

GAB Robins

Surge Update



May 2011

Current Surge Plan Status: GREEN

Rising to the challenge

December 2010/January 2011



May 2011



Both images courtesy of the Daily Mail

In just over four months, we have moved from sub zero temperatures, heavy snowfall affecting most of the country, and record levels of freeze related claims, to the driest and warmest April on record. The fine weather has continued into May with resultant problems caused by the lack of rain and high temperatures.

Farmers are complaining about lack of rain affecting crops with potential increases in food prices as a result. There is always the possibility of continuing dry weather affecting moisture levels in the ground with the prospect of increased subsidence claims, low levels of water supplies in the reservoirs etc.

In England, heath and forest fires flared up in the Peak District, parts of Norfolk, Berkshire and Dorset. Even the Highlands of Scotland experienced several serious forest fires, with resultant strain on resources and fire fighters.

Despite some rain spreading to most areas over the past few days this has resulted in little impact as many fires continue to burn. England's largest forest fire in Swinley forest, Berkshire, could continue to be a danger until the end of the summer said one of the senior fire fighters involved. The rainfall over the weekend failed to extinguish the fire completely.



“2010 was the coldest year since 1986, and ranked as one of the sunniest and driest.”

“April 2011 - the average UK temperature was 3.7 °C above normal meaning it was the warmest April on record since 1910. In central England, it was the warmest April for over 350 years. It was also the 11th driest month, with on average half the usual rainfall.”

“The UK average temperature in April 2011 was 10.7C, exceeding the previous warmest April on record of 10.2C in 2007.”

“Despite the snow it was a drier-than-average winter, the dry April followed a dry March, which saw less than half of the normal rainfall falling across the UK.”

Whilst most of us continue to enjoy the fine weather, our adjusters and teams in the Service Centres, continue to work on the outstanding freeze related claims, many of which were substantial and will involve many weeks of drying procedures and remedial works before they can be concluded.

Managing the Surge

In a 'normal' winter, we expect about 40% of the claims we receive to relate to escape of water or freezing.

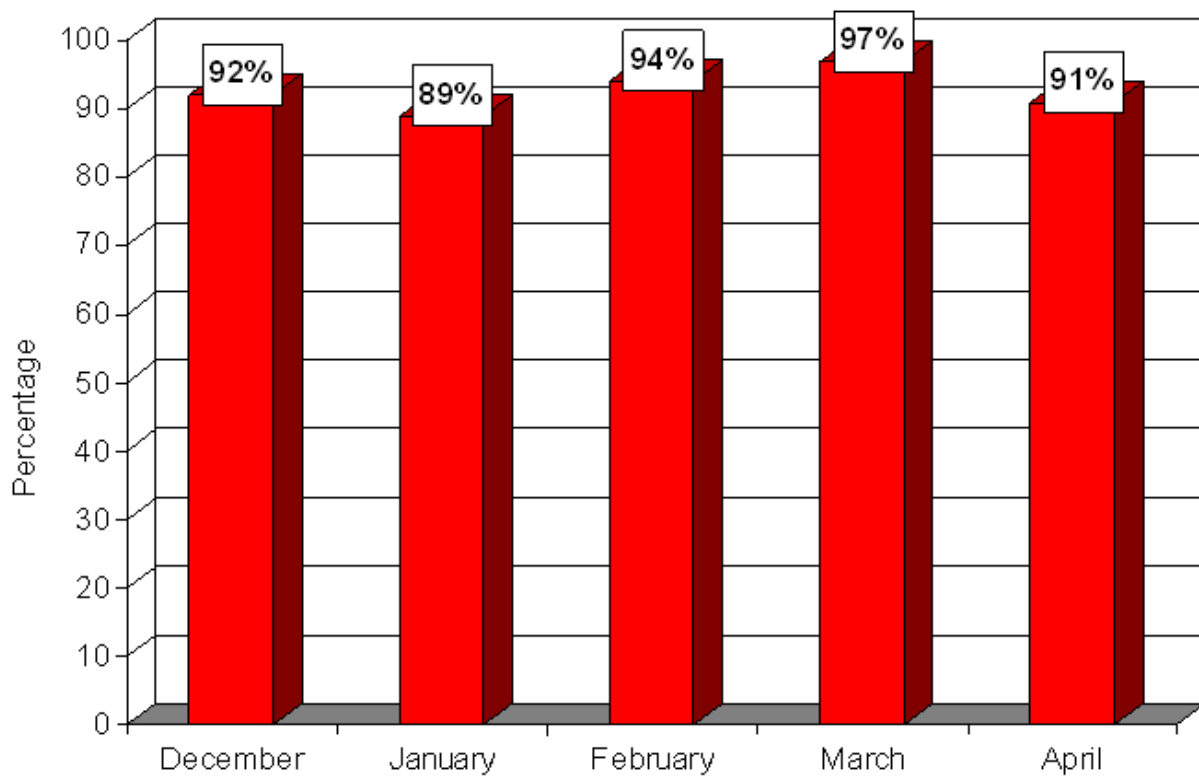
In the 'surge' period from 23 Nov 2010 to 23 Feb 2011 the proportion of escape of water / freezing claims increased to 65% of the total claims received - accompanied by no reduction in the number of other types of claim received.

