

The Alarm and Vericclaim major loss survey 2016

Introduction

Following an Alarm roundtable event on major losses, a recurring theme, also highlighted in the December 2015 floods, was that business continuity plans (BCPs) do not always provide user friendly practical assistance to those dealing with the immediate aftermath of a major incident.

In response to this Alarm have worked closely with Vericclaim to develop a short best-practice guide that provides helpful hints and tips for both preparing and responding to a major incident. Vericclaim loss adjusters have been assisting public sector clients respond to major incidents for many years.

As part of this exercise we have sought to obtain the views of Alarm Members on their experience of major losses and their readiness to deal with future events. The results of this short survey are explained below and have been instrumental in the creation of the best practice guidance.

Executive summary

There is a tendency to be somewhat over-confident in plans prior to a loss.

40% of respondents reported lower confidence in their BCP plans as the incident unfolded as opposed to their confidence in the plan prior to the incident.

Only 25% of respondents found that the reality of dealing with a major loss was better than they thought beforehand.

The practical value of BCPs needs to be improved.

More than half of respondents rated the practical assistance offered by a BCP following a major incident as one or two out of a possible score of five. This backs up anecdotal evidence from loss adjusters of BCPs being outdated, too generic or simply just too long to read and assimilate when fast action is required.

Two thirds of people don't have an established guide in place for the insurance aspects of a major loss.

Plans for dealing with insurance are noticeably more prevalent where people have experienced a major loss before: of our respondents 40% have one. Out of those who have not experienced a major loss only 23% have one.

While the emphasis will rightly be on protecting lives, property, and ensuring service continuity, getting the support of insurers from the outset is of great value in dealing not only with immediate practicalities but also in protecting the financial position of the organisation.

It is instructive that those who have been through the experience are more likely to have a plan ready for the next time (and there always is a next time).

There is a good degree of confidence in how to contact key stakeholders and undertake initial actions.

The average scores for knowing who to contact and what immediate actions to take were 3.63 and 3.68 respectively. Only around 11% gave this question a one or two out of five. The figures were slightly higher for those who had experienced a major loss, as might be expected.

Very high levels of demand for a best practice guide and an app.

96% of respondents rated this as three out of five and above. The average score was 4.4 out of five for both having major loss guidance in a booklet and app form. This correlates with feedback in relation to BCPs being somewhat unwieldy and lacking in specific guidance. The attraction of the app is a reflection of how people like having information available at their fingertips.

Overall levels of confidence in dealing with major losses are reasonable. The average score is 3.4 out of five, with slightly more confidence from those who have been involved in a previous loss.

However, nearly one in five people are not at all confident in their ability to respond to a major loss.

Conclusions

The survey provided an indicative insight into how public sector risk managers view their readiness to respond to a major loss. The sample size makes the insights useful but we should not take it as definitive. More detailed studies may be undertaken in the future to explore the high level issues raised.

There are two major conclusions indicated from data showing a strong result:

Firstly, **business continuity plans need to be of more practical assistance** for those involved in the early stages of a major loss. An average of 2.6 out of five, with more than half of respondents scoring it as one or two out of five is a strong indication that things can be better.

Secondly, and linked to the above, there is a **very strong preference for a short best practice guide** to deal with major losses and for this guide to be **available in app format**.

More general conclusions from the survey are that overall levels of confidence are reasonable but that for a significant proportion of authorities, there is a lack of pre-planning for major losses in terms of an insurance guide and pre-appointed adjusters and contractors.

We should also be mindful of any self-selection effects in the survey since it is possible that respondents are more pre-disposed to taking an interest in major loss and planning. There may be a lesser level of awareness and readiness among those that did not respond.

Next Steps

Alarm and Vericclaim have created a major loss best practice guide, based on the experience of the Vericclaim adjusters in dealing with serious incidents over many years.

The guide is available to all Alarm members and can be downloaded from: alarm-uk.org

Vericclaim have also created an app to assist in the event of a major loss, available at vrsvericclaim.co.uk