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New Generation Group Report

The background of the page is a collage of three images. On the left, a rioter in a black helmet and blue uniform is shown. In the center, a woman with long brown hair is being held back by a rioter wearing a green balaclava and sunglasses. On the right, a firefighter in a yellow helmet and gear is using a hose to spray water on a building. In the bottom right corner, a construction worker in a green hard hat is visible.

Riot Compensation Claims: Meeting Future Challenges

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We do this through the provision of insightful leadership, relevant learning and an engaged membership.

This report forms part of our programme of insight – delivered with and on behalf of the profession – to drive positive action in support of society's experience of insurance.

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The Society of Claims Professionals

This report has been produced on behalf of the Chartered Insurance Institute's Society of Claims Professionals which has over 9,000 members and which encourages and promotes progression to qualified status and the maintenance of good practice, the highest standards of competence, expertise and professionalism for staff at all levels of experience. The Society, which has an advisory board made up of key market practitioners provides members with a host of relevant and timely information in a range of formats, covering high level research, technical and legal developments, through to topical debates and seminars – all designed to keep you up to date with your chosen area of expertise through market relevant CPD offerings.

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Contacting the CII

If you have any queries regarding the content of this report please contact Matthew Connell, Director of Policy and Public Affairs, CII (email: matthew.connell@cii.co.uk).

Disclaimer

All authors named contributed to this report in their own personal capacity. The views expressed are their own and do not necessarily represent the views of their respective employers or the Chartered Insurance Institute.



INVESTORS
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Welcome

This report represents the thoughts and ideas of the members of the Chartered Insurance Institute's Claims Faculty New Generation Group 2016 who were challenged to identify a project of their own choosing that they felt could help drive change in the insurance profession for the ultimate good of customers. And the project they eventually chose, and the quality of the output they have since created, should certainly, should it ever need to be used, do that and make a difference to the lives of many people across the UK.

The group, working in their own time, have not only been able to pool the insurance market's vast knowledge on how to deal with claims and distil it into a hands-on, practical guide for use by the policing authorities across the UK in the event of a riot, but have also, through their work with the Home Office and their research, identified some key recommendations for improving the UK's response to any future riots.

The Riot Claims Best Practice Guide which accompanies this report is an impressive piece of work; it sets out the core procedures and technical guidance for handling of Riot Compensation claims in great detail and has been developed in line with an overarching claims philosophy. It will be accessible on the Home Office's website and should it ever need to be used, it will, I am sure, enable victims to be treated and compensated fairly, promptly and compassionately.

The recommendations within this report are ones that I also hope are heeded and followed up. They include a commitment to regularly review and update the guide, views on the formation of a potential Riot Claims Bureau, the adoption of interim payments to victims and a strategy on the use of social media.

The New Generation Group were challenged to make a difference to customer outcomes – and whilst the focus for their work is not insurance customers per se but the wider public, this project certainly will achieve that and all in the public interest.

Ant Gould

Director of Faculties (2011-2018)



Foreword

Riots are rare events in Great Britain. The riots in August 2011 took everyone by surprise: the government, the police, local authorities, the insurance industry, most of all those whose properties and businesses were badly damaged in the riots. The Riot (Damages) Act provided for the police to compensate the victims of the riots but it had been enacted in 1886. It was long out of date and it did not work well for those who had to administer it, still less for those who claimed compensation.

The new Riot Compensation Act 2016 brought the legal rules for compensation up-to-date. We hope that there will be no repeat of the 2011 riots and that the new rules will not be needed. But, if they are, those responsible will need practical guidance on how to make them work more effectively and more quickly. The Riot Claims Best Practice Guide published with this report aims to provide that guidance and I welcome its publication.

I carried out an independent review for the Home Secretary in 2013 of the Riot (Damages) Act 1886 and of its administration in the aftermath of the 2011 riots. Many of my recommendations for changes in the law were implemented in the Riot Compensation Act 2016. Other recommendations addressed the ways in which the police authorities and the government had dealt with the administration of compensation. It was clear that a good practice guide would be needed to help those handling similar issues if there were to be further riots, and to ensure a much speedier and simpler process for those claiming compensation.

I was very pleased to hear that the New Generation Claims Group of the Chartered Insurance Institute's Society of Claims Professionals had taken on the task of preparing guidance for handling claims in the event of future riots. It is clear from this report and from the Best Practice Guide that they have set about the task with enthusiasm and with a full commitment both to understand the problems that affected the handling of claims after the 2011 riots and to ensure that the compensation process will work very much better if it is needed in future. I hope that the police authorities and the government will find it most useful in planning for the possibility of future riots and that those who might be involved in supporting claimants in the future, including Citizens Advice Bureau and the Federation of Small Businesses, will look carefully at the guidance.

It is unusual both to welcome a report and to hope that its recommendations will never need to be acted upon. We must hope that we do not again see riots on the scale of 2011, or on any scale. But, if they should occur, the Riot Compensation Act 2016 and this guidance should make sure that the compensation process works very much better the next time.

Neil Kinghan

In August 2011 much of the country witnessed five days of widespread, uncontrolled rioting causing hundreds of millions of pounds worth of damage. The unique nature of how those affected by rioting receive compensation has now been updated for the modern day with the Riot Compensation Act and we are delighted to support the CII Society of Claims Professionals New Generation Group's work to produce this important guidance to help ensure the claims process, in line with the new legislation, is well understood and runs as smoothly as possible.

Insurers and the ABI have been central to the Government's designs for a new system from the start. Our role is key to ensuring the compensation process works well for home and business owners, enabling them to recover and get back on their feet as quickly as possible. Our experiences of the previous archaic rules under the 1886 Riot Damages Act were vital to arguing for reform post-August 2011 and this best practice guidance now sets out clearly, for the first time, the core procedures and philosophy for the handling of riot compensation claims under the new legislation.

The proposed establishment of a Riot Claims Bureau for larger scale riots, the use of interim payments and the option for Police Authorities to delegate authority for smaller payments to loss adjusters should help enormously with achieving an efficient and well-managed claims process.

Riots in the UK are rare thankfully, but when they do occur their impact on communities can be devastating, meaning it is all the more important that the compensation process works well. I would urge all those involved in this process to take note of the Best Practice Guide and draw on the principles that it outlines for handling incidents of riot damage in the future.

Mark Shepherd, Assistant Director, Head of Property, Commercial and Specialist Lines, Association of British Insurers

CII New Generation Claims Group

The Chartered Insurance Institute is the leading professional body for insurance and financial services, and aims to promote higher standards of integrity, technical competence and business capability across the industry.

The annual CII New Generation Programme takes about 40 CII members representing broking, claims, underwriting and the London Market, and tasks them with challenging and improving current practices within their sector, and making a positive impact on the insurance profession as a whole. The year-long programme is designed to develop leadership skills and complement and strengthen each member's professional development and market awareness and, as part of the programme, each New Generation group is challenged to identify a project of their own choosing that they feel could help drive change in the insurance profession for the ultimate good of customers.

The CII New Generation Claims Group 2016 has worked closely with the Home Office and other key stakeholders to develop a guide for handling claims under the Riot Compensation Act 2016, which is intended for use by policing bodies responsible for paying compensation, a Riot Claims Bureau (if formed following a riot), or loss adjusters acting for the police. This report sets out the approach taken by the Group, the rationale and recommendations for the operation of riot compensation claims in the future. They do not necessarily represent the views of the wider CII.

Any query regarding the CII's New Generation initiative can be discussed with Matthew Connell, Director of Policy and Public Affairs, CII (email: matthew.connell@cii.co.uk).

The members of the CII New Generation Claims Group 2016 are:

- Tristan Davison ACII
- Katie Dobinson ACII, Chartered Insurer
- Simon Forsdick ACII, Chartered Insurer
- Patrick Hayward ACII
- Adrian McAndrew Dip CII
- Michelle Peters ACII, Chartered Insurer
- Gavin Strathearn BAcc (Hons), ACII, Chartered Insurer
- Jenny To BA (Hons) ACII, ACILA
- Anna Vidgen MA Law, ACII

Executive Summary

Background

The level of damage caused during the 2011 UK riots dwarfed the financial impact of previous riots, and brought to light the archaic Riot (Damages) Act 1886 (RDA), under which policing bodies were required to compensate riot victims for the damage to their property.