As a result, during the nine-week 'surge' period GAB Robins received more than double the normal volume of claims, and in the week before Christmas, three times the volume of claims we would normally expect to receive.

Despite these massive volumes, together with other challenges like the snow and ice on the ground through December, we were able to contact over 70% of the customers within the various Insurer SLAs.

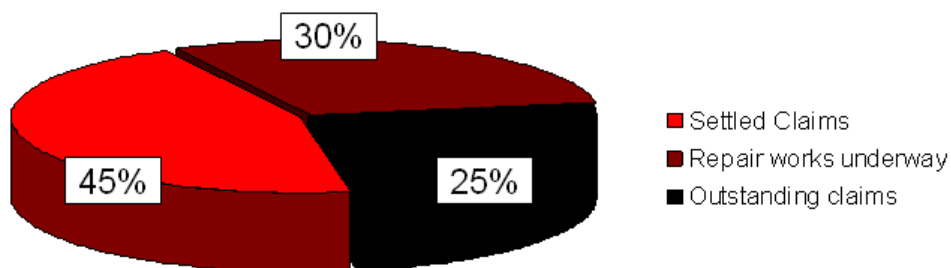
Visiting customers was more challenging because of the conditions, but we were able to carry out site visits on 50% of cases received within 7 days and 78% within 14 days.

Feedback from our independent customer surveys indicated an average of over 90% of policyholders were satisfied with the speed of contact and the convenience of appointments made with them in response to the following: **Agreement with statements: The appointment was made promptly at a time convenient for you?**



