



The Insurance
Institute of London
Chartered Insurance Institute

Crisis Management – Response, Recovery and Future Resilience

In association with Marsh

CII CPD accredited - demonstrates the quality of an event and that it meets CII/PFS member CPD scheme requirements.

This lecture and podcast count as 60 minutes of CPD and can be included as part of your CPD requirement should you consider it relevant to your professional development needs. It is recommended that you keep any evidence of the CPD activity you have completed and upload copies to the recording tool as the CII may ask to see this if your record is selected for review.





The Insurance
Institute of London
Chartered Insurance Institute

Chair

Adam Ross

Committee Member,
Young Members' Committee



Agenda

- 1 Introduction to the Presenters.
- 2 Consulting Solutions – What We Do.
- 3 Introduction to Crisis Management.
- 4 Lessons Emerging From COVID-19.
- 5 Examples/Case Studies.
- 6 Questions

Introduction to the Presenters



Matthew Couchman
Managing Consultant
ACII, Cert IRM

Matthew.Couchman@marsh.com



Cathy Cyphus
Managing Consultant
CBCI, Lead Auditor ISO22301, CISMP

Catherine.Cyphus@marsh.com



Holly Winter
Senior Consultant

Holly.Winter01@marsh.com

ABOUT CONSULTING SOLUTIONS

Introduction

Marsh Advisory

Marsh Advisory supports core insurance broking and placement activities.

Consulting Solutions:

- Work with clients across all major industries.



Tailored Risk Management Services

- Strategic risk assessment and maturity review.
- Review of compliance against statutory requirements and risk management objectives.
- Business Continuity Management programme design, testing, and maturity reviews.
- Organisational resilience review.
- Scenario testing to define potential risk exposures and assess insurance programme provision.
- Supply chain risk mapping and resilience review.
- Project risk management.
- Cyber Assurance: Evaluation of potential risk exposures and insurability review.

INTRODUCTION TO CRISIS MANAGEMENT

What is Crisis Management?



Crisis management is the development and application of the organisational capability to deal with crises.

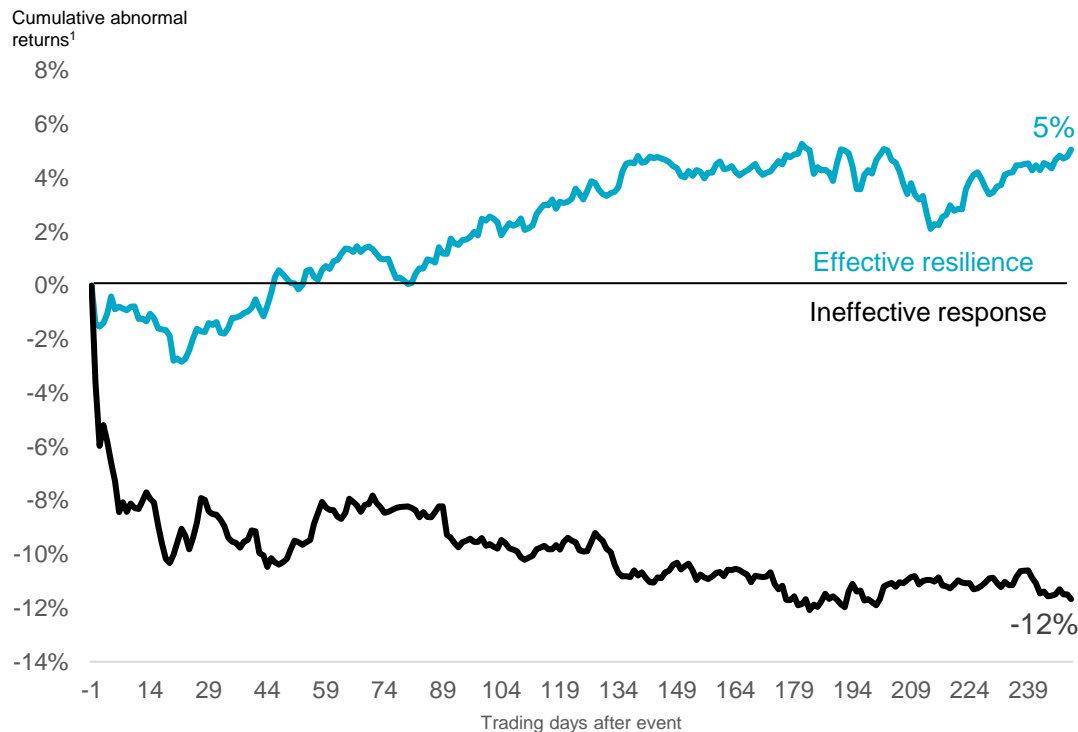
Good crisis management involves implementing fit-for-purpose and robust measures that allow an organisation to respond effectively and recover quickly.

