

## **ICAE's Catastrophe Survival Kit:**

*Mitigating the negative impact of a catastrophic event for insurance consumers*

### **Methodology:**

In April 2006, at ICAE's Chicago Spring Roundtable almost 40 insurance professionals, all experts in the area of consumer affairs, gathered to add individual input to ICAE's Catastrophe Survival Kit. Together, the group offered up top-priority issues, ranked the issues and then brainstormed sustainable solutions for the most important issues identified. Following represents their collective thinking.

### **Issues identified by priority:**

1. Internal and external communications during and after CAT event
2. Proactive planning pre-CAT
3. Staffing issues
4. Who's in charge/chain-of-command hierarchy
5. Establishing coalitions
6. Resource allocations: Human capital, technology, funding
7. Standardized reporting
8. Fraud
9. Continuity of operations

Due to time constraints, only the first three issues were fully discussed in terms of CAT Scenarios, CAT Solutions and Sustainable Strategies to implement those solutions. However, as the discussion evolved, it became manifest that two issues: 4.) Who's in charge/establishing chain-of-command hierarchy and 5.) Coalitions were subsets of issue 2.) Proactive planning pre-CAT.

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## **Internal and External Communications during and after a CAT event**

### **CAT Scenario**

By its very nature, the full impact of any catastrophic event cannot be fully anticipated. At a time when communications from corporations and organizations to consumers—and within an organization to process information from consumers—is at a critical juncture, the very infrastructure used for basic internal and external communications and information exchange may have been rendered useless due to electrical outages, equipment loss, and human movement (consumers and organizations dislocated).

### **CAT Solutions**

Because no one can definitively predict what technology can be used, and because of the potential displacement issues, the group determined that all forms of communications must be employed to ensure all stakeholders (government, media, clients, and other corporations) receive prompt, accurate messages when the communications technology infrastructure may not be usable.

To this end, the following communications channels and strategies are recommended.

### ***Sustainable Strategies:***

- Define audiences and target communications vehicles to specific audience. Identified audiences include:
  - External audiences
    - Consumers
    - Business partners such as banks and mortgage companies
    - Elected officials
    - Clearinghouses for medical information
    - Hospitals
    - Health insurance companies
    - First responders
    - Social service agencies
    - Media
  - Internal audiences
    - Staff
    - Corporate/organizational hierarchy
  
- Use every communications vehicle available; do not rely on traditional communications. Communications vehicles discussed include:
  - Coordination with organizations whose communications systems are intact including:
    - Red Cross
    - National Guard
    - Local services groups
    - Churches
    - Public arenas
    - Shelters
    - Disaster bureaus
    - Banks, mortgage companies or other corporations

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- Communications Vehicles:
  - Create concise communications pieces for all electronic media (see...pre planning)
  - Promote word-of-mouth and target messages
    - Create flyers to be distributed
    - Contract for flyovers with banners
    - Literature drops from airplanes
    - Contact displaced workers/retirees/clergy to physically get to individuals or large groups with consumer information
    - Contact public transportation (subways, buses)
  - Continue to update Internet/intranet
    - Email blasts for company contact information
    - Where possible, send staff to CAT area with laptops
  - Telephones and cell phones may still be working
    - Initiate pre-determined telephone conferences (see pre-planning)
    - Consumer cell phones may be working for a time—employ text messaging
    - Have every corporate/organizational phone mailbox issue a greeting to any caller that informs CAT-impacted individuals how to be reached or how to reach out
    - Equip staff with disposable cell phones to hand out to CAT-impacted consumers

### ***Resources available***

Additional resources are available to address the CAT communications issue. Identified resources include:

- *Disaster Tool Kit for Regulators, Property Casualty Insurers Association of America (PCI)*  
Developed by regulators and corporate officials who have been through recent disasters, this informational piece showcasing lessons learned is being vetted with departments of insurance and corporations. Contact PCI via its Web site at <http://www.pciaa.net/sitehome.nsf> to obtain more information.
- Departments of Health, state emergency management agency other state departments
- Many state departments, with assistance from Homeland Security funding, have established CAT communications systems. Tapping into those systems as a resource prior to a disaster is recommended.

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## Proactive Planning pre-CAT

### CAT Scenario

It was determined that anticipating CATs and generating solutions to the myriad situations that might occur in a CAT event would ultimately help insurance professionals provide outstanding customer service. The proactive planning solutions and sustainable strategies in this document are applicable to virtually any type of CAT—from a single-event CAT such as a tornado, to an ongoing, wide spread, and rolling CAT such as avian flu.

### CAT Solutions

Although some solutions recommended in the pre-planning category are sweeping, others are incremental that have the potential for big payoff in a CAT scenario. Organizational acceptance and implementation for proactive planning could have a significant positive impact on consumer services during and after a CAT event.

