

Business Continuity – Step 7: Test and Exercise Plan

Effective business continuity planning enables organisations to resume operations swiftly following a disruptive event.

This Loss Prevention Standard is part of a series focused on business continuity and emphasises the critical role of business continuity test and exercise planning.

Business Continuity – Step 7: Test and Exercise Plan

Introduction

An important step in the business continuity lifecycle involves developing a test and exercise schedule to validate business continuity arrangements.

This includes determining the type of test or exercise, the frequency of validation, and the method for managing results and improvements.

This document provides an overview of the main risks associated with the absence of, or inadequate, test and exercise scheduling and provides guidance to help reduce the consequences of loss events.



Note: This Global Loss Prevention Standard relates to business continuity planning and is focussed on asset loss prevention and related risk management guidance. It is not intended to address liability/general liability exposures. The presumption is that all local regulatory territory requirements, and compliance with national/local building regulations, codes, or standards take precedence and have, or will be, met. In territories where local authorities have jurisdiction, compliance with applicable laws and regulations is assumed as a minimum requirement. The recommendations in this document are intended to supplement, not replace, local requirements.

Understanding the Risks

Loss events can occur without warning. Implementing a test and exercise schedule enables an organisation to ensure recovery arrangements are current and valid, while also ensuring those with assigned business continuity roles are aware of their responsibilities and prepared to carry them out.

Common risks/exposures/issues include but not limited to:

- **Extended Downtime.** Without a validated Business Continuity Plan (BCP), the recovery of critical processes or services may be delayed, leading to prolonged disruption.
- **Financial Loss.** Uncoordinated responses can result in slow or poor decision making and errors, resulting in significantly higher losses.
- **Reduced Recovery Capability.** Delays may negatively impact recovery efforts, slowing down the return to normal operations.
- **Reputational Damage.** Delays in returning to normal operations can damage relationships with customers, suppliers and other stakeholders.
- **Regulatory Non-Compliance.** Many industries require documented and tested BCPs. Poor management may lead to breaches of legal or regulatory obligations, resulting in fines or sanctions.

Validating a BCP

Validating a BCP through testing and exercising ensures arrangements are suitable, up to date, and focused on business priorities.

The BCP, and the management system behind it, can be validated by:

- **Exercising.** Training for, assessing, practising and improving the business continuity capability.
- **Maintenance.** Ensuring the organisation's business continuity arrangements are relevant, up to date, and operationally ready to respond.
- **Review.** Assessing the suitability, adequacy and effectiveness of the business continuity programme and identifying improvements.

Business Continuity plans should be validated at least annually or following significant changes to business operations.

Ten Stages of Validation

The Business Continuity Institute recommends ten stages in the validation process. This depends on the size and complexity of the organisation, and some can be merged where suitable, however, the ten stages are:

1. **Define the exercise goals, objectives and scope.** This ensures the exercise is focused, relevant, and aligned with organisational priorities.
2. **Review past exercises.** This helps identify areas that may have been previously excluded.
3. **Discuss priorities and areas of perceived weakness.** Address and agree these via senior management to ensure the exercise targets the most significant strategic and operational risks.
4. **Review the current risks and threats.** This helps ensure the exercise is based on current risks, not previous and potentially outdated assumptions.
5. **Decide on the type of exercise to be undertaken.** E.g., desktop, scenario, or live exercise.
6. **Determine the available budget.** Understanding financial constraints helps devise realistic and deliverable testing/exercises.
7. **Check the availability of required personnel.** Aim for all relevant business areas to take part or contribute.
8. **Create a realistic incident.** An incident with a small impact will result in minimal findings, whilst an unrealistically major incident would be of little use when considering more likely occurrences.
9. **Obtain management approval.** This helps reinforce management commitment and organisational support.
10. **Run the exercise.** Ensure results are recorded, review any learnings and update the BCP where necessary.

Types of Exercises

All exercises fall broadly into the following categories:

Discussion-based (or desktop) exercise. The simplest and fastest type of exercise to organise involving participants talking through current issues and walking through the plans, focussing on one area or finding a solution to a particular problem.

Scenario exercise. Similar to the above, but concentrating on a set incident, such as a fire. Participants are expected to respond as the timeline progresses. Typically, more areas of the business will be involved.