The large scale of the events created significant difficulty in the handling of riot compensation claims, but this was exacerbated by the complexity of the legislation and the resulting bureaucratic claims process. Criticism of the handling of claims led to an independent review by Neil Kinghan, which in turn formed the basis for the creation of the Riot Compensation Act 2016 (RCA), which came into force on 6 April 2017.

The CII New Generation Claims Group project – the Guide

Our group picked up on the need for clear claims handling guidance, as originally identified in Neil Kinghan's review, and provided for under RCA 2016 section 7. With the CII Society of Claims Professionals Board's backing, we approached the Government to propose our support for this work, and with the support of the Home Office, agreed to develop the Riot Claims Handling Best Practice Guide.

Our approach to this task involved significant collaboration with key stakeholders, including the following:

- The Home Office and police representatives (our 'customers');
- Association of British Insurers (ABI);
- Insurer representatives;
- Chartered Institute of Loss Adjusters (CILA) (industry knowledge and experience of 2011); and
- Neil Kinghan

We were able to apply our understanding of technical claims handling and operational management to the future model of claims under RCA 2016, with the benefit of a range of perspectives.

The publication of the Guide represents the conclusion of 18 months of intensive work as a group, and regular engagement with and ongoing support from our stakeholders, without whom completion of the project would not have been possible.

Beyond the Guide – the management of RCA 2016 claims

In the course of this work, our group developed an in-depth understanding of the new legislation, and we were able to build on our thinking of how claims should be handled following a future riot event. In section 3 of this report, we set out our thoughts on the core stages involved in setting up a claims handling operation, and recommendations on how a local policing body (LPB) should approach this.

Further recommendations

In addition to looking at how a claims handling operation should be implemented, we discuss in section 4 a few considerations which may improve the claims process for claimants and the Claims Authority (be it an LPB, Riot Claims Bureau (RCB) or loss adjuster acting under delegated authority). Further recommendations include:

- Greater consideration of delegated authority arrangements (with appropriate controls);
- Maintaining an awareness of technological developments which may support the claims process;
- Interim payments; and
- Adopting a clear social media strategy.

Future support

In 'Next Steps' (p 26) we confirm our ongoing commitment to providing support to the maintenance of the Guide, and to the development of other initiatives relating to claims under RCA 2016, including the progression of any of our recommendations that the Government or local policing bodies decide to explore.

1 Introduction

1.1 The 2011 UK riots

“Riotous and Tumultuous”

For nearly 500 years these words formed part of the definition of a ‘riot’ within English and Welsh legislation, from the Riot Acts of 1549 and 1714, to the recently repealed Riot (Damages) Act 1886 (the RDA). There can be no doubt that the scenes witnessed over the course of five days in August 2011 met this description, although this archaic language carried its own significant challenges. What began as a peaceful protest, in response to the police shooting of Mark Duggan in Tottenham on August 4th 2011, over the course of 48 hours developed into localised rioting in North London. Over the subsequent days this would spread not only to other parts of the capital, but to various regions of England including Manchester, Merseyside and the West Midlands.

While the cost to the UK insurance industry was substantial, with the Association of British Insurers (ABI) estimating claims paid across the industry at around £200m, the impact to the victims of riot damage and the local communities was in many ways even greater:

- 30,000 businesses were estimated to have suffered a loss of trading profit
- 167 households were displaced as a result of the Riots¹
- The Tottenham ‘Carpetright’ building – a designated building of local interest - was destroyed, with related losses thought to be in excess of £8m
- A large warehouse storing Sony electronics products was destroyed at a cost of nearly £75m pounds

What sets the UK apart from most nations is that our legal system recognises the duty of the police to maintain the peace, and therefore the right for victims to seek compensation from their local policing body (LPB) in the event of a riot. The scale of the riots in 2011 led to a previously unseen volume of claims against LPBs in the affected areas as residents, businesses and insurers began to count the costs and attempted to recover their losses.

As the table below outlines, the number of claims against the police approached nearly 4,000; a figure that would be comparable with the volume processed by some insurer claims teams in an entire year. The sheer volume of claims submitted, and the complexity of the RDA, posed considerable challenges to the police. As an indicator, within 6 months of the riots, the ABI estimated that insurers had either settled or made interim payments in 90% of domestic claims and 82.5% of commercial claims. Within 18 months, this had risen to 100% of domestic claims and 96.2% of commercial claims. By comparison, the police (compensating within the constraints of the RDA) had only settled 17% of claims presented after 6 months, with a decision made (either to settle or reject a claim) in 58% of cases. After 18 months, this had improved to settlement in 37% of claims, with a decision made in 91.5% of cases.

Local Policing Body	Uninsured (Ordinary Claims)	Insurer Claims
Metropolitan	428	2389
West Midlands	27	436
Merseyside	22	86
Greater Manchester	101	309
TOTAL	578	3220

We have identified several reasons for the variance in performance between the insurance industry and the police. Firstly, insurers pay their customers in accordance with the terms of the policies which they have underwritten and agreed with their customers. By comparison, the police authorities were obliged by statute to compensate victims in line with a seldom used piece of legislation written in 1886. Of significance was the absence of a power to make interim payments, rather than paying on a full and final basis. By comparison, insurers could issue interim payments as and when they deemed appropriate. It is interesting to note however that insurers' interpretations of the RDA may also have played a role – 2 years after the riots, LPBs had rejected 59% of insurer claims, compared with only 31% of uninsured ('Ordinary') claims.

The insurance industry, however, has the infrastructure, knowledge and capabilities to deal with large volumes of claims, and to deal with infrequent large-scale events (referred to in the industry as 'surge events'), such as severe storms. As the police exist to maintain law and order, they are simply not equipped to deal with what is essentially comparable to a catastrophic claims event. It is also relevant that the police will have had to wait for insurers to conclude handling claims by their policyholders, before they could fully deal with claims for the insurers' losses or claims by underinsured individuals and businesses. While many were compensated quickly and promptly by both the police and the insurance industry, there was criticism of the response of both parties and indeed the Government itself, prompting the then Home Secretary Theresa May to commission an independent review of the Riot Damages Act and how it is administered.

1.2 The Kinghan Review/Law Reform

During 2013, former civil servant Neil Kinghan consulted with various stakeholders including the Police, the Deputy Mayor of London, the insurance industry, MPs for the affected areas, charities, businesses and residents who were directly or indirectly impacted by the 2011 riots. In his report, *Independent Review of the Riot (Damages) Act 1886* (September 2013), Mr Kinghan produced 20 recommendations, including the following:

- The principle of police accountability should be retained under any new legislation;
- Insurers to continue to receive compensation, but subject to a cap; and
- Steps should be taken to prepare for a future event, including the creation of a "Riot Claims Bureau" and a "claims manual", and the development of emergency riot recovery plans for local authorities.

To implement the key changes recommended in the Review, the Government introduced the new Riot Compensation Act 2016 (RCA), which came into force on 6 April 2017, and replaced the outdated RDA.

The new Act has incorporated many of the recommendations of the Kinghan report. The CII New Generation Claims Group formed in late 2015 as the Act passed through the final stages of the legislative process, took great interest in the concept of a Riot Claims Bureau (as provided for in RCA section 6) and identified the potential opportunity to support the creation of a "claims manual" (RCA section 7). As we researched the issue further and began to engage with key potential stakeholders (principally within the Home Office and the insurance industry), we refined the scope of our project to address the need for a best practice claims handling guide, drawing on the experience and expertise within our group. We shall discuss the project and stakeholder engagement further in section 2.