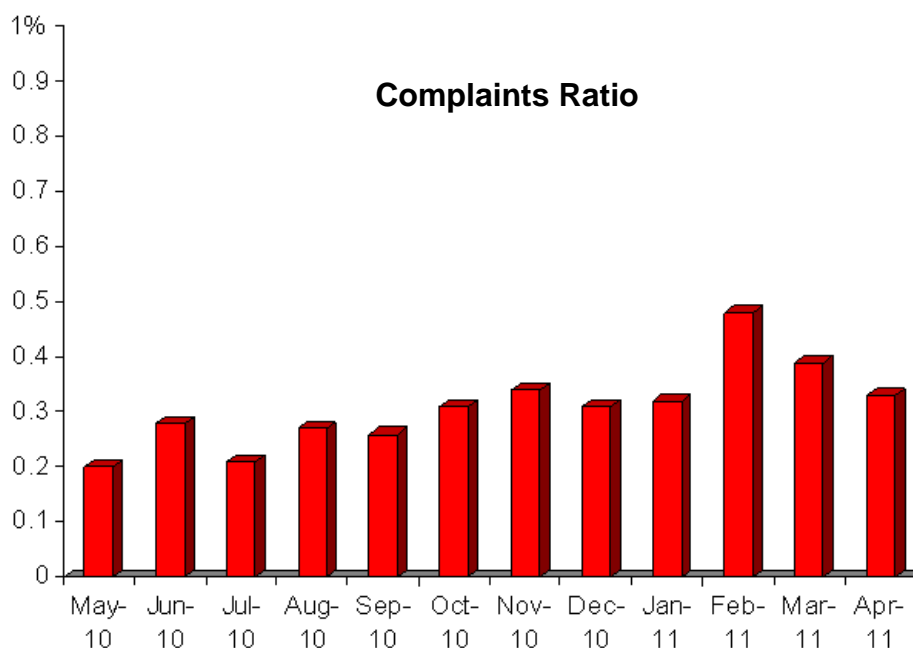
To date we have settled 45% of the freeze claims received. Over 50% of those remaining have repair or replacement works underway.

We expect that a further 30% of the total losses will be completed by the end of June 2011.



Whilst we experienced an increase in the number of complaints in this period as we predicted, given the high volumes, the ratio of complaints to work in progress did not increase substantially during the months when we received the highest intake.

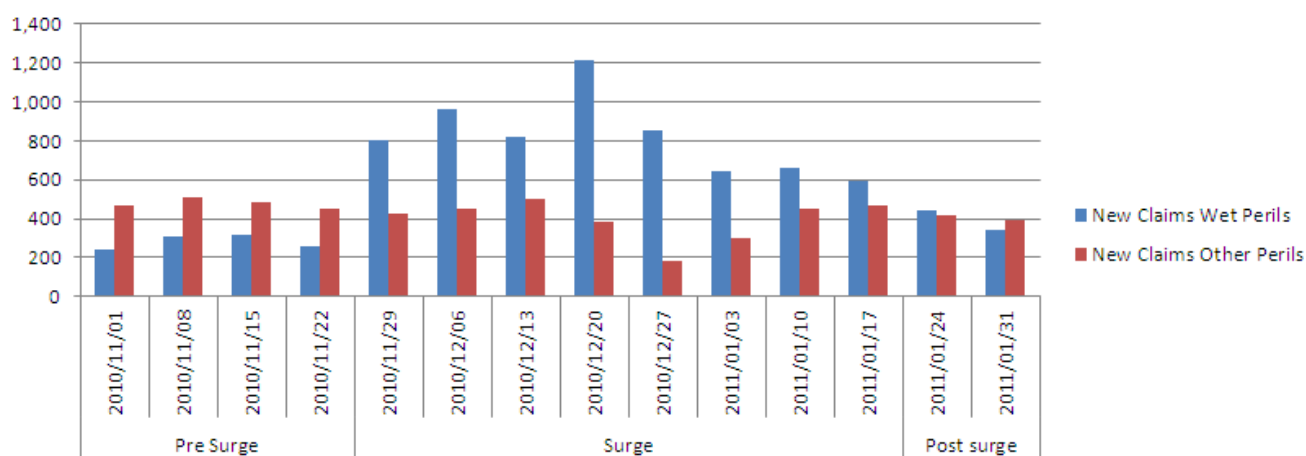
We monitor this by looking at the proportion of complaints to outstanding claims on a monthly basis as shown on the graph below:



This shows the peak of complaints was in February, and most of these related to inevitable delays, but we now have this under control and are now close to pre-surge levels.

