

# PLANNING FOR ALL THE FUN AND GAMES

HELPING CUSTOMERS  
COVER ADDED RISKS IN 2012



From June to September 2012, the world's eyes will be focussed on sporting events and royal celebrations in the UK. While the influx of visitors and spectators from around the world will bring in significant revenue, there is also the potential to cause significant business interruption. Transport, road and rail services and utilities will all be under added pressure to deal with the complex logistics of a major global event.

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## Use this booklet to identify and cover the key areas of additional risk your customers should address prior to the Olympics in London.

It is vital your customers begin to prepare how they are going to handle the interruption to business as usual throughout July – September 2012 and consider the wider business implications a major sporting event will bring.

Businesses, their staff and visitors will all be vulnerable unless overall risk management procedures and protections are adopted, reviewed and where necessary reinforced to minimise business interruption.

As a valued risk adviser, you can be proactive in getting this message across and ensuring the right steps are taken so your customers can enjoy all the fun and games that this Summer will bring.



# Managing Suppliers

How can customers protect the service they demand?

From July to September 2012 it certainly won't be business as usual for deliveries and freight movement. With millions of spectators arriving in London and transport links congested, routes may be blocked, delays are virtually inevitable and overnight deliveries may become more popular.

Heavy congestion is also expected at ports with more traffic passing through, more freight and private vehicles. Products required on a "just in time" basis, and temperature sensitive cargoes could be susceptible to delays and even deterioration.

## Key risk - Subcontracting of transportation or warehousing

Transportation companies may be too busy to meet the demands of all their customers. Under their trading conditions are they permitted to subcontract work to others? The more links in the logistic chain, the weaker it becomes.

### SUGGESTED ACTION

Advise your clients to provide written instructions to their haulage contractor advising that any subcontracting of goods should only be given to legitimate, fully insured subcontractors.

Any specific instructions on delivery and handling of their goods must be passed on to subcontractors.

Should subcontracting of warehousing goods not be permitted, businesses should instruct logistics companies or warehouse operators in writing. Instructions should be given that any subsequent sub-contracting is not permitted and obtain written confirmation this will be adhered to.



### Key risk - Theft of goods

With overcrowded infrastructure and congestion within the south east of England, there are likely to be opportunities for thieves to take advantage of businesses being stretched. The scenario of drivers being approached by individuals purporting to be staff at the intended delivery address instructing drivers to deliver to another location, (even round the corner) should be a major concern to businesses. This is likely to increase where foreign drivers are delivering from Europe.

### SUGGESTED ACTION

Strict instructions should be given and acknowledged in writing to haulage contractors and delivery drivers to only deliver goods to the address stated on the delivery note.

This is particularly important when employing foreign haulage contractors with obvious language barriers. Delivery notes should state that the driver must contact their home depot for instructions if they are uncertain.

If early hours deliveries are to be made, ensure that there are adequate staff on hand.

# Motor Fleet Safety

## Key Risk - Safety of motor fleet drivers

### SUGGESTED ACTION

If company drivers need to take a break during hours of darkness, it should be in a well lit area preferably covered by CCTV. Vehicles should not be laid up at the perimeter, or against fences or trees. Re-fuelling of vehicles should also only occur on well lit forecourts with CCTV coverage.

Drivers should be encouraged to inform their home depot when vehicles are laid up and again when they intend to move off. There may be some resistance to this practice, but the safety of the driver, load and vehicle is paramount.

All access points to the vehicle should be secured and locked – even if the driver is in the cab. Drivers should also avoid laying up on industrial estates in the hours of darkness, or in any lay-bys at the side of the road. These are areas targeted by thieves.



# Underinsurance

The best policy is to be over-cautious

**Underinsurance is likely to be a major risk as businesses are likely to hold more stock for a major sporting event and may forget to inform their insurer, resulting in inadequate insurance coverage.**

## Underinsurance: Marine

The likelihood of underinsurance will also be higher due to greater levels of tourism and straining transport and utilities networks.

