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PrivateEdge

A Management or Corporate Liability Incident?

Great communication when clients are under pressure

A management or corporate liability incident (like a serious accident to a director or like the criminal conviction of a director)* can be a critical time for a business – and very stressful for the people involved. It is essential when the business and its directors are under the spotlight, that communications to customers, suppliers, staff and regulators are professional, reassuring and consistent.

This is why PrivateEdge provides professional PR costs for a wide range of crises that could hurt the business.

We know from our experience of handling D&O claims that professional communications expertise when businesses are facing a crisis can have tremendous benefits – and help avoid a lot of dangers:

PrivateEdge

Expert communications at a time of crisis.

Benefits of expert crisis communication

Clear, consistent professional internal and external communications at the right time.

Project confidence to reassure key stakeholders at a time of crisis.

Control the messaging instead of being a reactive "hostage to events".

Dangers of "DIY" crisis communication

Directors, uncertain what to communicate, may stay silent – potentially dangerous vacuum.

Communications may lack clarity and structure in a volatile situation.

Directors may overreact and communicate when there is no need.

PrivateEdge covers PR costs to protect the company's reputation for*

Negative publicity resulting from a covered claim.

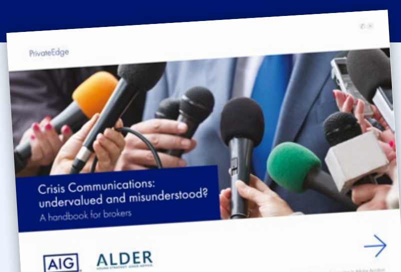
+

Sudden death or disability of any Director.
Criminal or fraud investigation.
Man-made disaster. Product recall.
Loss of intellectual property rights.

Your PrivateEdge clients are already covered for professional communications expertise when they face a crisis.

ALDER
SOUND STRATEGY. GOOD ADVICE.

With real-world insights from crisis communications specialists Alder UK, common pitfalls and practical benefits to help you explain the value of this entitlement to your clients when they have a management liability claim.



View the Broker Handbook

This marketing material is intended for insurance brokers and other insurance professionals for their information.
For full terms, conditions and benefits related to AIG products, please refer to the policy and associated documents.

* see policy wording for full details

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PrivateEdge

Crisis Communications: undervalued and misunderstood?

A handbook for brokers

SOUND STRATEGY. GOOD ADVICE.

For full pdf features, please view in Adobe Acrobat.

PrivateEdge is an elite Directors and Officers product for private companies. It gives extensive protection to directors, if sued, investigated, threatened or prosecuted, and it protects the company itself. Known for the breadth and quality of its coverage and services, one particular area that we would like to highlight is the provision of professional PR costs.

Together with Alder who have delivered comprehensive communications advice and support to PrivateEdge clients going through difficult periods, we present this short booklet for our broker partners to illustrate the value of this service for their PrivateEdge clients.

- 5 Real-world insights built on deep experience of guiding businesses through a management liability claim
- Common reputational pitfalls that businesses can (and do) fall into during a crisis
- Some practical and immediate benefits expert communication support
- Helps brokers explain the value of this under-used entitlement for their clients

Professional PR costs are provided for any covered management liability or corporate liability claim, as well as for a wide range of crises that could negatively affect the business (such as the death of a director or employee workplace violence).

Insights

We hope you find the material a useful and effective aid for your conversations with clients.

1 Silent pitfalls

– the need for a timely response

Learn more >

2 Mental resilience: your greatest asset

– support during a huge professional challenge

Learn more >

3 When a good track record is bad

– the lack of crisis experience when its needed most

Learn more >

4 No such thing as off-the-peg

– devising the best communication strategy

Learn more >

5 When is a crisis not a crisis

– the importance of proportionate reaction

Learn more >

INSIGHT 1

Silent Pitfalls

– the need for a timely response

Dealing with a crisis is the ultimate test of leadership for any CEO. Accidents; data breaches; arrests of staff – whatever the issue, the pressure is instant and unrelenting. Decisions have to be taken at great speed and invariably under stress.

Information demands

Any crisis combines the pressing need to address not just the issue itself but also the wave of demands for information that follow immediately in its wake. Staff, customers and the media will all need a timely and carefully crafted response.

Even knowing where best to start can be bewildering, especially before you know the full picture, and then there is the fear of accidentally admitting liability or otherwise saying the wrong thing.

Dangerous silence

Unfortunately, this mixture of fear and indecision can delay vital communications and make matters far worse.

A deafening silence from a company in the throes of a crisis invariably plays badly, generally being taken to mean one of three things: incompetence, ignorance or even guilt. In turn, this can trigger a collapse in confidence, hitting sales, compromising brand value and damaging personal reputation.

A crisis PR adviser will help the insured avoid falling into this trap, providing a wealth of specialist knowledge to ensure a company remains in control of the problem rather than being defined by events.

Please feel free to use any of this material in your own client communications

A specialist crisis PR advisor will provide rapid guidance on:

- What to say, when to say it, and who to say it to;
- How to engage with different stakeholders;
- How to avoid creating hostages to fortune;
- Whether it is appropriate to say ‘sorry’;
- Handling the media;
- What to say on social media

This activity will bring discipline, consistency and control to communications, helping the client stay on the front foot with their reputation intact.

INSIGHT 2

Mental resilience: your greatest asset

– support during a huge professional challenge

One thing often overlooked in a crisis is the considerable toll it can take on those attempting to handle it.

