



## **The Insurance Industry's role in responding to major events**

The insurance industry has a key role to play following a major event like a large flood. Loss adjusters, insurers or their nominated contractors are often among the first to arrive after a flood to help their customers, assess the damage and begin planning the repair process. This note sets out the role that the insurance industry plays after these kinds of events.

### Insurance Coverage

Most home and business insurance will cover damage caused by flooding, fire, storm, subsidence and even earthquake. Business insurance will also often cover the business for any loss of profits resulting from damage caused by these events.

### Planning for the worst

The Association of British Insurers (ABI) and other organisations like the Chartered Institute of Loss Adjusters (CILA) and the British Damage Management Association (BDMA) also work together and plan for these events with their members.

The insurance industry has a lot of experience in dealing with major events. In recent years insurers have played a key role in rebuilding communities after the floods of 2007 in Hull, Yorkshire, Gloucestershire and elsewhere and following the 2009 flooding in Cumbria. Insurers also played a major role in repairing properties damaged following the Buncefield explosion. All insurers, loss adjusters and their approved networks of drying, restoration and repair companies have developed plans for dealing with these events which generate substantial numbers of claims. They are therefore well prepared when these events happen and are able to mobilise people and resources to be deployed to the affected areas.

In addition, insurers can also help businesses manage the impact of these kinds of events and has developed a free business continuity planning tool, called Robust, for this purpose. Details of robust can be found at <https://robust.riscauthority.co.uk/>



### The ABI's role following major events

During major incidents the ABI will implement a number of the actions set out below. The ABI's role will vary depending on the size, scale and location of the event. The list below sets out the range of options which can be applied depending on the particular circumstances of the event:

- Monitor the scale of the event, collect statistical information from members on the number of claims received, the cost of claims and the industry response required and being delivered and progress being made by the industry to repair the damage.
- Provide authoritative source of advice, guidance and comment on insurance issues to the media, Government, local responders, customers and the public.
- Arrange for insurance representation at meetings of Gold, Silver and Bronze command meetings and on relevant recovery groups.
- Meet Ministers, MPs and others to explain the industry's position and facilitate meetings between members and key people.
- Facilitate meetings and teleconferences between members and CILA and the BDMA at senior levels. These meetings will allow the ABI and CILA to issue updates on key developments such as the number and cost of claims, what the industry was doing (e.g. pulling out all of the stops, contacting customers within a few days, visiting customers as soon as possible etc) and getting key messages out to the media.
- Arrange visits to affected areas by senior ABI, CILA and BDMA staff.
- Arrange for the insurance industry to be represented at community meetings in affected areas.

These options have all been used at some point following major events in the last few years and have proved particularly useful for customers, responders and the industry itself.

### Restoration, drying and repair networks and local companies

Insurers will often arrange restoration and repairs for their customers. The first priority for insurance companies when selecting restoration, drying and repair (building) companies to carry out work on customers' homes is to ensure that they have the resources and expertise



to provide what is needed to do the job properly. For this reason insurers have national contractor networks and panels of specialist restoration, drying and repair companies to enable them to react quickly to any event, wherever it occurs. Some on those panels will draw on local contractors, or will use subcontracted labour within the area.

#### What to expect from your insurer

Although the Pitt Report, which was produced to make recommendations to the Government and others to learn lessons from the 2007 floods, concluded that the insurance industry “responded well” to those floods, the industry has continued to learn lessons from its experiences in dealing with major events. Communication with customers is crucial after a flood and during the repair process. The ABI has, therefore, produced a comprehensive guide about what customers should expect from their home insurer after a flood. The guide can be found at:

[http://www.abi.org.uk/Publications/ABI\\_Publications\\_Responding\\_to\\_major\\_floods\\_What\\_to\\_expect\\_from\\_your\\_home\\_insurer\\_92a.aspx](http://www.abi.org.uk/Publications/ABI_Publications_Responding_to_major_floods_What_to_expect_from_your_home_insurer_92a.aspx)

#### Resilient repair

Flooded customers may also want to discuss with their insurer and loss adjuster how to repair their home using resistant and resilient methods, so that if it floods again there will be less damage. The ABI has produced a guide for customers on resistant and resilient which can be found at:

[http://www.abi.org.uk/Publications/ABI\\_Publications\\_A\\_guide\\_to\\_resistant\\_and\\_resilient\\_repair\\_after\\_a\\_flood\\_670.aspx](http://www.abi.org.uk/Publications/ABI_Publications_A_guide_to_resistant_and_resilient_repair_after_a_flood_670.aspx)

#### Working with local responders and communities

The ABI helped prepare guidance for local authorities and others tasked with responding to major events. The insurance section of the guidance can be found at:

<http://www.cabinetoffice.gov.uk/content/national-recovery-guidance-infrastructure-issues-dealing-insurance-issues>