1.3 Context – future riot events

As a relatively benign, politically stable nation, large-scale riots in the UK are rare. The Kinghan report identified that in the 30-year period prior to 2011 there were only two major riots in which compensation exceeding £1m was paid – Brixton in 1995 (£1.39m) and more significantly, Liverpool, Brixton and Bristol in 1981 (£17.2m), the latter requiring the government to fund 60% of the compensation for claims against the police. Both occurrences were dwarfed by the bill for compensating victims in 2011, which was estimated at around £100m.²

There may not be another riot of a similar scale for several decades. We have, nevertheless, given consideration to some of the factors which may contribute to the risk of future events occurring – these include:

- **Socio-Economic**

There is a view that some of the causes in 2011 are either still present or have worsened, with Tim Newburn, LSE professor of criminology, commenting in August 2016 that “there’s no real sign that things have improved for the lives of the kinds of people who were involved and caught up in the riots”³. Newburn’s comments were made with reference to the view in the poorest communities that their opportunities were limited and reducing, and that this was the result of political choices.

There has in fact been a significant reduction in unemployment, which was at its highest level since the early 1990s when the 2011 riots broke out (c. 8%). It is now about 4%, the lowest it has been since 1975⁴. This may, however, be masking issues of ‘underemployment’, linked to the growth of the gig economy, and static wage growth, both of which contribute to economic insecurity.

- **Political**

In the past few years, developments in the UK and the USA have indicated a broader shift in politics and a polarisation of views on a range of issues. Both the Labour and Conservative parties appear to have shifted further to the left and right respectively, albeit with factions developing within each party, and there have been similar developments across Europe.

- **Technological**

Advances in technology have played a clear enabling role in allowing demonstrations both peaceful and violent to assemble and grow: the role of social media in helping to create a “contagion effect” during the Arab Spring is well documented, and secure messaging applications were arguably a key communication channel between those taking part in the 2011 UK riots⁵. We shall later examine where social media strategies can be deployed to mitigate the effects of rioting and aid in subsequent claims handling.

Whilst the risk of future riot events cannot be removed, the robust response of the police in 2011, and the severity of sentences imposed on rioters for seemingly minor offences, may act as a significant deterrent to potential rioters in the future, and should help to ensure that large-scale riots continue to be rare.

To an extent, the infrequency of such events may contribute to the difficulties in responding to the resulting compensation claims, as processes remain untested, and knowledge of the relevant legislation.

We are, however, confident that irrespective of the frequency with which it may be required, the Guide will help enable all victims to be treated and compensated fairly, promptly and compassionately.

2 The CII New Generation Claims Group – the Guide

2.1 The Riot Claims Guide

In line with Neil Kinghan's recommendation, section 7 of the RCA states that the Secretary of State "may issue guidance on the validity of claims", and that "decision makers must have regard to any guidance issued". It was therefore clear to us that there was a need for a specialised claims handling best practice manual to be developed.

Following initial discussions with the ABI, we approached the Home Office to propose that we support the development of this guide, as a group of claims professionals with experience in handling technical claims, learning and development, operational management and loss adjusting.

The Home Office confirmed that focus had primarily been given to the development of legislation and the operating model of a Riot Claims Bureau (RCB), with the claims manual seen as important but a further stage of reform implementation. With support from the Home Office, we took responsibility for the development of a guide for staff handling claims under the RCA.

Our Riot Claims Handling Best Practice Guide ("the Guide") was launched in late 2018 and can be found on both the [Home Office](#) and [CII](#) websites. The Home Office has also developed guidance for claimants to help them to navigate the claims process. Throughout the Guide (and this document), we refer to the body handling claims, whether a local policing body (LPB) or riot claims bureau (RCB), as the Claims Authority (CA).

2.2 Aims of the Guide

Our key aim has been to create a guide which helps to address issues relating to the consistency and quality of claims handling and decision making, as identified in Neil Kinghan's review. In the Guide itself, we have expanded on this, and expressed the aims as follows:

- Efficient and fair claims handling;
- A smooth and well explained claims process from a claimant and claims handler perspective;
- Certainty in the outcome of claims; and
- Helping riot victims, whether they are individuals or businesses, to get back on their feet following a traumatic setback.

2.3 Approach to developing the Guide

Stakeholder engagement

After deciding to take this project forward and agreeing on the scope of our work with the Home Office, we sought to proactively engage with the different stakeholders involved. We held calls and face-to-face meetings with the following parties throughout the process of developing the Guide:

- The Home Office
- Police representatives
- Neil Kinghan, author of 'Independent Review of the Riot (Damages) Act 1886'
- The Association of British Insurers (ABI) and insurer representatives
- The Chartered Institute of Loss Adjusters (CILA)
- Other interested parties, including loss adjusters involved in dealing with claims following 2011

Through these sessions, we developed a detailed understanding of the issues affecting the parties involved in the riot compensation claims process, and we were able to focus particularly on the claimant perspective.

By working closely with the Home Office, we ensured that our guidance was aligned to policy decisions as these were being finalised, and that it reflected and referenced the Act and Regulations where relevant.

Whilst our focus has been on improving the claims experience for the claimant, the Guide is targeted at the day-to-day activities of claims handlers working for a Claims Authority (CA), to support them with meeting the needs of claimants following a riot.

Guidance structure – 'life of a claim'

We approached the challenge of developing guidance for riot compensation claims from an insurance practitioner perspective, breaking the claims process down into stages, and focusing on the key sub-processes and decisions which would form part of each stage. The content therefore took the broad structure of a standard claim journey, as shown on the right, and was supported by more peripheral areas such as complaint handling and fraud detection. This approach was effective in developing our thinking on the structure of the Guide and the technical content, as well as helping to ensure that there were no gaps in the material.

Claims Philosophy and Guiding principles – claimant focus

We looked at different ways of incorporating the 'soft skills' needed to handle claims of this nature, to support claimants trying to navigate the process following a traumatic event. We developed an overarching 'Claims Philosophy' and, sitting beneath this, five 'Guiding Principles' which formed the foundation for developing the Guide. These formed an early section in the Guide to help shape the approach taken by claims handlers dealing with RCA claims.

This Claims Philosophy has been designed as a reference point for the approach taken throughout the Guide. Our view is that the adoption and delivery of the philosophy is also a key measure against which success should be assessed when reviewing the performance of a CA.

The Guiding Principles are aimed at supporting the achievement of claims handling in line with the Claims Philosophy. They have been developed with reference to the challenges which were identified following the 2011 riots, and which formed the background to the development of the RCA.

Life of a claim



Please see a brief overview of the Guiding Principles below:

Riot Compensation Claims Guide: Claims Philosophy

The Claims Authority responsible for handling claims arising under the Riot Compensation Act 2016 will take a fair and efficient approach to the management of all claims. Claims will be handled with expertise and with a focus on ensuring fair outcomes for claimants.

Guiding Principle	Overview
1: Claimant-centric approach	To ensure effective claims handling, and that the right outcomes are reached for claimants, Claims Authorities (CAs) will need to put the claimant at the centre of all claims activities. It is therefore important that a mindset of service excellence is adopted for activities conducted by the CA.
2: Treating Riot Victims Fairly (TRVF)	<p>Considering the issues from an insurer perspective, we identified at an early stage that the FCA principle of fair treatment of customers could be applied to the riot claims process. As a result, we used this as the basis for the development of the Treating Riot Victims Fairly (TRVF) principle.</p> <p>Under this principle, the CA should take a fair and efficient approach to claims management, applying the appropriate level of expertise, with a focus on fair outcomes for claimants. The principle has also been conveyed through the use of outcomes, again using the FCA principle as the starting point, e.g. fair treatment of claimants being central to the CA's approach, the provision of clear information, and claims handling in line with expectations.</p>
3: Recognising the challenges for direct claimants	<p>It is important that claims handlers are aware of the difficulties faced by claimants acting without representation, which is likely to be the case in most claims. The focus should therefore be on taking steps which reduce the stress involved in the claims process and understanding the issues the claimant is dealing with following riot damage.</p> <p>We make reference to ICOBS general rule 8.1.1, under which insurers must: handle claims promptly and fairly; provide reasonable guidance to policyholders during claims and provide information on claim progress; not unreasonably reject claims; and settle promptly once terms are agreed. We have applied these principles to the claims approach as set out in the Guide.</p>
4: Supporting vulnerable claimants	<p>There has recently been a greater public focus on how financial services businesses treat vulnerable customers, and through the work of the FCA, some key principles and points to consider have emerged. This is an area where insurers are continuously trying to improve their approach, and better understand the needs of vulnerable claimants.</p> <p>This guiding principle outlines the range of factors to consider when determining whether a claimant is vulnerable, and that a more bespoke approach may be necessary when dealing with such claims. This principle is reflected in the content of the Guide, e.g. increased communication during the claim process, so that vulnerable claimants are provided with more frequent updates on progress.</p>
5: Managing public money	Whilst we have developed the Guide with an insurer mind-set, we have been aware of the overarching responsibility for bodies dealing with public funds to do so in line with Government guidelines on 'Managing Public Money', and we have highlighted some of the key factors that claims handlers need to keep in mind during the claims process.

