

Disaster Planning & Business Continuity

Tow Times August 2020

Engage Before, During or After a Loss



Pre-Loss Services

- Asset / Replacement Cost Valuations
- Business Continuity Planning
- Business Interruption Valuations
- Insurance Policy Review
- Priority Response Program
- Soft Cost Valuations for Construction



Post-Loss Services

- Claim Preparation
 - ✓ *Business Interruption*
 - ✓ *Construction Defects*
 - ✓ *Contingent Business Interruption*
 - ✓ *Cyber Breaches*
 - ✓ *Delay in Startups*
 - ✓ *Employee Theft*
 - ✓ *Fraud*
 - ✓ *FEMA*
 - ✓ *Owner/Contractor Builder's Risk*
 - ✓ *Product Recall*
 - ✓ *Property*
- Employee Disaster Assistance
- Forensic Accounting
- Insurance Appraisal
- Litigation Support

Disaster Planning: Why

危机

“In Chinese, the word **crisis** is comprised of two characters. The character on the left is taken from ‘danger’ and the character on the right is taken from ‘opportunity’.”

Disaster Planning: Why

Disaster

A calamitous event, especially one occurring suddenly and causing great loss of life, damage, or hardship.

Webster's New World Dictionary

How we all win (and how we've won!)

Business Disaster

Any disruptive event that causes business operations to be unavailable for a period of time, after which personal, financial, and operational losses become unacceptable.

School of Hard Knocks

Disaster Factoid

3%

of business interruptions are attributed to natural disasters...

40%

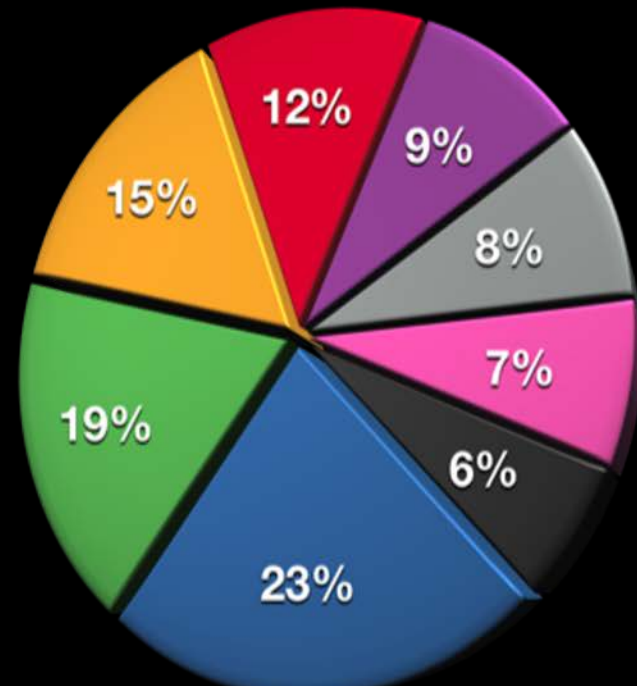
of businesses that experience a natural disaster never reopen...

United States Department of Labor

Disaster Factoid

Frequency of Disasters

- IT Hardware
- Utility Failure
- Deliberate or Malicious
- Building Loss or Denied Access
- Software Failure
- Natural Disaster
- Security Breach
- Human Error



Source: Insurance Information Institute www.iii.org/fact-statistic/catastrophes-us

Disaster Planning: Why

Roadmap for managing through chaos. A program to respond to unexpected business disruptions and their consequences



Disaster Planning: Why

Disaster planning is the “seamless integration of emergency response, crisis management, IT recovery, claims management, supply chain and security management.

- Marsh Risk Consulting, BCM Presentation 2004

Benefits of Disaster Planning

- Minimizes potential of injury or loss of life
- Minimizes potential of property damage or loss
- Minimizes business interruption
- Maintains business continuity
- Maintains critical services to your community

The Four Stages of Denial

1. It won't happen.
2. If it does happen, it won't happen to me.
3. If it does happen to me, it won't be that bad.
4. If it happens to me and it's that bad,
there's nothing I can do to stop it anyway."

Six Myths of Disaster Planning

Myth #1
It won't happen.