### ***Sustainable Strategies:***

- Modify applications for all lines of insurance to include:
  - Contact information, and
  - Information to let insureds know how they will be contacted during a CAT event.
- Create a catastrophe card (similar to health insurance or proof of auto insurance cards) that:
  - Includes emergency contact information for insurance carrier—possibly with, “in case of a disaster...” contact information (phone, email, U.S. mail, etc.),
  - Has the possibility of being a “smart card” to allow use of public phones,
  - Has insured’s data electronically encoded.
- Create an “800” number for CAT-impacted consumers to call to have one resource for insurance information. Advertise the number via agents, publications, and electronic media prior to CAT events (during sales calls, when receiving policies), and via all communications outlets available during and after the CAT.
- Anticipate alliances, build relationships and pre-position needs with organizations who usually respond in CAT situations (see Internal and External Communications during and after a CAT event strategies).
- Volunteer to spearhead a CAT coalition that would include business partners, insurance regulators, social services resources, and other corporations. Coalition to create and endorse CAT best practices, run disaster drills, and engage in problem-solving activities prior to CAT. Topics for coalitions\* to cover include:
  - Develop leadership hierarchy to ensure consistent communication
  - Initiation of media contact with coalition hierarchy in place
  - Sponsor safety weeks/catastrophe drills
  - Share best practices/innovative ideas for consumer education
  - Develop standards for individual and corporate emergency kits and distribution of same
  - Coordinate outreach activities for shared use of staff and communications in a disaster scenario while maintaining consumer privacy

*\*In the absence of a coalition, organizations should be reviewing these topics to plan for catastrophes.*
- Work now to establish or update all databases to facilitate communications in a CAT situation

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### ***Audiences for pre-crisis outreach:***

A wide variety of stakeholders were identified as potential audiences for pre-crisis outreach including:

- Consumers
- Insurance agents to cascade messages to clients
- Corporations
- DOIs
- Hospitals, emergency rooms
- Providers
- First responders
- Apartments or high-density living areas
- Condo Association management firms
- Realtors
- Churches
- Libraries
- School systems

### ***Resources available***

Additional resources are available to help organizations with proactive planning for CATs including:

- Institute for Business and Home Safety ([www.ibhs.org](http://www.ibhs.org))
- Florida, Texas and New York DOIs have established coalitions, have run drills and are generally considered to be a cohesive, well-oiled machine in CAT situations.
- National Association of Insurance Commissioners ([www.naic.org](http://www.naic.org))
- Data recovery businesses
- New York Department of Insurance has offered to share best practices information on IT solutions

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## Staffing Issues

### CAT Scenario

Three major areas were identified for staff in a CAT event:

- In a catastrophe, the need to get qualified staff to the scene is important to help start the recovery—yet the staff must have basic needs (food, shelter) handled to be of assistance to those who have been impacted by the CAT, otherwise they could be in the position of compounding the CAT.
- In some scenarios, the staff themselves may have been negatively impacted by the CAT (practitioners losing offices, corporate headquarters in disaster area, etc.). This severely diminishes the number of qualified individuals to go to the aid of others.
- The mental and physical toll on staff going to assist consumers in a CAT situation was identified as significant both during and after the event.

### CAT Solutions:

The full impact on corporate and regulatory staff who go into CAT situations is only partially explored here because the impact is only partially known. As with all scenarios, the elements of anticipatory pre-planning and flawless execution are critical to helping staff, consumers and organizations rebuild from a CAT.

### ***Sustainable Strategies:***

- Provide for staff on site by...
  - Creating self-contained housing within disaster area
    - Cruise ships
    - Self-contained recreational vehicles (contract for gasoline, propane)
    - Tent cities
    - Bunkers (in areas of high concentration of insureds, corporate headquarters)
    - Virtual offices
    - Contracts with hotel/motel chains on periphery
- Move adequate number of staff on site by...
  - Offering rewards including CAT duty pay and/or time off once operations are back to normal
  - Calling retiree corps into action; corporations and DOIs need to maintain a regional list of retirees and provide ongoing training to ensure readiness for CAT-event assistance
  - Use "almost ready" trainees or new associates who are deeply involved in the education/certification process but might not be totally certified—can serve as a cross-training mechanism
  - Collaborate with other corporations so that out-of-network providers, adjusters and inspectors can be used by site, not by organization
  - Identify and maintain a list of those with applicable training and deputize them (such as loss control inspectors) to augment staff.
  - Maintain accurate data bases of available staff (retirees, part time, independents)
  - Check with other regional insurers not impacted by the CAT to determine if staff would be available to augment impacted staff.
- Make staff more productive once on site by...
  - Waiving certain verification requirements
  - Allowing for cross-corporate assistance
  - Have specific business recovery policies and procedures in place, off-site data base resources

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- Mitigate the mental, emotional and spiritual toll for on-site staff by...
  - Making counseling not only available but mandatory
  - Celebrating the return of staff and the efforts of those who went the extra mile in any venue
  - Encouraging situations where talking and sharing experiences is the focus (speeches, focus groups on best practices, brown bag lunches)
  - Develop preventative training/education courses to help staff anticipate what might be their reaction to a CAT, and how to cope (encourage experienced staff to come talk as guest speakers)
  - Contract with mental health providers prior to CAT to help ensure readiness

### ***Resources available:***

Additional resources are available to address the staffing issues. Contact other insurers and DOIs who have recently worked through a CAT scenario.

### **Action plan:**

Any plan or kit on any topic is only as good as the implementation. ICAE urges insurers and regulators to make a commitment today to review and implement applicable strategies to prepare for the future.