

GAB Robins

Surge Bulletin



13th January 2011

Current Surge Plan Status: Red

Localised flooding possible as heavy rain spreads across UK



As temperatures throughout the UK rise well above the seasonal norm, the unpredictable nature of our weather continues to cause concern. Heavy rain, particularly in the South West and Wales has brought a risk of localised flooding and, as the rivers swell, the Environment Agency has issued 10 flood warnings already.

The weather is causing mayhem in many countries around the world, particularly Australia and now Brazil. As Queensland counts both the human and financial cost of the devastating floods, Brazil too has suffered major flooding along with destructive mud and landslides following exceptional levels of rainfall.

The cause of these devastating weather events is considered to be the powerful La Niña that is also thought to have been responsible for the severe weather in the UK since late November. The unusually cooler water in the Pacific has disturbed the jet stream, which has moved away from its normal route this winter and helped keep the UK trapped in freezing conditions. It is possible that surface winds will soon return to a more normal, warmer, south-westerly direction as the jet stream moves position.

Such conditions are likely to bring heavy rainfall to many areas in the UK, accompanied by gale force winds as we move into the weekend.

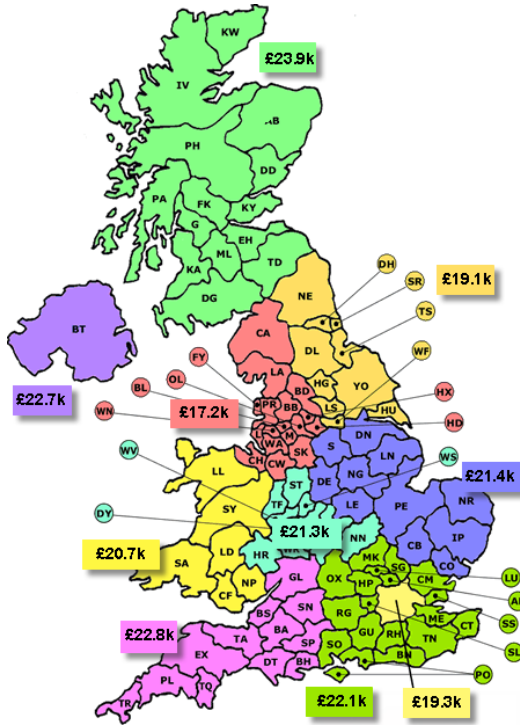
Despite the weather, our adjusting and service centre teams will continue to work through the weekend, dealing with the continuing high volumes of freeze related claims. Whilst incoming numbers have reduced considerably, we are still receiving large numbers of burst pipe/escape of water claims. Such claims are still accounting for over 50% of our daily intake.

Current Activity

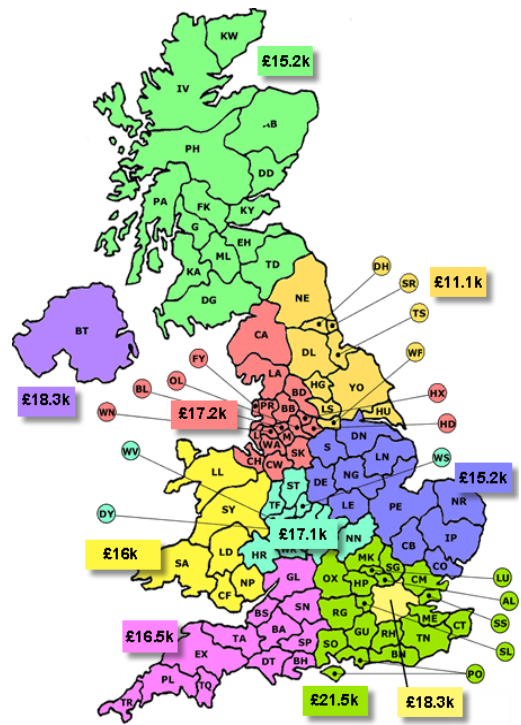
Whilst the high intake of freeze related claims continues, we are now able manage the volumes largely within normal service standards, with the exception of some areas of the North and East Midlands where the highest levels have been received.

- 65% of all claims received since late November have been freeze related – predominantly burst pipe and escape of water claims.
- 73% of burst pipe claims received have been domestic claims with 27% commercial.
- Approximately 95% of all cases received since the start of the surge on 23 November have been visited or appointments arranged.
- We are able to make contact with all policyholders within 24 hours and immediately for particularly urgent cases. Those who cannot be contacted by phone after several attempts will receive a contact letter.
- Weekend working will continue until intake returns to normal levels and all freeze related policyholders have been visited at least once.
- As long as the percentage of freeze related intake remains high we will continue to operate under our **red** surge status.
- Subsequent visits following drying periods are now also taking place as we agree the level of remedial works required.
- Supplier capacity remains stretched but we are able to source appropriate drying kit where needed.
- Our BRICS contractors have no capacity issues and are able to immediately take on repair works in all areas.
- Additional staff have been recruited for our Service Centres to handle the large volumes of telephone traffic and administrative tasks resulting from the surge claims.