Pressure from all sides

Competing demands press in from every side. It's not just the issue itself that needs resolving. Careful consideration too must be given to communicating with key stakeholders, including the media. This requires a cool-headed approach to gathering facts, keeping the situation under constant review and trying to regain some degree of control.

High stakes

The stakes are high. The wrong communication early on, or – far worse – silence, can trigger a collapse of confidence in the organisation, leading to a customer backlash or shareholder panic.

There may be intense and immediate regulatory scrutiny too, bringing its own range of obligations, and - depending on the exact nature of the crisis - there may also be an urgent need to liaise with police and other emergency services.

People who have experienced a full-scale crisis often talk of a deep sense of vulnerability, helplessness and loss of confidence. But they are unlikely to admit this at the time.

The unique pressure associated with top level crisis-handling has no parallel in what a manager can reasonably be expected to face in the course of their career.

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In this context Crisis PR advisers do a lot more than provide practical advice for handling a crisis

- They draw on first-hand experience to offer reassurance and emotional support for executives facing possibly the biggest challenge of their professional lives.
- As a result, the client is able to project a calm and professional image both internally and externally.
- Helping to keep clients mentally resilient at such times is one of the most important things a crisis PR adviser can do.

INSIGHT 3

When a good track record is bad

– the lack of crisis experience when its needed most

When it comes to crisis-handling, a well-run organisation with a clean track record can easily be a victim of its own success.

No substitute for experience

That clean record can come at a price. The very fact it has avoided problems in the past means it is unlikely to have first-hand experience and knowledge of what to do if a problem strikes out of the blue and may even have become complacent about its day-to-day operations.

There is no substitute for having dealt with a live crisis situation. It is possible to train for such an eventuality, of course, and many organisations give thought to the need to plan ahead and occasionally conduct simulated incidents, but generally skills can become rusty, especially when things have been running well for a long time.

At the mercy of events

Very often, there is no proper plan, and there is nothing like a live incident unfolding in real time to focus the mind on the glaring fact there is no crisis PR strategy in place.

When that happens, managers and leaders normally used to being in control suddenly find themselves at the mercy of events, and will struggle to bring structure, discipline and clarity to a fast-moving, highly unpredictable and alien situation.

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A crisis PR expert will have seen it all before, and for that reason they are ideally placed to rapidly impose discipline:

- A structured project management approach, working through checklists and deploying stakeholder and communications plans for each element of the situation.
- They can act as an independent and experienced sounding board, help the organisation's leadership to find the right tone of voice, and ensure no-one's needs are overlooked.
- The key objective is to ensure the moment passes with minimal reputational impact, and becomes no more than a bump in the road.

INSIGHT 4

No such thing as off-the-peg

– devising the best communication strategy

The one consistency about crises is their inconsistency – and that means there is never an off-the-peg solution. The range of strategies for dealing with problems is immense.

Fight or flight?

Very often the best thing to do is to concede something has gone wrong, put it down to human error, apologise, and move on.

At other times, where an organisation or individual director has been maliciously attacked, it can be effective to fight fire with fire, robustly challenging the assertions being made.

And where involvement is only tangential it may be better to simply avoid becoming embroiled in a story unnecessarily.

Setting strategies

What to say if criminal proceedings are active? While there are restrictions under the Contempt of Court Act, the period of relative quiet preceding a trial should be used to develop a strategy setting out how best to handle communications once they are lifted.

When there are fatalities it is essential to have a plan for putting victims' families first. A caring, people-focused plan will ensure the organisation gets a better hearing when the relatives speak to the media.

Timely and sensitive actions

Sometimes, precisely what has happened remains unclear and the best thing will be to commission a full investigation. This buys time, and demonstrates decisive action is being taken, but it has to be meaningful – working to a defined structure and timetable, with a weather eye kept on managing the expectations of all those directly affected.

Compensation or refunds may be required in some circumstances, and the smooth administration of these is critically important. A slow or needlessly bureaucratic approach can be brand-damaging.

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The range of options may sound bewildering

- Crisis PR experts are well used to working closely with lawyers to ensure the best strategy is devised.
- Strategies that effectively dovetail with all other legal and insurance considerations.

INSIGHT 5

When is a crisis not a crisis?

– the importance of proportionate reaction

It is important to be able to tell the difference between a genuine crisis and something that only amounts to an internal panic. The immediacy of social media and a residual fear of the mainstream press has created a generation of hyper-alert people who are arguably over-anxious about being publicly shamed.

Focussing on what matters

Those at the centre of a challenging situation frequently get distracted from the key issues. While this is entirely natural, reacting inappropriately could create a problem where there need not be one.

For example, threats to 'go to the press' are very common, but usually turn out to be baseless, tending to be symptoms of a wider frustration, or merely attention-seeking.

The human touch

Either way, lending a sympathetic ear can make all the difference, allowing these threats to be neutralised and resolved away from the public eye. People with a grievance want to be taken seriously, and to feel they are being listened to; things only start to go awry if they sense they are in a one-way conversation.

But even where there is publicity, this need not be a crisis, providing the company has got the tone of its response right. A key ingredient in any sensitive public communication is the human touch, an element that can often get lost along the way, and with disastrous results.

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Often, a crisis PR expert's job is to help a client to pause, take a step back and put what has happened into its proper perspective:

- Aiming to get the story out of the news as soon as possible – readers and viewers are now bombarded with so much information that it takes a lot for something to stick in the public consciousness.
- Understanding the increasing possibility that no-one will take a lasting interest in any story that is in and out of the news quickly.
- The key is being able to identify what actually constitutes a crisis and what doesn't, and then reacting proportionately rather than precipitately.

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