### SUGGESTED ACTION

- Ensure that regardless of where your customers products are stored, at their own facility or that of a third party provider such as a haulage company, there is an adequate limit under the policy.
- Generally haulage contractors and distribution centres do not make provision for insuring their goods. Any additional storage facilities that they have to use should be notified to their insurer, to ensure cover is in place.
- In addition service level agreements should be in place with key providers during major sporting events. It is unusual to see any insurance provision for missed sales attributed to the breaching of any service level agreement.



## Underinsurance: Property

Property Damage and Business Interruption cover  
– make sure it covers all eventualities

Many businesses will hold more stock, hire additional machinery and even extend normal working hours to take advantage of the opportunities 2012 is likely to present. But with the UK network likely to be overloaded, suppliers may not be able to meet their usual service level agreements.

### SUGGESTED ACTION

- Check that sufficient cover is in place including property limits and extensions. The Chartis Property offering includes optional extensions including Denial of Access, Specified Suppliers and Money cover.
- Businesses should consider whether they've a sufficient indemnity period in place for their Business Interruption cover. Rebuilding and repairs are likely to take longer in 2012.
- Has the business considered adding Terrorism cover? Even though there's increased risk, Chartis aren't increasing rates.
- Review the free Chartis risk insight documents on our Risk Engineering website [www.chartisinsurance.com/uk/riskinsight](http://www.chartisinsurance.com/uk/riskinsight)



Good News.

We're ahead of the games on this one

We are providing additional cover and providing wider limits from 27 July 2012 – 9 September 2012 for Commercial Combined policies

- 30% increase to stock items shown under Section 1 Material damage
- 30% increase to all money limits shown under Section 1 Material damage item 3 Money.
- 30% increase to the limit shown under Section 1 Material damage goods in transit
- Don't forget to check the limits are adequate on your customers' policies.

## Underinsurance: Public Liability

Don't get publicly exposed

**More people than normal gathering or working in public areas and buildings such as pubs, clubs and hotels can affect accumulation exposures. It is therefore important to be sure that insurance still covers what it needs to.**

### SUGGESTED ACTION

Check that your customers' public liability limits are adequate. An increased public liability limit may need to be considered to cover the following:

- Local councils may require for higher limits i.e. if a retailer put stands/boards on the pavement to attract passing trade.
- Contractors working in venues such as cleaners, mobile caterers.
- Increased volume of people in public places, hotels, shops, foyers. This also needs heightened awareness of 'duty of care' and Health & Safety responsibilities.

# Security: Money

Don't be left counting the cost

Cash is a primary target for criminals, and they will make determined efforts to steal it by forced entry or by using threatening force. Such theft can be opportunistic or carefully planned. Therefore any organisation which handles cash is at risk, and appropriate security measures should be taken.

## SUGGESTED ACTION

### 1. Assessment of the risk

Undertake risk assessments to identify potential risks and review the adequacy of existing security measures; this includes the existing arrangements and methods of cash handling, transit and storage.

### 2. Eliminating/ Reducing the risk

Businesses need to consider ways of eliminating and/or reducing the amount of cash on the premises; for example, by use of electronic transfer, more frequent banking, the use of secure internal cash movements, or the use of a cash and valuables in transit company.

#### Where staff are undertaking cash in transit:

- Ensure that the route and time of transit is varied.
- Use proprietary cash carrying bags.
- Equip staff with personal attack alarms.
- Conduct self-inspections at the end of each day to ensure that the premises are fully secured and security alarms are properly functioning.

### 3. Risk Control

The overall security should be reviewed for adequacy including physical protection to the site and the building plus the level of electronic security in the form of intruder alarm and CCTV protection.

For further security guidance visit [www.chartisinsurance.com/uk/riskinsight](http://www.chartisinsurance.com/uk/riskinsight)



## Environmental Risks

Don't let the consequences be damaging

**Some businesses may be stock piling bulk fluids such as fuels, chemicals and liquids for production because of concerns over supply. So there is a potential for environmental exposure due to increased chances of spills and seepages from sheer bulk or through pressure on pipes and tanks.**

Increase waste or waste products or just a build up of waste through an inability of carriers to keep up with disposals can lead to on-site management issues and a greater risk from seepages and spills into the environment.

### SUGGESTED ACTIONS

Check that current insurance policies would respond in case of an environmental incident not only from a sudden & accidental event but from a gradual pollution event.