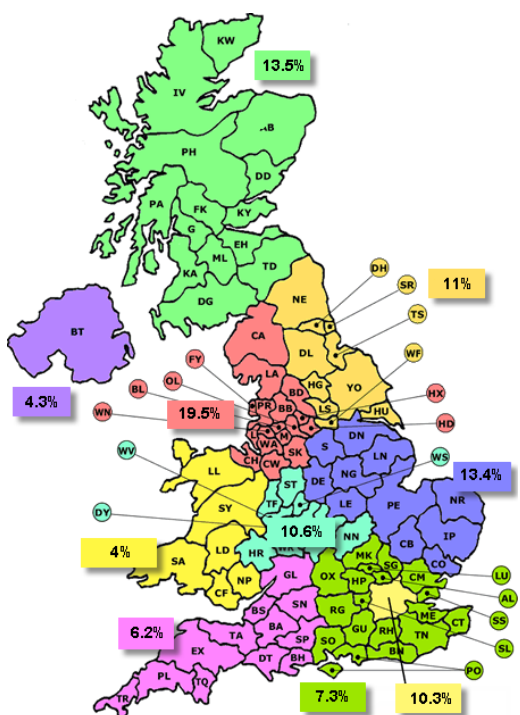
A postcode analysis of the areas giving rise to the largest volumes of burst pipe claims is as below, split between both commercial and domestic losses. We have also added an analysis of average claim values by region. Please note this excludes any large losses, (ie over £100,000) which would distort the averages but it does provide a useful insight into the size of losses.



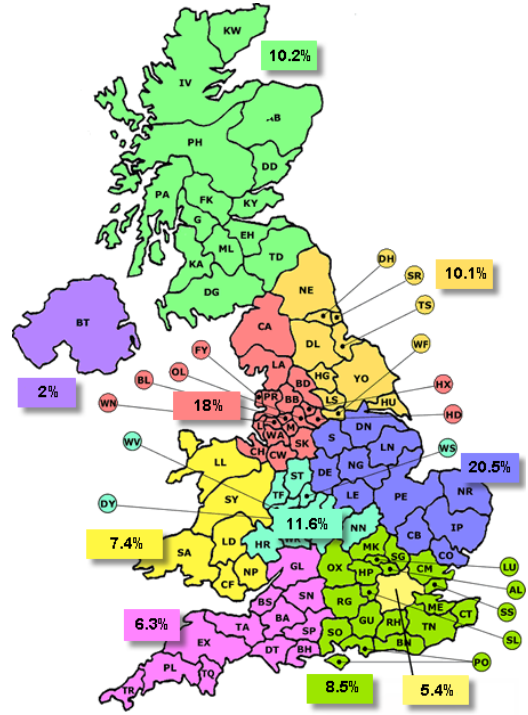
GAB Robins Freeze Claims - 13 Jan 2011
Commercial Property Claims - Avg Values by Region
Overall Avg Value = £20.8k



GAB Robins Freeze Claims - 13 Jan 2011
Household Property Claims - Avg Values by Region
Overall Avg Value = £16.6k



GAB Robins Freeze Claims - 13 January
Commercial claims - % By Region



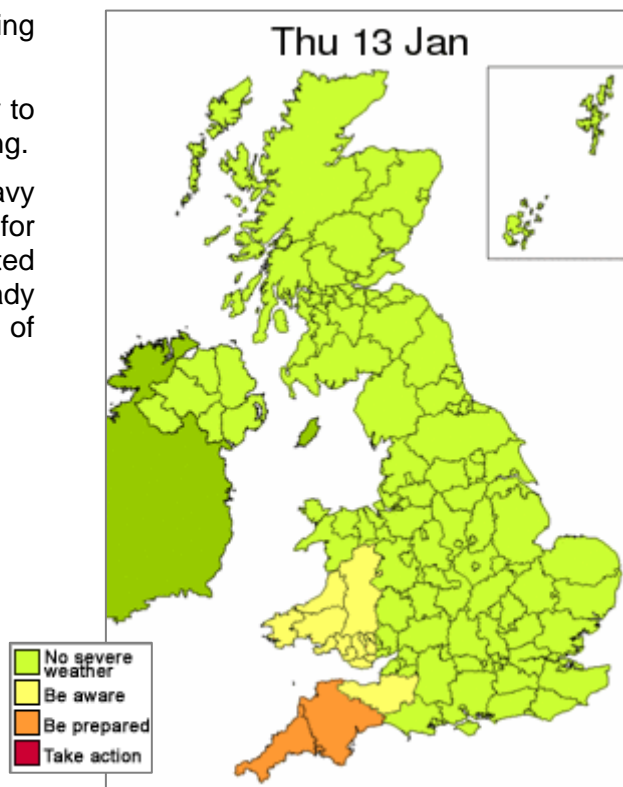
GAB Robins Freeze Claims - 13 January
Household claims - % By Region

Expected Activity

Our Met Office partners have issued a weather warning for the South West and some parts of Wales.

Further rainfall totals of 15 to 25mm of rain are likely to fall in these areas which may lead to localised flooding.

The forecast for the next few days is that further heavy rain will be accompanied by strong/gale force winds for many areas with possibly up to 50mm of rain expected over higher ground. This rain will fall on already saturated ground with resultant localised risk of flooding continuing into next week.



We will continue to issue bulletins as and when required but will also provide insurer specific data and information about incoming claims, progress with visits and reserving, etc via the usual channels. We will also provide details of any particular issues or consistent noteworthy features of the burst pipe and escape of water claims.

Please feel free to contact me or your Account Managers if necessary.

George Bentley

Head of Client Services

GAB Robins UK Ltd

35 Great St. Helen's

London EC3A 6HB

Mobile: 07801 036961

Email: george_bentley@gabrobins.co.uk