Myth #2

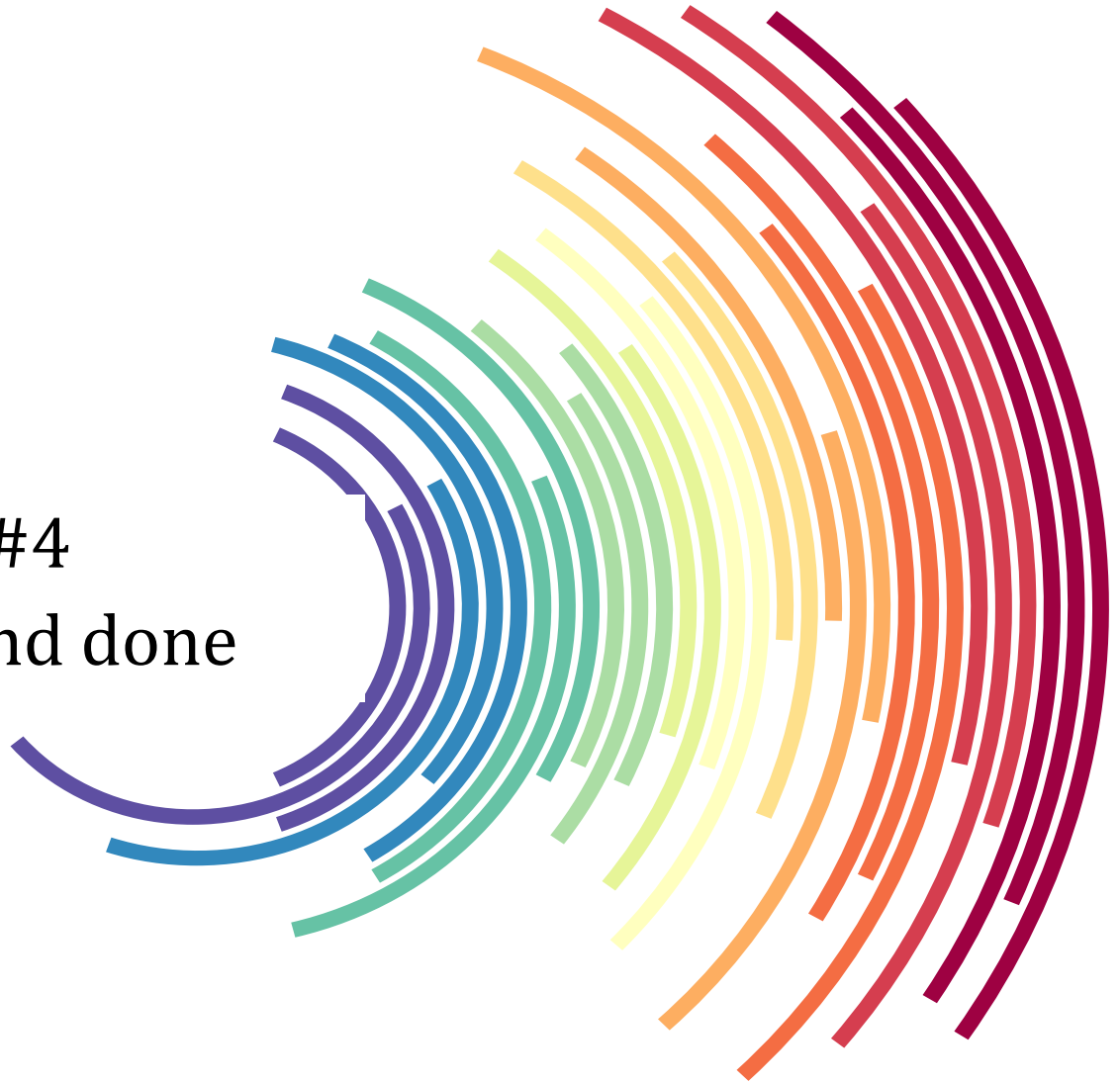
Planning takes too
much time and costs
too much money.



Myth #3
One size fits all



Myth #4
One and done



Myth #5
If it can't be perfect, why
try?



Myth #6

I'm insured. Why worry?



