

# Crisis Communications

## Introduction

The Academy's crisis communications plan was approved by the Board of Directors on May 8, 2003, and subsequently adopted (with appropriate modifications) by the Council of Presidents of the North American actuarial organizations (now the North American Actuarial Council) on Oct. 17, 2003.

## Purpose

This plan was written to provide a decision framework for Academy leaders and staff to use in the event of a public relations crisis. For the purposes of this plan, crises are limited to circumstances in which the Academy and the profession can expect negative publicity and scrutiny from the media, members, government, and other key audiences.

The plan recognizes that there are numerous factors to consider in managing a crisis. These include the public image of the profession, the impact on the membership, legal and financial regulations and liabilities, political positioning, etc. No crisis will be confined to just one of these areas; every response must consider all facets. While the steps outlined below are helpful in guiding the decision-making process, it is ultimately the experience, training, and professional judgment of the crisis communications response team that will determine success or failure.

## Crisis Communications Response Team

It is important that a crisis communications response team be in place to implement the plan. Per the Academy's previously established decision-making structure, the key members of the crisis communications response team are:

- 1** The Presidential Advisory Committee (PAC), consisting of the president, president-elect and the immediate past president.
- 2** The relevant vice-president(s).
- 3** The executive director, communication director, public policy director, and general counsel.

Additional members and staff will be added to the team depending on the need for expertise and support.

There are two types of communications crises discussed in this plan: eruptions and potential crises.

### PART I: ERUPTIONS

An unforeseen event that abruptly thrusts the Academy/profession before a key audience or the public in a negative light.

An eruption may begin with a phone call from a member or a reporter, a letter from a lawyer, or a headline in the morning newspaper. Regardless of how it begins, the common characteristics of an eruption are: 1) it was unanticipated; 2) it negatively portrays the Academy/profession; 3) it is credible (even if it is not true).

By definition, an eruption does not allow for pre-planning. Therefore, the keys to successfully managing the crisis in the early stages are:

- ▶ Speed, because decisions may have to be made in minutes or hours.
- ▶ Focus, because bad information and distractions can drain resources from responding to the crisis.
- ▶ Internal communication, so that decision-makers have the information they will need to act.
- ▶ Patience, to guard against the danger of an over-reaction.

There are four phases of crisis management in responding to an eruption:

#### A. Damage Assessment

A crisis, like beauty, is often in the eye of the beholder. The first parts of managing a communications crisis are damage assessment (which includes identifying the source of the crisis), evaluating its relevance, and assessing the level of the threat.

#### **1** Action Steps: Identify the Problem

- A.** Verify the source/source material. Collect corroborating information (for example, if a member calls in, collect news clips, correspondence, etc., that confirm that the original call was essentially accurate.)
- B.** Staff will notify the PAC and other appropriate decision-makers that there may be a crisis.

- C. Immediately establish a schedule when decision-makers will confer.

## 2 Action Steps: Evaluate the Problem

Decision-makers need to determine if the crisis is relevant to the Academy/profession (versus an industry or group related to actuaries). If it is not relevant, prepare an answer to direct inquiries to the appropriate source. If it is relevant, then:

- A. Button down the flow of information from the Academy's official sources. This includes notifying staff, leaders, and relevant members that an issue has been raised and that the Academy will make an appropriate response soon. Ask that all inquiries be referred to the Academy contact.
- B. Assess the level of the threat and the likely impact (public relations, legal, financial, political, etc.), and decide if action is appropriate. If the threat level is minimal, no action is likely needed. If the threat level is serious, then action will be required.

## B. Seize the Debate

When it has been decided that action is needed, it is crucial to quickly seize control of the debate. Silence equals agreement when an issue erupts in a public forum, and may even be characterized by some as stonewalling. The time frame of a response will be a function of the relationship between the news cycle and the seriousness of the crisis. If an unanswered accusation is repeated in the media, it gains strength and resonance with audiences. Wire services and the Internet allow thousands of media outlets and millions of people almost instantaneous access to information. Therefore, it is crucial that a proactive public statement be made as quickly as possible in order to seize control of the debate.