Why is crisis management so important?

- No two crisis situations are ever the same. If a crisis is not managed effectively the impact could be severe, either financially or to the reputation of your organisation.
- By mitigating potential damage, organisations can reduce costs and create opportunities to enhance their reputation.

Why Invest in Crisis Management?

Crisis response can have a long-term impact on share price: acting early and effectively delivers long-term benefit for companies of all sizes.



Key success factors:

- 1** The strength of a leadership's response.
- 2** Swift, accurate, and transparent communication.
- 3** Attempts to conceal facts can have a major negative impact.
- 4** A flexible and agile supply chain.
- 5** Tested crisis arrangements.

¹The sum of the differences between the expected returns on a stock (using market model) and actual return of a stock for 70 recent corporate crises
Source: Marsh/Cranfield University 2018

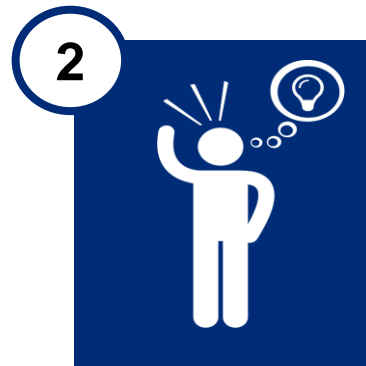
What Good Crisis Management Looks Like

Being crisis ready is about more than having a plan. It requires a thorough understanding of how an organisation works, the critical tasks it must perform, and the risks that might cause a disruption.

A good crisis response is characterised by:



Pre-event health



Post-event behaviour

Challenges Faced When Implementing Effective Crisis Management



Increased **complexity** of crisis events.



Rising **expectations**.



Growing **cyber exposures**.



Increased automation.

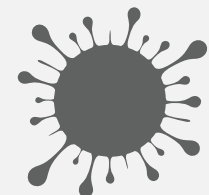


Increasing **costs and margin pressure**, trade off with resilience.



Heightened requirement for **assurance**.

The COVID-19 pandemic was unique as it was a slow creeping, unpredictable event that many organisations had not prepared for.



LESSONS EMERGING FROM COVID-19

The Global COVID Pandemic is a Crisis Unlike Any Other



Supply chains
unknown and/or lack
resilience.

Rapidly evolving
policy responses
which differ by country
and industry.

Unclear data and
inconsistent
projections for
epidemic and
economy.

Prior business
continuity planning
often unequal to the
challenge.

- **Prior resilience planning too narrowly focussed** relying too heavily on work area recovery.
- **Inflexible risk responses inadequate** for a rapidly evolving pandemic.
- **Critical decisions made without full data** availability or assessment.
- **Hard knowing when to bring resources back on stream** by country/sector/product.
- **Remote working making** it harder to maintain professional support networks.
- **Difficulty maximising the recovery** when future scenarios are so uncertain/volatile.
- **Challenges of communicating uncertainty** to staff with concrete plans.