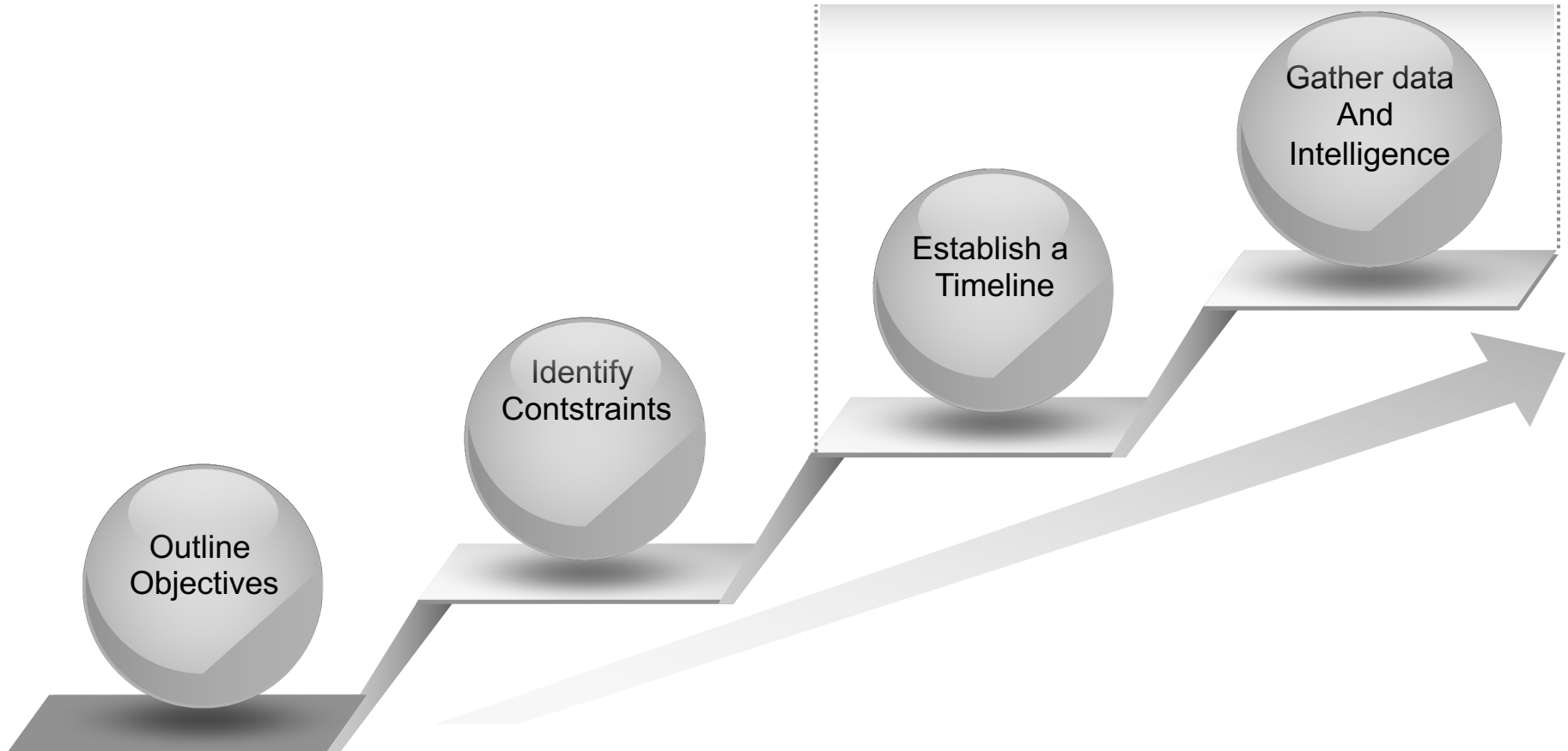
Common Pitfalls

- Focusing disaster planning on IT alone
- Failing to review and update insurance policies so that they are current and relevant for today's events
- Failing to update and communicate disaster plan to management team and staff
- Expecting government to ensure that you can reopen
- Assuming that the claims adjuster works for you