3 The ‘Claims Authority’: Organisational Design

3.1 The claims operating model

Following a riot, the resulting RCA 2016 claims will need to be handled by a Claims Authority (CA) based on one of the following models:

- Claims handled by one or more Local Policing Bodies (LPBs);
- Claims handled/overseen by one or more LPBs, with a significant volume handled by loss adjusters acting under delegated authority;
- Claims handled by a Riot Claims Bureau (RCB);
- Claims handled by an RCB, with a significant volume handled by loss adjusters acting under delegated authority; or
- A combination of these models.

Whilst the focus of our project has been on the development of claims handling guidance, which we hope will support the smooth operation of RCA claims, we also have a working knowledge of the operational requirements (and challenges) involved in the management of high volumes of claims. In this section, we have looked to apply this knowledge in making recommendations for the application of a ‘contingency plan’ for responding to an RCA claims event.

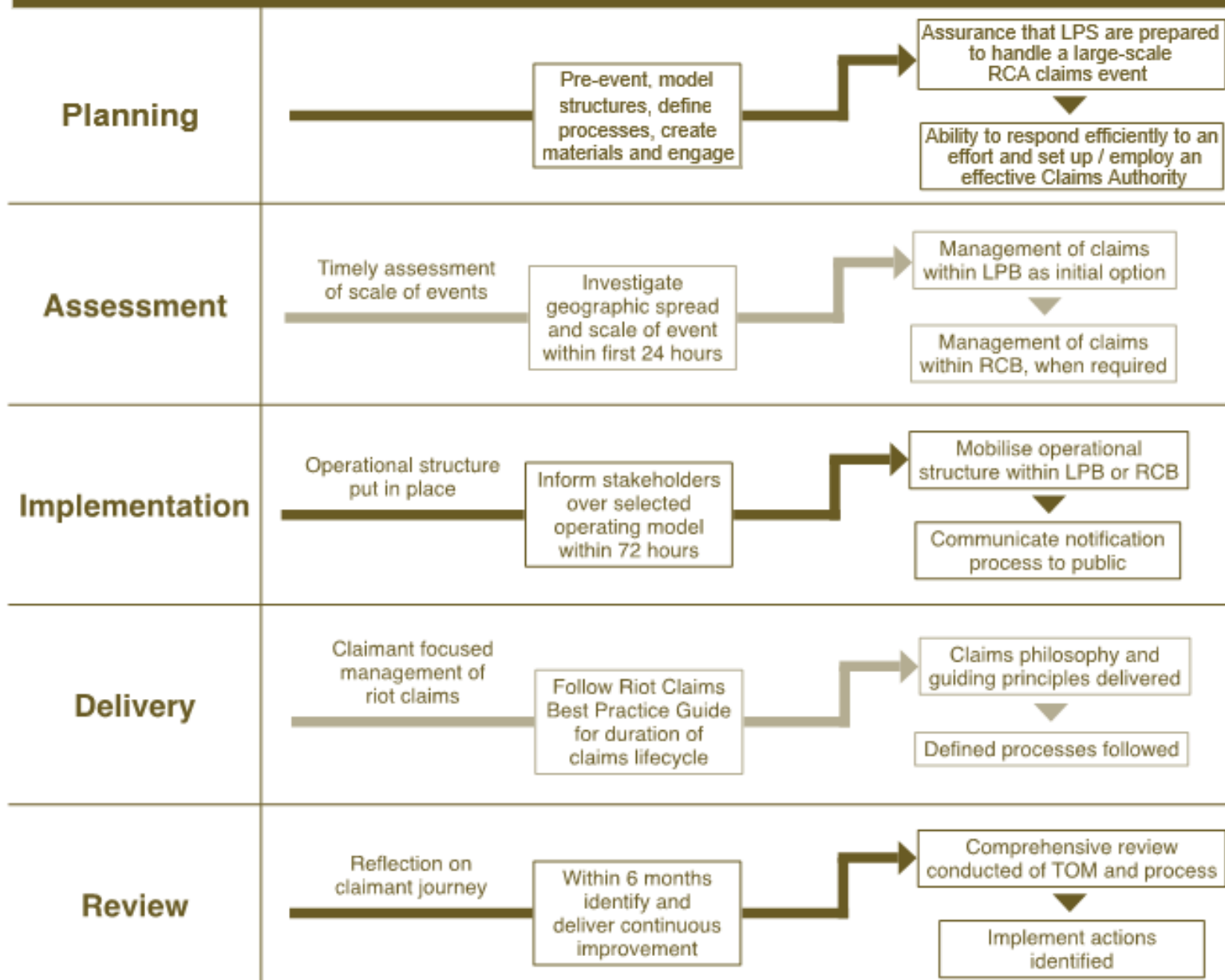
3.2 Before and after a riot

The graphic overleaf provides an illustration of the practical considerations for this which could form the basis for structuring a CA. Based on our experience of different claims handling operations, we have broken the considerations for developing an “operating model” into five key stages:

- (i) Planning;
- (ii) Assessment;
- (iii) Implementation;
- (iv) Delivery; and
- (v) Review.

Our group believes that developing the claims model with this approach will help to ensure that the right decisions are made at the outset, to achieve the right outcomes for the LPB and the claimants.

Riot Compensation Claims – Stage Overview



(i) Planning (pre-event)

Prior to a riot taking place, it is important that local policing bodies have plans in place to help them determine how a Claims Authority (CA) should be structured, and to ensure that key processes can be implemented quickly. The planning stage may involve predictive modelling of the operational requirements, based on the different riot scenarios that could occur. It should also include the development of high level processes, operational structures, checklists to complete as part of the Assessment stage, and potentially the creation of a panel of loss adjusters, who could then be mobilised immediately following a riot. Pre-existing arrangements should be periodically reviewed, to ensure they stay up-to-date with claims best practice.

(ii) Assessment

Following a riot event, it will be necessary for the local policing body (LPB) to determine the most appropriate claims operating model to manage the resulting RCA claims. By way of comparison, an insurer, when initially deciding how to respond to a surge event, will need to carry out an assessment of key factors which will influence the detail of the appropriate claims processes and resourcing required. This approach could be applied to RCA claims events, and by modelling the impact of a riot, the LPB(s) will be in a stronger position to put in place the appropriate claims handling model.

(iii) Implementation

Here we are referring to the implementation of the appropriate claims handling model. At a high level, this may be the formation of an RCB following a request by the police, or the agreement of delegated authority arrangements with loss adjusters to handle claims. At a more detailed level, this may involve:

- if the decision is made to form an RCB, a request may need to be made to the Secretary of State (in line with RCA s6), with details of the assessment to support the decision
- the recruitment or transfer of staff, to ensure adequate resources to handle the volume of claims
- appropriate structure implemented to ensure that claims are handled and overseen by the right people, with adequate referral mechanisms for handling complex/legal issues and queries
- the appointment of loss adjusters, ideally under pre-established arrangements
- confirmation of authority levels for staff and loss adjusters, with information provided to claims handlers to support this training of claims handling staff (including familiarisation with the Claims Handling Best Practice Guide)

(iv) Delivery

Once the claims handling model has been implemented, staff will need to start handling claims. The Guide is designed to support this process, and the Claims Authority should encourage use of this to address queries in the first instance (in line with the requirement under RCA 2016 s7), with suitable mechanisms in place for referral/escalation where appropriate.

(v) Review

Assuming that the Claims Authority has processes in place for capturing management information (MI) and feedback from claimants, it should be possible for claims handling practices to be reviewed during and after an event, so that improvements can be made to processes and the RCA 2016 contingency plan.

