



COVID-19 Operational Risk Management



Risk Management Series April 2020

COVID-19

Operational Risk Management

Protecting Your People, Assets, and Premises

In this guide, we'll help you to assess and respond to the main operational risks you may be facing during the COVID-19 pandemic

Operational Risk Assessment

The first step in managing your operational risk is to understand the key risks and vulnerabilities to your business arising from the impact of COVID-19.

Scenarios

- Consider the different ways that COVID-19 will impact your business.
- Firstly, take into consideration each of your firm's critical activities and, subsequently, consider what dependencies these activities have on other processes, people and organisations. Also consider how they may be impacted by changes to the external environment, such as a downturn in the economy, closure of other businesses, prolonged inability to travel etc.

As you start considering some scenarios to assess, you will begin to uncover others.

Wider Input

- Cascade this process to each of your business functions, seeking as much input as reasonably possible, as they will likely be aware of other risks, or consider the scenarios from different angles.

Response & Controls

- For each of the identified risks, consider if you have adequate measures, plans or controls to mitigate or manage the impact of those risks to an acceptable level.

Prioritise

- Prioritise addressing the risks that are most likely to cause the greatest disruption and impact to your business and its employees.

Updates

- Ensure that this assessment is reviewed and updated on a regular basis to ensure you deploy your efforts and resources where they are most needed.





Employees

It is likely that during this time that some, if not all, of your employees will be required to stay at home and therefore be required to work remotely. This brings several challenges to the continuity of your business, but also a few challenges to your employees, who will look to you for your support and guidance.

Communications

- Ensure that there is a programme in place to deliver frequent messages to employees on the actions being undertaken by the firm in response to COVID-19 and that, where possible, support is being provided to employees.
- Senior leaders of the business should take a prominent role in engaging with their employees and be at the forefront of delivering these messages.
- Ensure that there is an open two-way channel of communication, which allows messages to be cascaded down throughout the business, but equally important, that key observation, feedback and concerns can be escalated upwards to the correct levels of senior management.

Supervision

- Agree and implement a framework to ensure that all employees remain under the appropriate supervision of line managers, team managers, divisional heads etc.
- Consider whether senior leaders receive the correct management information in order to track the impact.

Availability

- Do you have a framework in place, which ensures that there is sufficient awareness and understanding of the activities being undertaken by others, so that they can be easily picked up if an individual becomes unavailable?

Morale & Social Engagement

- Implement and promote an initiative whereby everyone feels connected and that they feel supported, whether this be by their line managers, colleagues, senior management etc.
- Promote and support initiatives to ensure that colleagues continue to communicate on a social level and be particularly mindful of vulnerable employees and those that would normally rely on work for their social interaction.
- Mandate that teams hold regular video conference meetings, both in order to supervise work activities, but to also check in on their welfare.
- Use tools such as WhatsApp to create groups, whereby teams can interact with each other, but also to quickly notify someone if individuals are unexpectedly ill.
- Go the extra mile and identify upcoming birthdays and take time to celebrate collectively.

Insurance & Claims

During this time, make sure you review all your coverage and wordings, whilst also familiarising yourself with the claims process.

- Undertake a review of your insurance policies and consider whether they provide you with cover if any of your risks materialise and you suffer a financial loss. These may include Commercial Policies, Business Interruption, Travel Insurance, Directors' & Officers' Liability, Third Party Liability and Cyber cover.
- Be clear on whether your policies would respond as a result of an event caused by COVID-19.
- You should seek clarity of the scope of your cover before making any business decisions and act prudently as if you are uninsured (until confirmed otherwise).

- Are you familiar with the claims notification requirements of your policy, and do you have procedures in place to allow these to be met whilst working remotely?
- Are you retaining records that you may be required to provide in the event of a claim, and are these easily retrievable?

Please contact your Account Handler for copies of Fact Sheets prepared in response to COVID-19.

- Property
- Employee Benefits
- Cyber Risk
- Directors' & Officers' Liability
- COVID-19 Outbreak & Business Continuity





Financial

Although the financial implications for COVID-19 are difficult to predict, it is important that you start forecasting how it will impact your business financially.

- Undertake regular forecasting of your financial position and determine how these may change as a result of the risks identified to your business.
- Consider and plan against exposure to external conditions, including changes to interest rates, volatility in financial markets and changes to foreign exchange.
- You should regularly review the Government website to determine whether your business and employees can benefit from the PRIHATIN & PRIHATIN PLUS initiatives announced.

Legislative Requirements

Whilst the COVID-19 situation is constantly evolving, it is important to identify each of the legislative and regulatory requirements that your business is required to comply with and determine what strategies you will implement to be able to do so whilst working remotely.

Protecting Business Premises or Office Location

Whilst the COVID-19 pandemic continues it is likely that company offices or premises are unoccupied. In order to protect material assets and employee safety the following guidelines should be considered:

- Do you have dedicated individuals who can manage the maintenance of premises whilst they are unoccupied?
- Ensure all alarms, fire detection and security systems remain active and working during this time. Notify emergency services and insurers where necessary if anything related to these systems changes.
- Arrange site visits daily to ensure the above is all in working order, if possible.
- Make sure to carry out a thorough check both externally and internally.
- Keep a recorded log of all this activity.



The information contained herein is intended to provide a general understanding of Risk Management, and not meant as specific advisory.

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