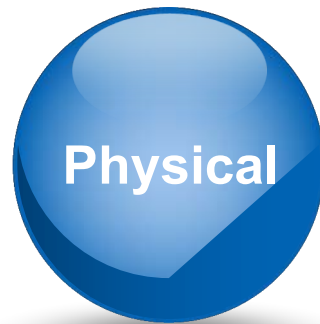
Plan to Protect



Initial Steps



Type of Loss



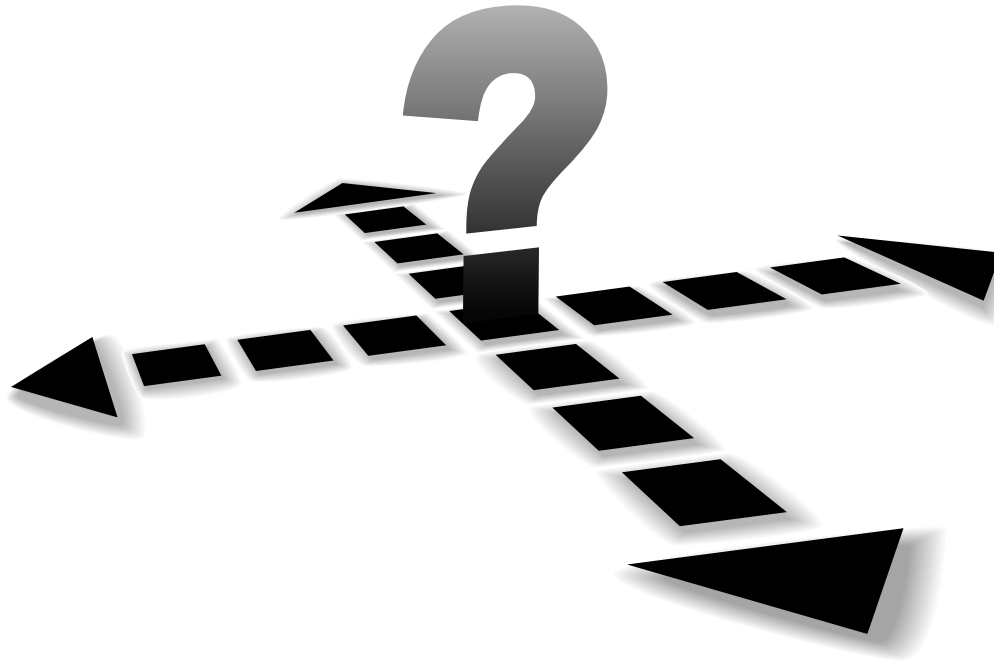
Business Impact Analysis

- The objective is to identify critical operations for organizations and the resources required to run them.
- Gather and verify information.
- Analyze potential quantitative and qualitative impacts from disasters or disruptive events.

Business Impact Analysis

- What processes will be impacted by a disruption (loss of power, loss of access to the site, etc.)
- What alternatives are there for restoring those processes.
- Prioritize the processes most critical to operations and establish a timeline for recovery.
- Identify work-around procedures in case recovery cannot meet the timeline objectives