Recommendation 1: LPBs should work with the Government to develop an RCA 2016 contingency plan, setting out the options for how RCA claims could be handled, and an agreed approach to the stages of Assessment, Implementation, Delivery and Review. The contingency plan could be supported by periodic “stress testing” of an LPB’s capability to manage claims in different claim scenarios.

Recommendation 2: For the Assessment stage, the contingency plan should incorporate modelling considerations such as the scale, expected claims volumes, geographical spread (i.e. single or cross-LPB jurisdiction) and expected duration of rioting. This could help ensure a prompt Assessment stage that will provide clarity and confidence, and ultimately lead to selection of the right claims handling model. There should be agreement on how quickly the assessment should take place following a riot (e.g. within 48 hours).

Recommendation 3: We recommend that the Government engages the insurance industry, via the ABI, on how to plan for the implementation of an RCA Claims Authority. This could include the development of template options for a target operating model (TOM), based on the different CA structures which may be implemented. The industry’s experience of technically managing claims and implementing operational plans in response to “surge” events, as well understanding of issues relating to vulnerable claimants, could be of significant benefit to the Claims Authority.

Recommendation 4: It is recommended that a review of the Claims Authority’s performance is delivered within a defined period following a riot (e.g. six months), which should incorporate feedback from claimants, and that there is engagement between stakeholders, including the Home Office, to allow for agreement on improvements and for these to be communicated centrally out to the policing bodies. Similarly, the Guide and any supporting information on interpretation of the RCA 2016 should be reviewed periodically and, if required following a major riot event, to ensure that it stays relevant and up-to-date.

4 Further Recommendations

4.1 How can insurers support an improved claims process?

One issue identified by police representatives was the varying quality of claims documentation and explanation provided by insurers. Whilst some claims included clear documentation of the losses which insurers had paid for, and how these had been evidenced by their policyholders, some were also supplied with little detail on how the overall figures were reached.

There was a view that the additional work created in seeking further information and clarification from insurers will have contributed to broader inefficiencies in the claims process, as claims by insurers represented a large proportion of claims following the 2011 riots.

Having considered this feedback, we believe there is more that the insurance industry can do, in collaboration with the police and Government, to ensure that in a future event “insurer claims” are submitted with clear information and in a consistent format. Later in this section, we will look at ways in which the Claims Authorities can improve their processes, to reduce the level of bureaucracy involved in insurer claims. Such measures are, however, likely to be contingent on the continued efforts of insurers to actively support the claims process.

Recommendation 5: Insurers should ensure that ‘Insurer Claims’ under the RCA are submitted with sufficient documentation and information to support the Claims Authority’s proportionate approach to assessing claims.

4.2 How can technology be used to improve communication with riot claimants?

In recent years, electronic solutions have been developed to support the processing of claims, both within the insurance industry, and as part of our court system (e.g. the Ministry of Justice Claims Portal for personal injury claims). The use of a dedicated electronic system for claims notification and communication during claims could help improve the efficiency of the process and make it easier for claimants to understand what they need to do. Benefits could include faster payments, automatic updates to the claimant and the Claims Authority, and prompts for either party to take further steps where necessary.

There is, however, a cost associated with such an approach, and this would need to be balanced against the operational benefits that would be created. Technology in this area is likely to progress in the coming years, with insurers looking for ways to improve their propositions, and with the legal system moving towards the concept of an “Online Court System”⁶. It may therefore be that new ways of managing claims and processing payments develop significantly between now and the occurrence of a large-scale riot, and that the costs and time involved in implementing this approach reduce accordingly.

Recommendation 6: Whilst we would not propose the immediate creation of an online claims portal or mobile application for RCA claims, we would recommend that the availability of such options is kept under consideration as part of any review strategy, and that, in the event of a riot, consideration is given to how an electronic claims system may improve the process.

4.3 How can delegated authority be used to improve claims handling?

In the context of insurance, a delegated authority agreement (DAA) between an insurer and a loss adjuster will give the loss adjuster full or limited control of handling an insurance claim. The DAA will govern the extent and impact of any accompanying allocation of activities, and the loss adjuster will essentially act as an extension of the insurer's claims handling function. This is often used in property damage claims, with loss adjusters having authority to assess claims and make decisions on payments. Delegated authority can be given to other specialist claims handling businesses, generally referred to as third party administrators (TPAs).

Here we consider the use of delegated authority by a Claims Authority (Local Policing Body or Riot Claims Bureau) as part of the claims process under the Riot Compensation Act 2016.

RCA 2016 claims – delegation by Claims Authorities

Under the Riot (Damages) Act 1886 (RDA), there was no specific provision for the use of delegated authority in the claims process. The absence of such an express power, alongside concerns about potential leakage (overpayment of claims), the loss of control, and the auditing requirements applicable to managing public money, has previously led to uncertainty around the use of delegated authority.

The use of loss adjusters was pivotal in dealing with claims following the 2011 riots. However, the lack of use of delegated authority meant that claims decisions would need to be reviewed and authorised by the police before they could be administered. This approach may have impacted the time taken to reach settlement and would, in many cases, have resulted in duplication of efforts when making claims decisions.

Section 4(2) of the RCA 2016 creates the power for delegated authority to be used in riot compensation claims, and section 8 of the Riot Compensation Regulations 2017 ('the Regulations') confirms that authority can be delegated for claims up to £25,000.

We believe that the use of loss adjusters and delegation of authority could provide significant benefits to a Claims Authority (CA) and claimants, in ensuring that trust is placed in professionals with the expertise to handle large volumes of property damage claims, reducing the time taken to settle claims, and reducing the level of operational resource required to monitor and review claims decisions. We do, however, acknowledge that there needs to be scrutiny on the management of public money, and that there are genuine reasons to be cautious about relinquishing control of claims decisions. There may also be existing arrangements and internal procedures that a Claims Authority will have to take into account when making any decisions regarding delegated authority.

The following recommendations set out some proposed safeguards aimed at addressing these concerns, and are also aimed at supporting an efficient claims process for CAs and claimants:

Recommendation 7: Structure for appointing loss adjusters

- A procurement exercise should be undertaken to establish a pool of loss adjusting firms which can be called upon in the event of a riot (rather than trying to do so in the immediate aftermath of a riot). Consideration should be given at this stage to any potential conflicts of interest, although these will need to be reviewed following a riot, as insurers will periodically review their own loss adjuster panels.
- As part of the process of selecting a panel loss of adjusters, the CA must ensure that the firms have suitable expertise, experience and the capacity to deal with riot compensation claims following a large-scale event.
- The CA should look to put in place clear Service Level Agreements (SLAs) with loss adjusters, to ensure that claims are handled in line with the CA's own standards, e.g. SLAs covering time taken to acknowledge and respond to new claims.

Financial Conduct Authority Delegated Authority Definition

“...external delegation by insurers, involving the outsourcing of functions to intermediaries and other third parties. This is often accompanied by the allocation of other related functions between the parties involved”

(FCA Thematic Review on Delegated authority: Outsourcing in the General Insurance Market June 2015)

Recommendation 8: Monitoring and auditing

- The Claims Authority (CA) should ensure there is regular and continuous monitoring of claims handled by loss adjusters. Regular review meetings will be key to this, as they can help avoid the potential loss of control of the claims process.
- To ensure that the suppliers meet the required standards, the CA and policing bodies can use the services of internal or external auditors, as appropriate, to carry out sample audits of the claims handled shortly after a riot event.
- A requirement on the supplier to provide regular management information (MI) to the CA and policing bodies can also assist in managing any issues by identifying them at an early stage.

Recommendation 9: Information for claims handlers

- Handlers should refer to content in the Guide, to develop an initial understand of delegated authority and how it can apply in RCA 2016 claims.
- Claims handlers working for a Claims Authority will need to be aware of SLAs so that they can effectively manage expectations, identify possible delays and escalate where necessary. Details should therefore be provided at an early stage in an accessible format for handlers.
- Handlers should be provided with information on which loss adjusters should be appointed (this may vary depending on size and location of claim), and on the delegated authority limits which apply.