Do you know if your customer is covered in case they cause an incident falling under the Environmental Damage Regulations through the operation of their business or through the transportation of their goods?

Find out more by visiting this link to our Environmental Insurance Programme:

[www.chartisinsurance.com/uk/environmental](http://www.chartisinsurance.com/uk/environmental)



# Business Continuity Planning

Make sure it's put to the test

**Your customers Business Continuity Plan (BCP) must be tested and updated on a regular basis to ensure its effectiveness in the event of an incident and its continuing relevance to the business.**

**There are 4 key types of BCP test that you and your customers can do:**

## **1. Plan review**

A plan review is similar to an audit of the BCP and involves the BCP team discussing/reviewing the plan to determine if any elements are missing or inconsistent. This type of test is also very useful for training new members of the BCP team.

## **2. Very simple test:**

A simple test would include testing the activation of the staff call tree, checking of suppliers/customers details and other contacts etc. This ensures all relevant details are kept up to date. Whilst this is a practical test it is limited in its extent.

## **3. Desk top test:**

Desk top exercises involve all the crisis management team plus an observer(s) being gathered together in a meeting room, where they are presented with a specific disaster scenario and are asked to use the BCP to simulate dealing with it.

During the test, the circumstances of the scenario can be randomly changed as the team's responses develop, to assess how they react and adapt to a changing situation. Desktop tests enable the company to determine if the BCP team members know their duties or whether further training is required. They also enable the effectiveness of the BCP to be assessed and help identify any errors or inconsistencies.



#### 4. Simulation

Simulation tests are the closest thing to actual invocation of the BCP and are therefore the most effective in determining if it will work as expected in a realistic situation. The team is provided with a scenario and they actually follow the procedures developed in the BCP and use the resources allocated to deal with it. For example, use of a separate disaster recovery site, use of alternative equipment, or use of services from a third party or buddy site.

These tests can involve sending teams to other locations e.g. to restart technology or business functions. This type of test should identify any staff concerns with regard to their role/nature of their role, any missing or insufficient resources and any errors or omissions in the BCP.

#### Deciding which test to carry out

Testing should be prioritised by starting with the plan review then moving on to the very simple and desk top testing. The final more complex simulation testing should only be undertaken when the other tests have all been completed successfully.

Regardless of the type of test undertaken it is important to keep the scenario plausible and relevant and small scale issues are often just as useful, when testing the BCP as large scale disasters.

For further insight visit:  
[www.chartisinsurance.com/uk/riskinsight](http://www.chartisinsurance.com/uk/riskinsight)

## Have you also considered?

As well as the more obvious areas covered in this guide, there are other less obvious issues that might come to the fore as a result of events in the UK from July to September 2012.

### Excess of Loss

Chartis will provide Excess of Loss for Public, Products and Employers Liability up to a £70 million capacity. Included as standard in the policy cover:

- Built in Medical Case management for victims (both employees and third parties) of a major accident that could breach primary limits - designed to reduce the costs by delivering the right medical treatment and helping people back to work.
- Up to £100,000 Crisis management consultancy services after a major incident to provide professional and consistent internal and external communications such as press releases, public relations, staff communications and media interviews which helps protect the company during the crisis.

### Business Travel:

Will the senior sales staff and directors be attending corporate hospitality? Your customers may not have previously considered business travel or if they already have cover, ensure it's adequate.



Whether its during major events or simply to protect 'business as usual', the best place to start is Chartis. We provide commercial insurance products and services to a full spectrum of enterprises all around the world – from large, multinational, and mid-sized companies to small businesses, entrepreneurs, and non-profit organisations.

ACCIDENT & HEALTH

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AEROSPACE

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COMMERCIAL COMBINED

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CRISIS MANAGEMENT

---

ENERGY

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ENVIRONMENTAL

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FINANCIAL LINES

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LIABILITIES

MARINE

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MERGERS & ACQUISITIONS

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POLITICAL RISK

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PROPERTY

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PRIVATE CLIENT GROUP

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RISK MANAGEMENT

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SURETY

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TRADE CREDIT

To help your customers plan for the fun and games this summer, contact your regional Business Development Manager for further information.

#### BELFAST

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