19, it is likely to be even more challenging now. In a post-pandemic economy, much like during any downturn or recession, people are more likely to have their attention diverted to immediate and often large financial concerns such as job security, running down their savings, meeting regular expenses, and managing debt. Even if people's awareness of retirement had risen to the levels our previous research suggested, their concern didn't necessarily translate into action to secure their long-term financial well-being. The average participant does not have the skills, the time and interest (i.e. attention span), or the knowledge and understanding of how these systems work to be effective participants. Often, the default option dominates, suggesting that the design and management of these systems is the responsibility of the companies.

That said, over time retirement will very likely resurface as a top concern. We know, again based in no small part on our consumer survey research, that millennials have relatively high awareness of retirement issues even though they are currently the second-youngest age cohort in the workforce. This stems at least partly from their formative working years coinciding with the global financial crisis and its after-effects from 2008 onwards. In some countries, they will have witnessed their parents' and grandparents' generations struggling to manage with reduced or inadequate pension savings. The experience of the pandemic economy, whether first- or secondhand, is very likely to have a similarly profound impact on people's long-term financial priorities.

Education must begin earlier. Even if the appetite for engagement and education is set to rise, some traditional providers are not yet equipped to offer it. Many corporate DC plans have education facilities that ramp up once participants hit 'magic' ages such as 50, 60, and 65. However, at this point it is rather late for people to start to educate themselves about their retirement finances, so these types of programs are as likely to engender anxiety as they are likely to foster engagement. Not surprisingly, the average participant will take the default retirement income option as "normal" or "standard". The upshot is that participants at the point of retirement are often ill-equipped to make specific choices to translating accumulated account balances into a flow of retirement income. If education began earlier and persisted at a steadier rate, workers would approach retirement with an adequate knowledge and understanding of the implications of their choices. It would also be easier to translate knowledge into effective decision-making.

Personal technology is among the most promising avenues for fostering engagement – for workers and retirees alike. The advent of smartphones, information technologies, and systems of web-based engagement has created opportunities to make a difference to instruction performance at DC pension plans, especially the effectiveness of transitional arrangements. One characteristic of these initiatives is that they simplify complex issues, enable engagement, and structure decision-making. As such, we can expect to see new providers come to market with very different systems of engagement that take people's behavioral biases seriously while framing issues in ways that enable effective decision-making both through the accumulation phase of DC plans and at the point of transition between employment and retirement.

Even if people's awareness of retirement had risen to the levels our previous research suggested, their concern didn't necessarily translate into action to secure their long-term financial well-being.

Consolidated information can help boost knowledge and engagement. Put simply, many people simply don't grasp what their current and future entitlements are, especially all the retirement benefits they may have accumulated across jobs and organizations. Some governments provide a consolidated account electronically that brings together citizens' various workplace pension benefits, social security, and, in some cases, mandatory insurance contracts. Such a portal could make transparent and accessible what is available to everyone, and where gaps exist. This is a type of 'product' that could be provided by insurers – perhaps even more effectively.

Post-retirement support mechanisms must improve. A move away from annuities and towards individual accounts means that beneficiaries should in principle have accumulated the financial acumen to manage their savings through their retirement years. However, there are longevity issues associated with this model. It is exceedingly difficult for people to estimate their life expectancy, and in addition may not account for the possibility of having to pay for (expensive) long-term care, so they risk running out of money in old age.

Corporate sponsors and those that provide DC administrative and operational services may have to take responsibility for the design and implementation of mechanisms that support workers beyond the point of retirement. Often, this involves outsourcing the provision of these types of services rather than holding them within the sponsor. This is probably for the good considering that retired employees are properly outside of the direct responsibility of plan sponsors. Governments have increasingly become concerned about the quality of these transition arrangements, however, so we can expect to see greater regulation and oversight of these arrangements. This is especially true of conflicts of interest, value for money, and the security of pension pots and payments.

Existing DB plans will keep playing a limited role – but are not a solution for the future. Companies that rely on skilled staff to work alongside capital-intensive technology to increase productivity have an interest in providing benefits that encourage long-term staff retention. This is especially true of companies and industries where technology and products require employee commitment, the cultivation of on-the-job training, and productivity enhancements that depend upon continuity of employment over a person's working life. Staff experience makes a big difference in terms of the performance of individual employees and the company. (By contrast, retail industries are not nearly as capital intensive, the overall skills of employees are less critical to profitability, and productivity gains have until recently been minimal.) And COVID-19 has reinforced the idea that for certain types of tech companies, gains from technology are not embodied in individual employees so much as they are derivative of investment in technology linking customers with distribution centers.