4.4 How can the use of interim payments deliver benefits for Local Policing Bodies (LPBs) and RCA claimants?

One of the main changes under the RCA is a new statutory provision, allowing for interim payments to be made before the claim is finally settled. This is a positive move from the position under the RDA 1886, where interim payments were not specifically permitted and, as a result, payments were generally only made at final settlement.

From an insurer perspective, interim payments are a valuable tool which can be used where liability for a claim has been accepted, but the amount has not been finalised, to ensure that the immediate needs of those claiming can be met. By settling the elements of a claim which an insurer is satisfied should be paid, it can reduce the potential for customer problems and complaints relating to the time taken to resolve. It also means that the scale of work needed to resolve an individual claim reduces during the life of the claim, and can help ensure there is a greater focus in the later stages on the more complex issues.

This approach should arguably have similar benefits if used by a CA when dealing with claims under RCA 2016. Delays to settlement of claims are usually due to a range of factors including the type of claim, complexity of the claim and claims becoming dormant. Given the potential for large losses in RCA claims, the complexity of the losses involved, and the time it can take for issues to be resolved, it is likely that these claims will be suitable for interim payments.

Recommendation 10: We would encourage a Claims Authority, whether a Local Policing Body (LPB) or a Riot Claims Bureau (RCB), to follow the approach to using interim payments as set out in the Guide. This will ensure that interim payments can be used to help resolve the immediate financial challenges faced by claimants, whilst applying sufficient safeguards so that claims will only be paid where losses are substantiated

The use of interim payments may help to avoid unnecessary financial difficulties for the claimant and the Claims Authority should therefore utilise this option as part of the claims handling process where appropriate.

4.5 How can the RCA “Insurer Claims” process be improved?

The majority of claims arising from the 2011 riots were in fact presented by “Insurer Claimants”, with only one in seven claims presented by direct claimants (referred to as “Ordinary Claimants” in the Regulations). Whilst it is reassuring that most riot victims had the benefit of insurance cover to fall back on, this also helps to provide context to the nature of the claims presented to LPBs in 2011 and how claim volumes may be spread in the event of a future large-scale riot. The percentage figures below have been calculated using figures highlighted on page 8.

As insurer claims are likely to comprise the bulk of the caseload managed by a CA, ensuring that the processes in place for reimbursing insurers are as efficient as possible should help to reduce the operational pressure which could affect the handling of all claims, including those brought by Ordinary Claimants.

A key observation of the Kinghan report in this regard was that too much time was spent by LPBs in double checking the work carried out by insurers before settling their claims. Our own stakeholder engagement reinforced these findings; however, we understand that the situation improved as compensators became more familiar with insurer processes. In the Guide, we explain the processes that a compensator should follow when assessing a claim presented by an Ordinary Claimant, and we have emphasised that where the claim is presented by an insurer, much of the necessary validation work will have already been carried out.

Local Policing Body	Uninsured (Ordinary) %	Insured %
Metropolitan	15.2%	84.8%
West Midlands	5.8%	94.2%
Merseyside	20.4%	79.6%
Greater Manchester	24.6%	75.4%
TOTAL	15.2%	84.8%

In our view, there are three broad approaches which could be adopted for assessing Insurer Claims – these are:

1. ‘Light Touch’ – no documentation required. Insurer presents only the sum paid;
2. Essential documentation disclosure to be validated by claims handler only; and
3. Essential disclosure with validation by external expert.

Option 1 would be the most time-efficient approach, following a similar model to the Reduction in Paper Exchange (RIPE) agreement in place between several large motor insurers. The difficulty in applying such an approach is that RCA claims do not involve reciprocal claims (and the corresponding trust) between the parties that arise under the RIPE process. Furthermore, the lack of evidence in this scenario may fail to satisfy the requirements of the National Audit Office (NAO). Another concern in this scenario is that in 2011, LPBs rejected almost twice as many insurer claims (proportionately) as uninsured (‘Ordinary’) claims. This would call into question whether a ‘light touch’ approach could be justified.

Option 2 would require insurers to disclose essential documents relating to their valuation of a claim such as:

- Estimates/Loss Adjusters’ reports;
- Supporting images;
- Invoices; or
- Proof of payments (e.g. screen print of claims system payment screen).

This would be in line with the industry approach to recoveries between insurers where bilateral agreements do not exist. Under this approach, where the documentation supports the sums claimed, it should be accepted that the insurer has carried out reasonable validation and the insurer should be reimbursed promptly.

Option 3 would involve disclosure of the above documentation with referral to a loss adjuster to validate the work conducted by the insurer. This would involve the greatest amount of work and expense both on the part of the insurer and the compensator, duplicating the initial effort of the insurer to validate the claim, and may therefore result in the inefficiencies identified by the Kinghan report. This approach may, however, be necessary where the claim is highly complex or specific concerns exist around the validity of the claim or a linked claim.

Recommendation 11: We would encourage the Home Office to work with the NAO to establish a common sense, risk-based approach that enables claims to be settled as efficiently as possible, balancing the need to settle claims promptly against the understandable requirement to manage public money responsibly. We would accept that it may not be realistic to adopt a broad 'pay as presented' approach (Option 1) but that it may be wise to do so on basic low value claims worth less than £1,000 (or reasonable equivalent).

For the majority of claims however, we believe that Option 2 presents a pragmatic approach that satisfies the compensators both from an operational and governance perspective. The adoption of such an approach is likely to be contingent on the need for adequate evidence to be provided by insurers, as set out in Recommendation 5.

Recommendation 12: We would recommend that the use of loss adjusters to recheck insurer work should only be used in the most complex of cases (e.g. in excess of £100,000), again recognising that an insurer will also take a progressively rigorous approach in line with the rising value/complexity of a claim.

Recommendation 13: The Claims Authority should reserve the right to request a full audit on a random sample of cases on a more thorough basis. This is again consistent with the insurance industry approach to maintain the integrity of bilateral agreements such as RIPE.

4.6 What impact could social media have on riot compensation claims?

A key theme following the 2011 riots was the impact of social media, in particular how it was used by rioters to encourage others to take part, and by the police to gather intelligence and/or engage with affected communities.

Social media usage and penetration has changed dramatically in recent years. 30% of online usage is spent on social media platforms, with teens reported to spend up to nine hours a day using social media⁷. A Deloitte report this year indicated that 87% of adults and 96% of 18-24 year-olds in the UK had adopted smartphone technology, and the 2016 version of the same report highlighted that over the period of 2011–2016, there had been a significant reduction in the use of voice calls, coinciding with a “steady rise in the use of email, social networks and instant messaging platforms”.⁸

Communication on social media broadly encompasses:

1. The public posting of information, for all users to see;
2. The posting of information on private ‘groups’ or ‘events’; and
3. Personal/instant messages, sent directly to one or more recipients, and often encrypted.

In this section, we will look at how social media can be used by the Government and policing bodies to improve engagement with potential RCA claimants, and the potential for influencing the decisions of those considering joining other rioters in causing damage to property.

(i) The need for a riot compensation social media strategy

An increasingly popular trend is the social media campaign, an approach to marketing and spreading of awareness which is developed specifically for engagement through social media platforms. It’s easy to see why – if people are spending so much time on social media, it makes sense to reach out and educate them through this channel.

Raising awareness of RCA entitlement:

When looking at the aftermath of a large-scale riot, there is a significant chance that members of the public will not have an immediate understanding of their rights under the 2016 Act, and as a result, they may miss the deadlines for notification, and fail to provide appropriate supporting evidence for their claims. In view of the prevalence of smartphone and social media use, it would arguably make sense for policing bodies and the Government to spread awareness of victims’ rights through social media as an additional channel of communication after a riot has taken place.

Engaging with communities:

Social media has transformed how governmental organisations and local policing bodies (LPBs) interact with the public during an emergency, as we can see from the example below.⁹

Fort McMurray fires in Alberta, Canada, May 2016

On 1 May 2016, wildfires spread across about 600,000 hectares of land in Alberta, and 80,000 people had to be evacuated from their homes. Due to unpredictable winds the Canadian government had to find a way to keep the public informed of what was happening, and so decided to communicate via Facebook and Twitter. Months after the event, the government continued to use social media to communicate with the public to keep them informed of the progress being made on the clean-up and rebuilding efforts.¹⁰

A parallel could be drawn with riot events: a similar approach by the police could be of benefit to the public, but also show that they are able to control the situation, helping to address some of the perceived issues at play during the August 2011 riots.