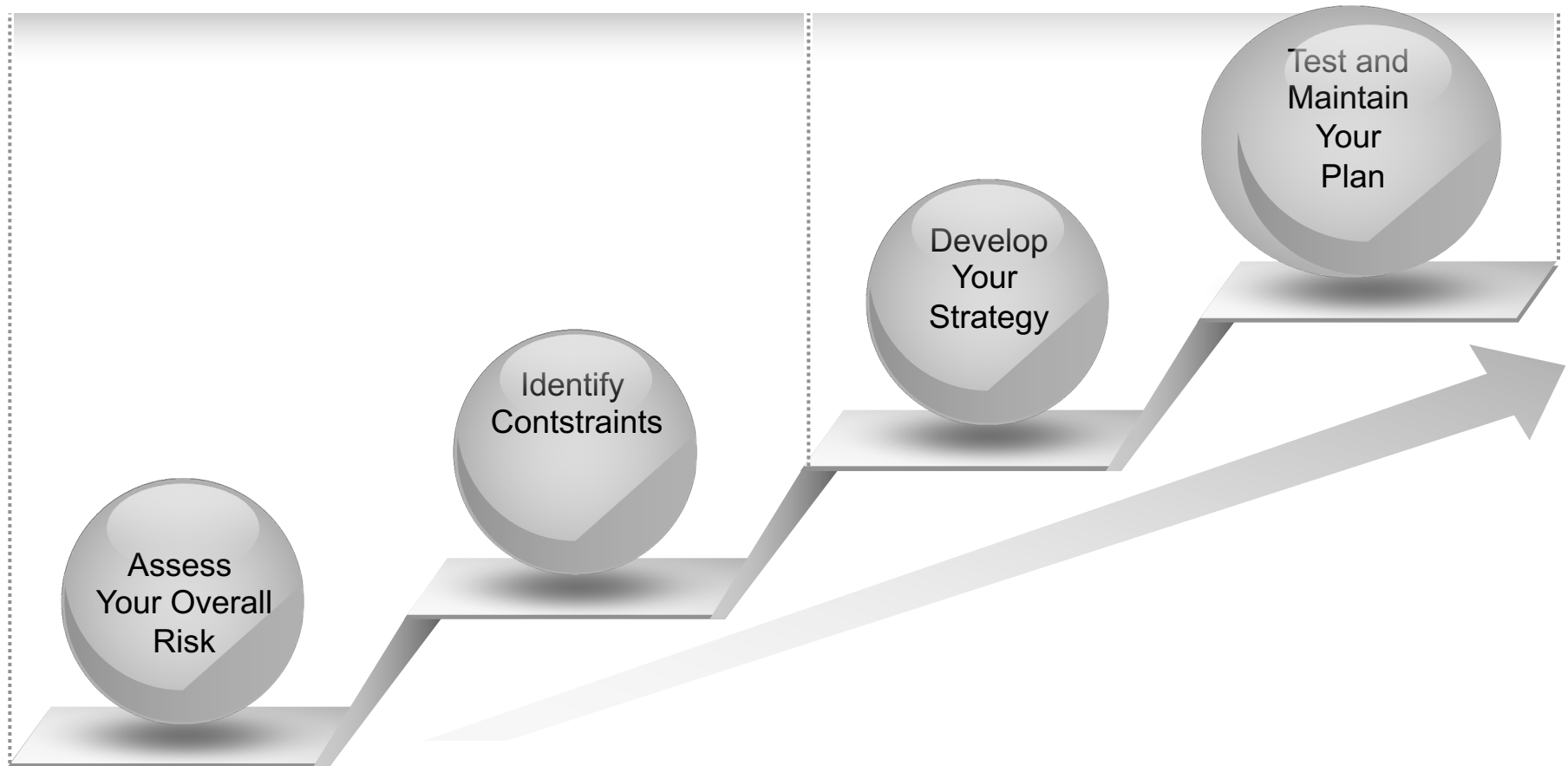
Four Approaches to Risk



Risk Control Options

- Eliminate the Risk
- Reduce the Risk
- Insure Against the Risk
- Accept the Risk

Secondary Steps



Disaster Planning Shortlist

Disaster Planning Team

Business Continuity Team

Disaster Planning Team

- Owners
- Operations manager
- Dispatcher
- Human resources manager
- Safety coordinator
- IT manager
- Controller

Disaster Planning Team

- Drivers
- Internal audit
- Key vendors
- Community disaster response team

Four Phases of Planning



Disaster Planning Shortlist

- Core Components
 - Communications
 - IT Access
 - Remote working
 - Alternate locations
 - Emergency Protocols
 - Fuel Availability

Disaster Planning Shortlist

- Site access
- Equipment access
- Site safety, PPE availability
- Health and safety
- Vendor contingency
- Disaster restoration company for property recovery
- Media issues

Disaster Planning Shortlist

Basic Building Information

- Structure type
- Floors
- Exits
- Building systems
- Age, architect, engineer
- Valuation
- Photos
- Blueprints

Disaster Planning Shortlist

Hazardous Materials Management

- Types,
- Location
- Quantities
- SDS Information

Disaster Planning Shortlist

Equipment & Contents

- Make, model, serial number
- Original price, replacement cost
- Installer; service provider
- Inspection and maintenance dates
- Warranty information
- Roofing systems
- Utilities
- Vehicles, trailers

Disaster Planning Shortlist

IT Systems & Communication

- Computer equipment inventory
- Software and applications
- Communication systems
- Towing management systems

Disaster Planning Shortlist

Professional Services

- Engineer
- Environmental consultant
- Accountant or auditor
- Safety consultant/security
- Legal
- Insurance broker/risk manager

Disaster Planning Shortlist

Government & Community

- Public safety
- Local, county and state emergency management
- Service organizations
- Medical services

Disaster Planning Shortlist

Key Service Resources

- Banking/cash management
- Restoration contractor
- Utility companies
- Service contractors
- Sign maker
- Insurance broker
- Temporary office, IT systems
- Fuel services
- PPE availability

Disaster Planning Shortlist

Media Management

- Single spokesperson
- Basic building facts
- Express concern for staff/customers
- Manage rumors
- Routine updates
- Social media

Disaster Planning Template

- Base the plan on risk assessment and lessons learned
- Keep it simple
- Know your audience