All of this is to say that existing DB plans can be used to manage certain issues for certain types of workers. Overall, though, they are not a viable solution for the future, being inflexible as well as expensive, and with risks that are exceedingly difficult to predict.

Raising retirement ages should still be on the agenda but will now entail greater risks. In many countries, the official retirement age is still around 65; experts increasingly recommend raising this to at least 67. In principle, raising retirement ages will contribute to more financially sustainable pension systems. As we noted in our Income Protection Gaps research, however, this is not a silver bullet: older people are more prone to illness and chronic health conditions, lowering their productivity. Already many people retire before they turn 65, due to poor health or disability. Older people are also more vulnerable to COVID-19, and no doubt their health and safety will be prioritized well above their ability to work should future outbreaks or pandemics occur. Furthermore, those who have already been infected by the virus and survived are likely to suffer from lasting, significant damage to their health.

Phased withdrawal from the workforce can help older workers manage the demographic and financial transition to retirement. Rather than simply being extended, retirement ages could be staggered, with a multi-year, phased withdrawal from the workforce. This would recalibrate what pensions do: rather than replacing earnings completely, they would supplement reduced earnings. A long-standing low interest rate environment, now coupled with COVID-19-induced disruptions to contributions, means that most pension savings are lower than previously anticipated – so it seems reasonable to expect that demand for flexible and phased retirement will increase.

CHAPTER 6
Conclusion

COVID-19 bolsters the case for a new social contract

The insights in this report draw on a five-year research collaboration between the Zurich Insurance Group and the Oxford Smith School. Throughout, we have advocated building new partnerships to shore up fraying social safety nets worldwide. Now, COVID-19 has made the case for a new social contract stronger than ever.

The pandemic has accelerated changes in the role of government in insurance provision. It seems inevitable that the state can no longer be the insurer of last resort, particularly due to rising debt levels. At the same time, a more risk-averse workforce will have a greater need of, and appetite for, protection. New partnerships should be developed between governments, employers, and benefits providers to protect workers against the enhanced risks of a post-pandemic economy. Redistribution will be a necessary feature of many insurance schemes as a means of reducing inequality and shoring up intergenerational solidarity.

Our research has consistently shown that although the main issues we address have global importance, the details vary considerably by country. As such, solutions must necessarily be adapted to national contexts. In our next and final report for the Workforce Protection project, we will produce a series of country profiles, each tailored to one of the 17 countries sampled in our 2019 survey.

We know from our research that many working people are aware that they must maintain their long-term employability and financial security. Not surprisingly, many would like to access retraining opportunities. They are looking for ways of insuring against the future, whether that be in training programs, income protection insurance, or related forms of workplace insurance that may provide a bridge between the short term and the long term. Some individuals will be able to shoulder the risks and responsibilities that come with adapting to the changing labor market. Others will benefit from on-the-job education and training systems provided by employers and industry groups. Robust, mutually reinforcing programs to protect people's income will be needed – for individuals and families at risk, for retraining over people's working lives, and for financial security through their careers and beyond.

The will and optimism to reform the protection system exists – it's up to us now to move from ambition to action. We must work together, as employers, insurers, governments and communities, to shape a brighter world of work and ensure that the future of social protection is more flexible, secure, and fair to support people throughout their working lives, regardless of where and how they choose to work.

About us

Zurich Insurance Group (Zurich) is a leading multi-line insurer that serves its customers in global and local markets. With about 55,000 employees, it provides a wide range of property and casualty, and life insurance products and services in more than 215 countries and territories.

Zurich's customers include individuals, small businesses, and mid-sized and large companies, as well as multinational corporations. The Group is headquartered in Zurich, Switzerland, where it was founded in 1872.

For more information on Zurich please visit:
https://www.zurich.com

The Smith School of Enterprise and the Environment at the University of Oxford (SSEE Oxford) tackles urgent environmental challenges by bringing public and private enterprise together with world- leading teaching and research. We are a team of economic, financial, legal and business scholars who combine academic excellence with private sector expertize. We conduct pioneering research and engage in active dialogue with enterprise partners in order to develop breakthrough solutions and deliver benefits for people and the planet in terms of an improved economy, society and natural environment.

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