Complaints

With about 3.2 billion users globally, social media has become the arena of choice for communication¹¹, and this in turn has led to it becoming a platform for voicing complaints.

Social media is immediate and transparent, with comments and responses published for all to see, and so it has become a powerful tool for individuals to engage with large organisations. It is therefore likely that LPBs will receive complaints about RCA claims handling via social media, and responses to social media communication may need to form part of an LPB's broader complaints resolution process.

Recommendation 15 – develop a centralised social media strategy

We recommend that Local Policing Bodies (LPBs) agree on a centralised strategy for social media, that is applied across the board, and that consideration is given to the following points:

- Consistent communication to provide claimants with useful information on how to make a claim should be provided. This could include assistance in understanding the claims process and what supporting documentation is required. For example, a dedicated page could be set up on Facebook or a dedicated account on Twitter.
- The development of a process for handling complaints and feedback given by claimants via social media.
- Use should be made of search functions on social media, to support the public with finding key information on how the RCA works and their entitlement to claim. Similarly, use of metadata/data analysis should form a key part of the police/Government approach to gaining insight into the experience of members of the public dealing with the claims process, and any specific issues they are encountering in making claims under the RCA.

As part of the centralised strategy to be put in place, LPBs should consider incorporating the processes and guidance into their own compliance requirements, and establish best practices for social media use. Guidelines could centre on acceptable and forbidden content, data handling, engagement with the public, and tone to be used, in order to reduce potential risks associated with communication via social media, and to support greater engagement with affected communities following a riot event. This recommendation echoes some of those made by the Metropolitan Police Service in their report, *4 Days in August*.

A significant proportion of people would rather use Twitter than call a company and speak to somebody to make a complaint when they are dissatisfied with a product or service.



(ii) The potential impact of social media on riot events and potential measures

Social media's contribution to the "transmission" of riot activity in 2011 and future events

It is not possible to state definitively the extent to which social media contributed to the spread of riot activity, but it has been highlighted as a factor in how those who mobilised rioters communicated their intentions¹². In their report, *4 days in August*, the MPS referenced the use of Blackberry Messenger, Twitter and Facebook on 8 August 2011 to communicate that there would be "rioting" that night.

In the immediate aftermath of the riots, the media focused on the influence of social media, and in particular the untraceable communication taking place through Blackberry Messenger¹³. More public forms of social media, however, are not seen as having as significant an impact. Whilst there were high volumes of messages published on Twitter, and 're-tweeted' by other users, further analysis has confirmed that most of these were not encouraging criminal behavior.¹⁴

In early 2016, Lloyd's published their Emerging Risk Report, 'Political Violence Contagion'¹⁵. This report explains, in the context of the international spread of civil unrest (as seen in the Arab Spring, and the rise of jihadist violence in parts of the middle east), that a new method of risk assessment should be considered for political violence contagion (PVC). The author identified four key elements as part of a new risk assessment model – these are 'origin', 'transmission', 'susceptibility' and 'resilience'. When looking at the social media aspects of riot events, our focus is on the 'transmission' element.

When considering the factors that support transmission, which Lloyd's suggest should include the prevalence of smartphone and social media use, it is possible to conclude that the developing landscape of how people communicate in the UK means that social media could have a stronger influence in a future riot event than it did in 2011. The rapid development of new platforms, such as encrypted messages through WhatsApp, widens the scope for transmission to take place in this way.

Engagement via social media as a tool to contain riot activity

The police and Government have in recent years worked on a number of projects with the Behavioural Insights Team (BIT), a part Governmental, part charitable organisation, which includes in its objectives "enabling people to make better choices for themselves". Their work has tended to focus on how behavioural economics, in particular "nudge" theory, can be applied to specific problems or aspects of society. The core theme of these projects is an emphasis on guiding the decisions of those targeted. The messages used have not generally been about the threat of sanctions against them, or how these sanctions are used, but have been about the timing of engagement with the individual, and asking them to consider the potential impact to themselves and others at that stage.

In their work in the area of 'fraud, error and debt', the BIT identified seven steps which could be taken to reduce these activities and carried out a number of trials in collaboration with HMRC. The steps included highlighting key messages, using personal language, telling people what other people are doing (highlighting positive behaviour) and highlighting the risk and impact of dishonesty. In one of the trials, HMRC letters sent to taxpayers explaining that 9 out of 10 people paid their taxes on time ("Using social norms"), resulted in a 15-percentage point increase in debt clearance when compared to their standard letters.

Recommendation 16: The Government and LPBs should consider engaging with the Behavioural Insights Team, to look at how positive and targeted social media messages could be used during a riot event, to help improve the decisions made by those who may otherwise be encouraged to take part in criminal activity. Such messages could be communicated via community leaders and could highlight the potentially severe sentences which apply to riot-related offences and the devastating impact such actions can have on the local community. From an insurance perspective, this would be analogous to the use of flood defences and resilient structures – you cannot necessarily prevent a loss event taking place, but there may be steps which can be taken to reduce the severity of its impact.

Next steps

Whilst the publication of the Riot Claims Handling Best Practice Guide constitutes the official end of our project, we do not necessarily consider this to be the end of our work in this matter.

Primary ownership of our document shall be retained by the Home Office. It can be accessed publicly via the GOV.UK and CII websites, and in the libraries of both Houses of Parliament. We believe that the document provides comprehensive guidance on the core aspects of riot claims handling and how to interpret the relevant legislation. We do, however, recognise that it will need to be treated as a live document and may need updating to reflect external developments (e.g. new legislation, changes to industry best practice).

Having developed strong working relations with the Home Office, ABI, police representatives and CILA, our group would like to offer its support via the CII to any ongoing work around RCA claims handling, including:

- Future review of the guidance material (our group's view is that the guide should be subject to review every 2–5 years)
- Assisting in the review and/or implementation of any of the recommendations contained within this report
- Discussions/Testing around the formation of a potential Riot Claims Bureau

In summer 2017, the group received the Claims Collaboration of the Year award at the Post Claims Awards and was shortlisted for awards at the Insurance Times Excellence Awards and the British Insurance Awards. We are extremely grateful to have received this level of recognition and we hope that this can help to raise the profile of both the New Generation Programme and the CII itself as a positive agent for change, not only within the industry, but for the public interest.

About the Authors

Tristan Davison ACII, Markel

Tristan originally joined the insurance industry in 2010 in underwriting, before joining Berkley Offshore in 2012 specialising in Energy Claims adjusting. He completed his ACII in 2015. Tristan has been working as claims adjuster with Markel since May 2017.

Kate Dobinson ACII Chartered Insurer, QBE

Kate began her insurance career in 2006 as a claims technician, and is now a senior claims adjuster at QBE specialising in Financial and Specialty Market claims. Kate is also chair of a People and Culture Forum within claims QBE.

Simon Forsdick ACII Chartered Insurer, Simpson Financial Services

Simon worked in General Insurance for over 10 years and was at NFU Mutual at the commencement of the NewGen Programme. He has subsequently changed career paths and he now works within Financial Services as an Independent Financial Adviser.

Patrick Hayward ACII, Altus Consulting

Patrick graduated in Law in 2008 and worked as a legal adviser and then as a claims technical consultant for DLG for several years. He joined Altus in 2017 as a business consultant in the General Insurance team, supporting clients with an architecture-led approach to strategic and operational change projects.

Adrian McAndrew Dip CII, AIG

Adrian is a Major Loss Claims Adjuster at AIG, handling large complex Property and Energy losses worldwide. He started his career in the Insurance industry in 2008 and has experience handling Onshore, Offshore, Power and Construction losses. At AIG Adrian is based in London and deals with predominantly upstream energy losses occurring globally and written by various AIG offices around the world.