Results of the Recovery Readiness Assessment

117

survey responses received
from industries including:



*Financial
Institutions*



*Government and
Public Bodies*



Charity



Manufacturing



*Education and
Research*



Retail

The average overall preparedness score received across all organisations was **68%**

Recovery Planning

was the weakest area of
preparedness, with an average
score of

63%

Return to Work Planning

was the strongest area of
preparedness, with an average
score of

73%

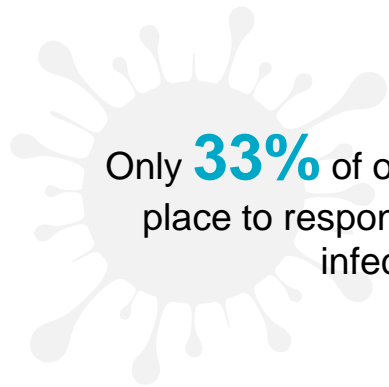
Business Restoration

in this module, organisations
scored an average of

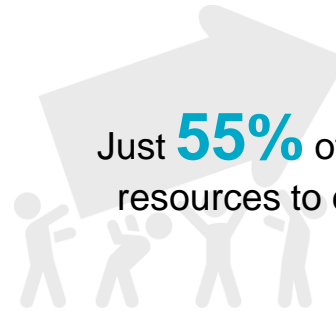
65%

Key Findings

Recovery Planning



Only **33%** of organisations have a plan in place to respond to a second/third wave infection scenario.



Just **55%** of organisations have prepared resources to execute their recovery plans.

Aspects of recovery included in plans:

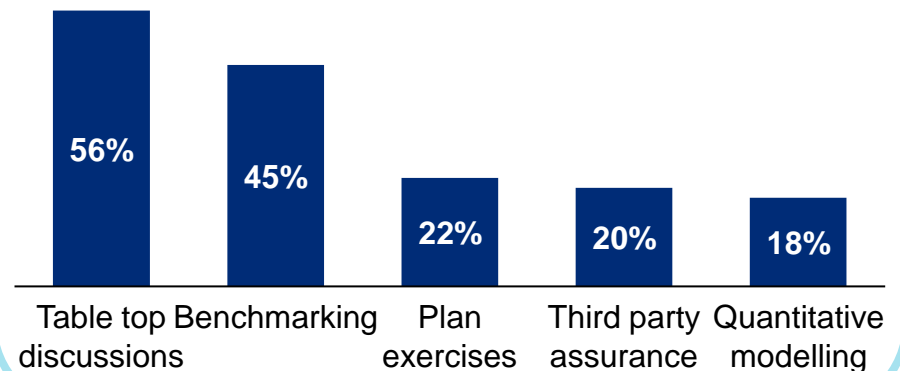


- Flexible working arrangements.
- Staff management.
- Cleaning and PPE requirements.

PPE: Personal Protective Equipment

Source: Marsh 2020

How organisations are stress testing their plans:



Key Findings

Return to Work Planning

MENTAL HEALTH

Only **55%** of organisations have a return to work plan that reflects the sentiment and mood of their workforce.

Just **53%** of organisations have sufficient resources to deal with a potential increase in support needed.



RECOVERY PLANS

Only **32%** of organisations have conducted an incident response team debrief.

Despite this, **31%** have already updated their response plans based upon lessons learnt.



Key Findings

Business Restoration

Financial Risk was ranked the **2nd biggest threat** to organisations.



68% of organisations have an understanding of how key financials might evolve.



Yet only **18%** of organisations have conducted quantitative stress-testing or modelling of their recovery.

How COVID-19 Will Shape Future Crisis Response



Greater understanding of the importance of information management.



Existing BC Plans need an overhaul.



Staff more concerned about getting to work than physically being there.



Remote working is not right for all roles, but many can function well.



Importance of IT Resilience and Cyber.



Greater focus on managing a crisis with empathy.

EXAMPLES AND CASE STUDIES

Organisations need a comprehensive approach to recovery



Oscillating lockdowns, variability by geography, and supplier readiness will complicate return.

Get in Touch

Matthew Couchman

Matthew.Couchman@marsh.com

Cathy Cyphus

Catherine.Cyphus@marsh.com

Holly Winter

Holly.Winter01@marsh.com

Beyond Risk Mitigation

Marsh is able to support our clients through risk transfer solutions.

For more information about these options, please get in touch with the relevant experts below:

Product Recall – Timothy Nash (Timothy.Nash@marsh.com)

Terrorism – Raj Rana (Raj.Rana@marsh.com)

Special Risks – Marc Hewitt (Marc.L.Hewitt@marsh.com) and Lucy Bradshaw (Lucy.Bradshaw@marsh.com)

QUESTIONS?