Live exercise. The most involved, and time-consuming, but providing the most realistic and relevant results. Individuals are presented with a plausible incident, such as a fire or flood, as if it is happening at that moment. Participants treat the scenario as a live incident and respond accordingly, following the steps laid out in the relevant plan.

Often, injects are used to add obstacles that simulate possible developments. These exercises can also involve moving operations to disaster recovery or backup sites, simulating a full evacuation.

Live exercises can provide realistic training for evacuation plans and personnel issues including headcount checks and communications. Consideration should be given to the necessary resources including the budget required, transport, etc.

Managing Exercise Results and Improvement

The majority of business continuity exercises are not ‘pass’ or ‘fail’ based but rather focus on raising awareness and ensuring plans are fit for purpose. Most exercises will result in some form of identified improvements or lessons learned. These could take the form of:

- Specific corrections, such as replacing contacts who’ve left the organisation or moved on to new roles or updating links to supporting documentation.
- General recovery changes, such as updating what actions are required in a particular recovery scenario or changing the sequence of failover steps.
- Expanding or limiting scope, such as including more departments in recovery planning or de-scoping processes from urgent recovery.

Organisations should agree and formalise how to manage these improvements/lessons learned, including how and when to document them and how often they should be reviewed.

Key Actions

- Determine the type of validation test or exercise.
- Establish the frequency of validation (typically at least annually).
- Determine a method for recording validation results and improvements.
- Schedule the first validation test or exercise.
- Record the results and review any lessons learned.
- Update the BCP where necessary.

Checklist

A generic **Test and Exercise Plan Checklist** is presented in Appendix 1 which can be tailored to your own organisation.

Contact Information

United Kingdom

Please visit [Aviva Risk Management Solutions](#) or email us at riskadvice@aviva.com. To speak to one of our advisors, call 0345 366 6666.*

*The cost of calls to 03 prefixed numbers are charged at national call rates (charges may vary dependent on your network provider) and are usually included in inclusive minute plans from landlines and mobiles. For our joint protection telephone calls may be recorded and/or monitored.

Canada

Please visit [Aviva Risk Management Solutions | Aviva Canada](#) or email us at arms.canada@aviva.com

Ireland

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- Business Continuity - [Horizonscan](#)

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Standards, Sources and Useful Links

Canada

- [The Business Continuity Institute - Canada](#)

Ireland

- [The Business Continuity Institute - Republic of Ireland](#)

United Kingdom

- [The Business Continuity Institute](#)

Loss Prevention Standards

These documents set out best practice recommendations to help reduce the likelihood and impact of losses.

Relevant Aviva Loss Prevention Standards include:

- **Business Continuity - Seven Steps to Business Continuity**
- **Business Continuity - Step 1: Roles & Responsibilities**
- **Business Continuity - Step 2: Incident Management Plan**
- **Business Continuity - Step 3: Communications Plan**
- **Business Continuity - Step 4: Business Impact Analysis and Risk Assessment**
- **Business Continuity - Step 5: Solutions Design and Implementation**
- **Business Continuity - Step 6: Policy**
- **Supply Chain Risk Management**

Please visit [Loss Prevention Standards](#) to view the full library.

Aviva Risks Training Solutions (United Kingdom Only)

Aviva Risk Training Solutions, delivered through our Specialist Partner, SafetyCulture, provide free, bite-sized learning modules exclusively for Aviva policyholders.

Please visit [Aviva Risk Training Solutions](#) for further guidance.

Appendix 1 – Business Continuity Test and Exercise Checklist

Location	
Date	
Completed by (name and signature)	

	Title	Y/N	Comments
1.	Have the exercise goals, objectives and scope been defined and agreed?		
2.	Have past exercises been reviewed to identify areas that may have been previously excluded?		
3.	Have the priorities and areas of perceived weakness been discussed with senior management?		
4.	Have the current risks and threats been reviewed?		
5.	Has the type of exercise to be undertaken been agreed?		
6.	Has the available budget been agreed?		
7.	Has the availability of required personnel been checked?		
8.	Has a realistic incident to base the exercise around been agreed? Note: An incident with a small impact will result in minimal findings, while an unrealistically major incident would be of little use when considering more likely occurrences		
9.	Has management approval been obtained?		
10.	Will the exercise results be recorded, the Business Continuity Plan (BCP) updated and any learnings reviewed?		
11.	Additional Comments:		

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