Michelle Peters ACII Chartered Insurer, Allianz

Michelle undertook degree studies in business, risk management and insurance, before making the move to the UK having obtained a place on the Allianz Corporate Management Scheme in 2008. Since then she has held a variety of operational leadership roles across the business. Michelle is currently an active member of the Allianz HR Senior Leadership team reporting to the HR Director and is responsible for the effective delivery of strategic and cross-divisional HR projects.

Gavin Strathearn BAcc (Hons) ACII Chartered Insurer, Zurich

Gavin is a graduate in Accountancy and Economics. He began his insurance career with Zurich in 2009 specialising in motor claims, incorporating commercial lines, personal lines and public sector across various European jurisdictions. In 2017, he was promoted into a new role in Automation, developing robotic and cognitive process solutions across Zurich's General and Life business.

Jenny To BA (Hons) ACII, ACILA, Sedgwick International UK

Jenny holds a BA (Hons) in Economics and Social Studies. Her career began in 2008 at Cunningham Lindsey; as part of the Major & Complex Loss UK team, Jenny is responsible for account management as well as handling a variety of commercial property claims.

Anna Vidgen ACII, MA Law, XL Catlin

Anna holds a Masters in Law and has 6 years insurance industry experience in claims. She completed Chubb's Graduate Claims Programme before moving to XL Catlin and into wholesale casualty claims management.

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Others who took the time to discuss and help develop the Guide and the ideas in this report

Appendix: Recommendation Summary

Claims Authority: Design considerations

1. Local Policing Bodies (LPBs) should work with the Government to develop an RCA 2016 contingency plan, setting out the options for how RCA claims could be handled, and an agreed approach to the stages of Assessment, Implementation, Delivery and Review. The contingency plan could be supported by periodic “stress testing” of an LPB’s capability to manage claims in different claim scenarios.
2. For the Assessment stage, the contingency plan should incorporate modelling considerations such as the scale, expected arising claims, geographical spread (i.e. single or cross-LPB jurisdiction) and expected duration of rioting. This could help ensure a prompt Assessment stage that will provide clarity and confidence, and ultimately lead to selection of the right claims handling model. There should be agreement on how quickly the assessment should take place following a riot (e.g. within 48 hours).
3. We recommend that the Government engages the insurance industry, via the ABI, on how to plan for the implementation of an RCA Claims Authority. This could include the development of template options for a target operating model (TOM), based on the different CA structures which may be implemented. The industry’s experience of technically managing claims and implementing operational plans in response to “surge” events, as well understanding of issues relating to vulnerable claimants, could be of significant benefit to the Claims Authority.
4. It is recommended that a review of the Claims Authority’s performance is delivered within a defined period following a riot (e.g. six months), which should incorporate feedback from claimants, and that there is engagement between stakeholders, including the Home Office, to allow for agreement on improvement and for these to be communicated centrally out to the policing bodies. Similarly, the Guide and any supporting information on interpretation of the RCA 2016 should be reviewed periodically and after a riot event, to ensure that it stays relevant and up-to-date.

Insurer support for the claims process

5. Insurers should ensure that ‘Insurer Claims’ under the RCA are submitted with sufficient documentation and information to support the Claims Authority’s proportionate approach to assessing claims.

Technology to support the claims process

6. Whilst we would not propose the immediate creation of an online claims portal or mobile application for the purpose of RCA claims, we would recommend that the availability of such options is kept under consideration as part of any review strategy, and that, in the event of a riot, consideration is given to how an electronic claims system may improve the process.

Use of delegated authority

7. Structure for appointing loss adjusters

- A procurement exercise should be undertaken to establish a pool of loss adjusting firms which can be called upon in the event of a riot (rather than trying to do so in the immediate aftermath of a riot). Consideration should be given at this stage to any potential conflicts of interest, although these will need to be reviewed following a riot, as insurers will periodically review their own loss adjuster panels.
- As part of the process of selecting a panel loss of adjusters, the CA must ensure that the firms have suitable expertise, experience and the capacity to deal with riot compensation claims following a large-scale event.

8. Monitoring and auditing

- The CA should ensure there is regular and continuous monitoring of claims handled by adjusters. Regular review meetings will be key to this, as they can help avoid the potential loss of control of the claims process.
- In order to ensure that the suppliers meet the required standards, the CA and policing bodies can use the services of external auditors to carry out sample audits of the claims handled shortly after a riot event.
- A requirement on the supplier to provide regular management information (MI) to the CA and policing bodies can also assist in managing any issues by identifying them at an early stage.

9. Information for claims handlers

- Handlers should refer to guidance in the Guide, to develop an initial understand of delegated authority and how it can apply in RCA 2016 claims.
- Claims handlers working for a Claims Authority will need to be aware of SLAs so that they can effectively manage expectations, identify possible delays and escalate where necessary. Details should therefore be provided at an early stage in an accessible format for handlers.
- Handlers should be provided with information on which loss adjusters should be appointed (this may vary depending on size and location of claim), and on the delegated authority limits which apply.

Interim payments

10. We would encourage a Claims Authority, whether a Local Policing Body (LPB) or a Riot Claims Bureau (RCB), to follow the approach to using interim payments as set out in the Guide. This will ensure that interim payments can be used to help resolve the immediate financial challenges faced by claimants, whilst applying sufficient safeguards so that claims will only be paid where losses are substantiated.

The use of interim payments may help to avoid unnecessary financial difficulties for the claimant and the Claims Authority should therefore utilise this option as part of the claims handling process where appropriate.

Insurer Claims process

11. We would encourage the Home Office to work with the NAO to establish a common-sense approach that enables claims to be settled as efficiently as possible, balancing the need to settle claims promptly against the understandable requirement to manage public money responsibly. We would accept that it may not be realistic to adopt a broad 'pay as presented' approach (Option 1) but that it may be wise to do so on basic low value claims worth less than £1000 (or reasonable equivalent).

For the majority of claims however, we believe that Option 2 presents a pragmatic approach that satisfies both the compensators both from an operational and governance perspective. The adoption of such an approach is likely to be contingent on the need for adequate evidence to be provided by insurers, as set out in Recommendation 5.

12. We would recommend that the use of loss adjusters to recheck insurer work should only be used in the most complex of cases (e.g. in excess of £100,000) again, recognising that an insurer will also take a progressively rigorous approach in line with the rising value/complexity of a claim.
13. The Claims Authority should reserve the right to request a full audit on a random sample of cases on a more thorough basis. This is again consistent with the insurance industry approach to maintain the integrity of bilateral agreements such as RIPE.

Social media

14. Developing a centralised social media strategy

We recommend that Local Policing Bodies (LPB) agree on a centralised strategy for social media, that is applied across the board, and that consideration is given to the following points:

- Consistent communication to provide claimants with useful information on how to make a claim should be provided. This could include assistance in understanding the claims process and what supporting documentation is required. For example, a dedicated page could be set up on Facebook or a dedicated account on Twitter.
- The development of a process for handling complaints and feedback given by claimants via social media.
- Use should be made of search functions on social media, to support the public with finding key information on how the RCA works and their entitlement to claim. Similarly, use of metadata/ data analysis should form a key part of the police/Government approach to gaining insight into the experience of members of the public dealing with the claims process, and any specific issues they are encountering in making claims under the RCA.

As part of the centralised strategy to be put in place, LPBs should consider incorporating the processes and guidance into their own compliance requirements, and establish best practices for social media use. Guidelines could centre on acceptable and forbidden content, data handling, engagement with the public, and tone to be used, in order to reduce potential risks associated with communication via social media, and to support greater engagement with affected communities following a riot event. This recommendation echoes some of those made by the Metropolitan Police Service in their report, *4 Days in August*.

15. Social media as a tool to discourage criminal behavior

We recommend that the Government and Local Policing Bodies consider engaging with the Behavioural Insights Team, to look at how positive and targeted social media messages could be used during a riot event, to help improve the decisions made by those who may otherwise be encouraged to take part in criminal activity. Such messages could be communicated via community leaders, and could highlight the potential severe sentences which apply to riot-related offences and the devastating impact such actions can have on the local community.

From an insurance perspective, this would be analogous to the use of flood defences and resilient structures – you cannot necessarily prevent a loss event taking place, but there may be steps which can be taken to reduce the severity of its impact.

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