General Guidelines

- Post recovery procedures for easy access
- Identify and equip alternative operations sites
- Safeguard all key property & equipment & your people
- Update contact info and communications plan
- Emergency cash management & transaction processing

In-House Staff Capabilities

- Skills and time
- Training resources/certifications
- Supplement with consultants
- Cooperation of senior management

Business Insurance

- Perils/Coverages
- Current replacement value
- Code update protection
- Limits and exclusions
- Solvency of the Insurer

Writing a Plan

- Keep it simple and legible
- Write in an outline format
- Cross reference responsibilities
- Include diagrams and photos if applicable
- Provide printed copies on waterproof media
- Cloud based

Planning

- Develop a plan with contingencies
- Communicate the plan to your staff
- Update the plan
 - Natural
 - Man made
 - Technological
 - Other
- Backup and store critical information

Mitigation

- Review and update insurance policies
- Update facilities to comply with current codes
- Identify and protect key assets
- Prepare a site assessment for each facility
- Create easy access to the plan
- Exercise and maintain the plan

Response

- Elevated readiness and communication
- Create unconscious competence
- Engage Emergency protocols
- Health and safety guidelines
- Evacuation and shelter
- Emergency operations team

Recovery

- Assess damage and document conditions
- Stabilize the environment
- Restore the basic critical business systems and infrastructure
- File claims and process recovery efforts

Critical Issues

- Contact and communication
 - Key Personnel
 - Key Vendors
- Access
 - The Facilities & Equipment
- Inventory of key assets

Critical Issues

- Identify critical processes
- Determine priority of recovery
- Identify HAZMAT challenges
- Access to emergency equipment
- Relationship with restoration and recovery firm

Plan Maintenance

- Continual process
- Manage change
- Review contracts and service agreements
- Maintain training and awareness
- Periodically review changes in threats or risk controls
- Review availability of internal and external resources

Strong Protection = Strong Brand

- Disasters don't discriminate
- Consumer base watches your recovery actions
- Repeated failures erode the brand
- Brand recovery takes time and effort
- Resilience is a trait of a strong brand

Quick Tips

- A disaster is just that...be prepared for the worst
- A good plan today is better than a perfect plan tomorrow
- Base your plan around issues most likely to affect your region and facilities
- Have a communications plan in place to let staff and consumer base know that you are in control
- Schedule an annual check up with your agent

Words of Wisdom

- Your disaster plan should not be on Bill's hard drive
- The *Yellow Pages* is not an acceptable disaster plan
- Your insurance does not always *cover it*
- Understand constraints & demands of regional events
- The time to negotiate a fee for disaster recovery and restoration is not 3:00 AM, while you're standing knee-deep in water or being held hostage by ransomware

Additional Resources & Thought Leadership

CDC Emergency Preparedness and Response Website

www.bt.cdc.gov/disasters

Circumspex

www.circumspex.com

Procor:

www.procorllc.com



Hurricane Florence Mandatory Evacuation Zones and Curfew List

Sep 19, 2018 | Client Resources

Procor's Senior Vice President, Joseph Crittell has compiled a list of when and where Hurricane Florence mandatory Evacuation Zones and Curfews occurred as a result of the storm. This data may prove useful to businesses filing a claim under Business Interruption and...

[read more](#)



5 Key Steps Risk Managers CAN Take To Be Ready To Respond and Recover

Sep 19, 2018 | Client Resources

HURRI-CAN As Hurricane Florence hits the US East Coast, Risk Managers are activating their response plans to be ready to address business impact if affected by this storm and to commence business interruption claims presentation and adjustment for any covered losses...

[read more](#)



Frank Russo Featured in The Journal of Business Continuity & Emergency Planning

Apr 1, 2019 | News / Media

Procor Solutions + Consulting's Frank Russo was recently featured in the Spring 2019 issue of The Journal of Business Continuity & Emergency Planning. The article serves as a guide to how disaster recovery costs after a loss can potentially be reimbursed...

[read more](#)



Procor \$1 Billion Milestone

Jan 16, 2019 | News / Media

It was a "December to Remember" for Procor Solutions + Consulting, whose teammates successfully resolved claims for more than \$1 Billion in the final month of 2018. No, that is not a typo - in fact, three significant matters were resolved in excess of \$1 Billion, all...

[read more](#)

Thank You For Your Time!



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