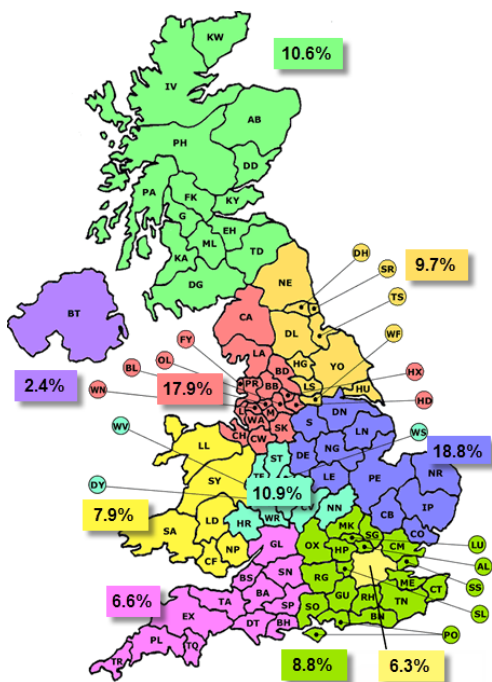
We consider this to be an exceptional achievement given the volume of claims, the inevitable delays caused by the weather and the workloads of our staff at the time.

The chart below illustrates the levels of claims received both pre and post surge, with current levels now falling back to what might reasonably be expected at this time of year.

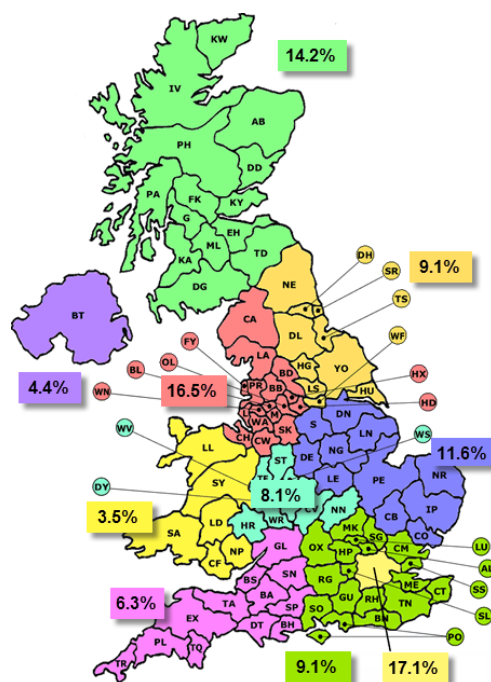


We provided you with an indication of average claim values and geographical spread of claims in our Surge Bulletins throughout December- February. We have analysed the statistics for the 'surge' period and have produced the following postcode analysis. This illustrates the areas giving rise to the largest volumes of burst pipe claims, divided between both commercial and domestic losses.

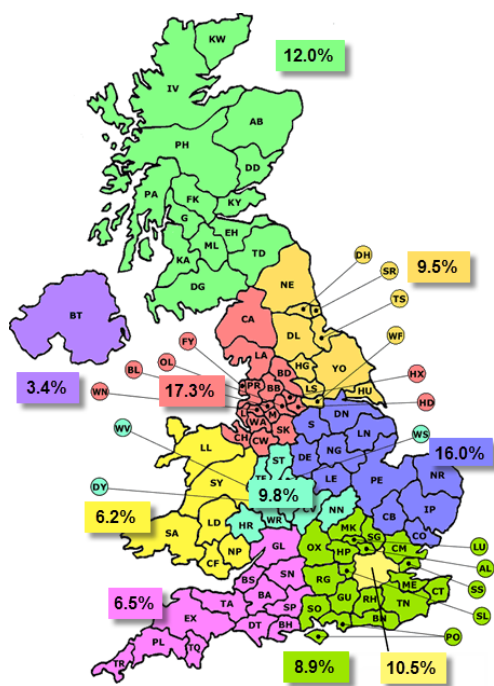
We have also added an analysis of average claim values by region. Please note this excludes any large losses, (ie those over £100,000) which would distort the averages but it does provide a useful insight into the average size of losses and the areas most affected. For the purpose of this exercise we have used data from the 'surge' period 23 Nov 2010 to 23 Feb 2011.