The keys to seizing the debate are:

- ▶ Assume that if a credible accusation is made, then members, the media, the public policy community, et al, will consider the accusation to be true.
- ▶ A rapid and candid inventory of the Academy's and the profession's public relations, membership, legal, financial, and political vulnerabilities needs to be made. Assume those vulnerabilities will be exposed. Be sensitive to the fact that many actuaries are part of the corporate, consulting, government, and regulatory worlds, which could result in guilt by association depending on the nature of the crisis. The Academy's position vis a vis

these other players must be clearly evaluated before any statement is made.

- ▶ There will not be time for education, only information. If a point needs considerable explanation, then the debate is lost. Clarity and speed are more important than precision.
- ▶ The Academy does not have to answer every question, respond to every accusation, or reveal every possible bit of information. It does have an obligation to be truthful; beyond that, it has the right, and obligation, to act in its and its members' best interests.

## 1 Action Steps: Develop a Position

- A. Develop from one to three key message points to explain the Academy's position. The message points must be direct and concise, and anticipate the response from key groups and critics.
- B. In the message points, identify the proactive steps the Academy is taking or will take. Define the time frame for those actions to gain some control over the news cycle.
- C. Clear the position through the necessary decision-makers. Do not allow the process to be slowed by casting too wide a net. Emphasize speed.
- D. Notify relevant parties (such as the leaders of other organizations) of the Academy's decision to make a public statement, if necessary. Keep negotiation at a minimum; time is an enemy.

## 2 Action Steps: Go Public

- A. Issue a statement through the appropriate means (news release, news conference, through counsel, etc.) Depending on the seriousness of the crisis, a response will be needed within hours. Never more than 2 to 3 days (weekends can alter this timing.)
- B. Identify authorized spokespersons; keep all others buttoned down as much as possible.
- C. Monitor reaction and prepare to follow up depending on circumstances.
- D. Orchestrate third parties to validate the Academy's position, as appropriate.

## C. Damage Control

Once the debate has been seized, then damage control steps must be taken with key constituencies. The membership will likely be the most important group, followed by employers, and then government and public policy contacts.

The keys to damage control:

- ▶ Once a crisis has been declared, be proactive in providing members information, and control the flow of that information.
- ▶ Release the public statement to the membership concurrently with its public release. Whether members agree or disagree with the statement, it will at least demonstrate that the Academy is responding to the situation and is proactively keeping the membership informed.
- ▶ Develop a schedule of follow-up membership announcements using routine and ad hoc communications tools and channels (from Actuarial Update and the website to presentations at actuarial conferences and Academy business meetings).

### **1 Action Steps: Damage Control**

- A.** Assign staff to respond to inquiries from members and external contacts. This should be a communications function with support from the relevant public policy or professionalism members or staff.
- B.** Develop a written response that can be delivered multiple ways (e-mail, fax, scripted, etc.), and stick with the message. Consistency is crucial.
- C.** If the crisis results in the need for the re-evaluation of a public policy or professionalism position, form a group to study the issue as quickly as possible and establish a firm and early deadline for a work product.
- D.** Establish a “lessons learned” work group to report to the relevant decision-making bodies on changes in internal policies and procedures that may be needed to avert such a crisis in the future. Ensure that such a group draws upon a broad range of expertise, not just actuaries.
- E.** Develop a schedule of follow-up information targeted to members and key external contacts.

### **D. Rehabilitation**

If the crisis has been properly managed, at some point there may be the opportunity to begin the rehabilitation process. Rehabilitation would entail proactive measures that would address the issues raised in the crisis. These projects could range from new outreach efforts or image enhancement programs (such as advertising) to launching new programs that provide services to key constituencies.

### **PART II. POTENTIAL CRISIS**

A foreseen event that will likely put the Academy/profession before a key audience or the public in a negative light.

A potential crisis is much like watching a train wreck from a distance. Such a crisis can be foreseen, and therefore managed and mitigated, but may be unavoidable. Managing a potential crisis follows the same principles as an eruption, with one distinct advantage: the ability to control the timing of the eruption.

The keys for successfully managing a potential crisis are:

- ▶ Apprising decision-makers of the public relations, legal, financial, and membership consequences of the upcoming event.
- ▶ Coordinating the timing, substance, and delivery of the message. Announce first; do not let the media break the story.
- ▶ Identifying and preparing spokespersons.

### **1 Action Steps**

Simply put, complete the steps in A, B, and C for an eruption, before the train wreck is scheduled to happen. Impress upon decision-makers that it is important to be proactive in preparing for a likely public relations problem.