

Disaster preparedness: Plan to survive

Please route to:

- Owner
- General manager
- Sales manager
- Service manager
- Office manager

Recent events have shown that if your company is to survive a disaster, you must develop a plan for business recovery. Many businesses have contingency plans in place to help them recover from floods and hurricanes, but who actually plans for computer viruses or month long power outages? This bulletin discusses the elements of a disaster recovery plan – why you need a plan, how to get started, what to consider, and where to find help.

Why you need a plan

After a disaster, the overall goal is to return your business to normal operations as quickly as possible and, perhaps more importantly, before your competitor is back in business. Many businesses fail each year after suffering damage from serious fires, floods or other natural disasters because they were unprepared. Property insurance will pay to repair or replace buildings and content, and business interruption coverage can provide funds for loss of income, but they can't replace lost customers, employees or vendors.

Now is the best time to review your insurance policies and ensure you have all the proper coverage in place. Developing a broad plan may ensure that your business and employees' livelihoods survive.

The following are some of the most important reasons for developing a disaster recovery plan:

- Protect employees
- Maintain cash flow
- Moral and legal obligations
- Maintain customer relations and client base
- Defend legal action from shareholders

Don't delay making a plan!

If you do not currently have a disaster recovery plan, begin working on it immediately. First, develop a process outline consisting of the following elements:

- **Involve owners and top management** in the planning process, as they should support the overall plan.
- **Establish a planning committee.** It can have as small as two or three individuals.
- **Review your current insurance program** with your account executive to ensure your business has adequate coverage for potential disasters.
- **Identify disaster exposures.** What natural, man-made, or political disasters is your business susceptible to? Consider this partial list*:

Fire	Floods
Freezing	Tornadoes
Hurricanes	Hailstorms
Storm surge	Landslides
Windstorms	Earthquakes
Computer virus	Mail interruption
Civil disturbance	Computer/data loss

Loss of an important vendor

Loss of an important supplier

* Some of these disasters are not insurable or would not be covered by insurance.

- **Identify critical personnel, equipment, and data.** “Critical” refers to their relative importance to your business. What do you need to return your business to normal operations?
- **Collect information.** You will need a list of every important piece of information needed in the event of a disaster including inventories, telephone numbers, equipment listings, vendor lists, software inventory, etc.
- **Develop a formal written disaster recovery plan.** Incorporate all of the above information into a plan that identifies specific disaster scenarios, steps that will protect your business prior to the disaster, and most importantly, instructions for returning your operation to normal as quickly and efficiently as possible.
- **Test the plan,** both initially and annually thereafter. It is important to review and update the plan periodically as your exposures to loss change.

Online Resources

The guides listed below can assist small business owners with disaster planning:

- [Small Business Disaster Planning Guide – A Guide for the Small Business Owner Following Disaster](https://www.score.org/resource/small-business-disaster-planning-guide) – <https://www.score.org/resource/small-business-disaster-planning-guide>
- [Open For Business – Business Continuity Toolkit](https://disastersafety.org/ibhs-business-protection/ofb-ez-business-continuity/) – <https://disastersafety.org/ibhs-business-protection/ofb-ez-business-continuity/>
- [The Insurance Institute for Business & Home Safety \(IBHS\)](https://disastersafety.org) – <https://disastersafety.org>
- [American Red Cross](http://www.redcross.org) – www.redcross.org
- [Association of Continuity Professionals](http://www.acp-international.com) – www.acp-international.com
- [Federal Emergency Management Agency](http://www.fema.gov) – www.fema.gov
- [Insurance Information Institute](http://www.iii.org) – www.iii.org

- [National Emergency Management Association](http://www.nemaweb.org) – www.nemaweb.org
- [U.S. Small Business Administration](http://www.sba.gov) – www.sba.gov

Another resource for information and guidance is the Disaster Recovery Journal (www.drj.com). This website offers free subscriptions to their magazine, business continuation models, pertinent disaster recovery articles from various publications, sample plans and other information. Zurich is not providing legal advice and assumes no liability concerning the information set forth above.

Loss prevention information

For questions about this loss prevention topic, contact the Zurich Risk Engineering Department at 800-821-7803.

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