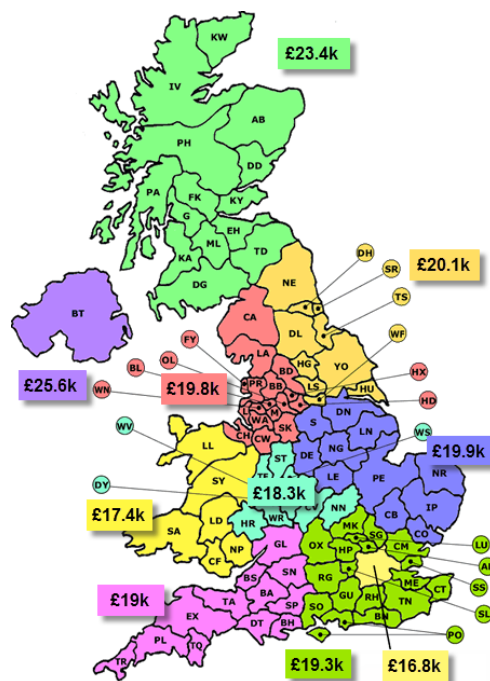
GAB Robins Freeze Claims Household Claims - % by Region



GAB Robins Freeze Claims Commercial Claims - % by Region



GAB Robins Freeze Claims All Claims - % by Region



GAB Robins Freeze Claims All Property Claims - Avg Values by Region Overall Avg Value = £23k

Current Activity

We remain very focussed upon concluding all outstanding freeze claims in order to minimise the impact on your customers and control overall claims spend. We have detailed below the key activities driving our progress towards this objective:

- Our claims teams and adjusters are focusing on reducing the work in progress back to normal levels.
- All surge claims are reviewed weekly to establish whether any additional activity is required to move the claims to conclusion.
- Updates are being provided to insurers and policyholders with an indication of estimated timescales for both completion of remedial works and settlement of these claims.
- Reserve movements are being closely monitored and scope of works and building costs, in particular, are scrutinised very closely.
- We expect to have settled between 75% and 80% of outstanding freeze claims by the end of June.
- Those remaining outstanding after this time will largely relate to much larger losses with accompanying business interruption claims.
- We are reviewing our Surge Management Plan to ensure that any improvements can be incorporated taking into account all lessons learnt from this surge.
- As our plan is updated and improvements incorporated, we will share these with you prior to the next surge!
- We have received some excellent feedback from our clients in relation to our surge performance. We acknowledge that there were occasions when we struggled to cope with the huge volume of work, to meet SLAs and the expectations of your policyholders, but overall we are extremely proud of the way our staff rose to the challenge and worked tirelessly to handle the claims and assist policyholders in every way possible.

We have received some very positive feedback from our clients following the first of the post-surge audits, which is always very welcome.

"This was an excellent performance - particularly in view of the surge event during this review period"

"Overall this was a very pleasing review given the surge"

"The files reviewed had been settled during a surge event and the auditors were pleasantly surprised"

It is too early to predict with any accuracy how the weather will develop over the summer months. Early indications are that weather that is more changeable is on the way but that the south of England may remain drier than normal throughout the summer.

Such conditions may increase the likelihood of clay shrinkage problems in the south with the possibility of an increase in subsidence claims, but we are monitoring conditions regularly throughout the coming months.

If you have not received a copy of our Subsidence Prediction bulletin and would like to receive the monthly updates, please contact me and I will arrange for you to be placed on the mailing list.

The current Subsidence Surge Risk is assessed as **Low**
Amber



As always, feel free to contact me, or your Account Managers, with any queries you may have.

George Bentley

Client Services Director
GAB Robins UK Ltd
35 Great St. Helen's
London EC3A 6HB

Mobile: 07801 036961

Email: george_bentley@gabrobins.co.uk