



BEING THERE: An Insurance Professional's Guide to Preparedness

Successful insurance providers should always be available to serve their customers' needs, especially following a disaster or business interruption.

A number of years have passed since Superstorm Sandy touched down in Atlantic City, New Jersey and worked its way up the coast. Since making landfall, the October 2012 disaster has been responsible for an estimated \$71.5 billion in economic losses, making it the fourth most costly storm in America through 2017.

Following a disaster, insurance agencies are among the first organizations on the scene writing up claims, assessing damage, and distributing checks. It is critical for insurance agents to be available and ready to act when they are needed. Having the capability to maintain services throughout a disaster situation, or restore operations quickly following a disaster, gives your customers the chance to restore *their* businesses following disasters, and thereby support their employees, families, and communities as a whole.

An established, proven, executable disaster recovery plan is the only way to ensure your business can deliver on the promise made to clients. Additionally, the ability to efficiently restore services after disasters will help you save on loss ratios, and the more quickly your customers resume operations, the lower claims will be for lost revenue or business interruption coverage.

When is the next disaster going to hit? And will your company be affected? No one knows. But you can reduce your risk—and that of your customers—by implementing the following risk-reduction procedures and best practices for recovery planning in the insurance industry.

Know The Risks:

 **35%** The number of small to medium-sized businesses that have a comprehensive disaster recovery plan.

 **\$84,000** The amount of money that companies lose, on average, for an hour of down time

 **30%** The number of small businesses that have been impacted by natural disasters



ESTABLISH DISASTER RECOVERY PROTOCOLS

To enable your agency to conduct critical business functions before, during, and after a disaster, establish the following basic disaster recovery protocols:

- 1** Assemble a disaster recovery team
- 2** Create a crisis communications plan
- 3** Create a disaster recovery plan
- 4** Assemble a “go” bag
- 5** Test, fine-tune and retest your disaster recovery plan

For an insurance agency, each step is critical to ensure you have the ability to communicate with insureds, process claims, access data, and conduct other important functions.



1. Assemble A Disaster Team

Get your employees involved in the disaster response planning process to let them know you're ready for whatever crisis may occur and build buy-in to a culture of preparedness. Together, you can design a plan to accommodate challenges the team might face in a disaster.

Responsibility of the Disaster Team:

- Provide guidance, oversight, and approval of resources for the continuity program
- Facilitate the implementation and routine testing of the program
- Ensure collaboration and buy-in across all departments
- Execute the plan should the need arise

When assembling your team, it's important to include members from all departments of the organization. Downtime after a disaster affects departments in various ways. Involving all departments allows for equal consideration of priorities and critical tasks, as well as protects any critical inter-dependencies.

The first step is to invite every department head to an initial meeting. At this discovery session, make a list of all the responsibilities needed to maintain critical business functions (activities that are vital to your organization's survival) during a disaster. Do not attempt to incorporate all departmental functions, only those most critical to the tasks necessary following a major event.



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Once you have established all the responsibilities required, assign each task to one or more employees to create redundancy. For some technical tasks, such as restoring access to data, responsibilities will closely match a person's current title and job description within the company. Other functions, such as being part of a call chain or answering online inquiries, can be assigned to a variety of staff members. Take the time to cross-train any personnel you may rely on for alternative responsibilities in a crisis.

The following list of disaster recovery responsibilities will get you started in identifying who should be involved:



Ensuring office and personnel safety and security

- Responsibilities may include evaluating building integrity and safety, facilitating cleanup, or stocking and carrying the "go" bags



Data access and integrity

- Responsibilities may include maintaining server/cyber security protection or activating redundant data center



Crisis communications

- Responsibilities may include initiating an employee call chain or alert notification protocol, or communicating with stakeholders including ownership, leadership, partners, suppliers, clients, and media



Financial oversight

- Responsibilities may include calculating how much cash will be needed for incidentals including supplies, food/water, transportation, repairs, temporary lodging, and replacement assets



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2. Create a Crisis Communications Plan for Internal, External, and Media Audiences

Communication with clients during a crisis is especially crucial for insurance companies. Following a disaster situation, insurance agents will likely be flooded with calls from insureds with questions about their coverage or how to file a claim. Be sure you've planned to have experienced agents on hand to handle such questions, including a plan for those unable to report to the office to answer inbound calls. Consider how working remotely will affect the workflow and ensure that data integrity and access is tested for such scenarios. Claims agents working remotely must have tested access to data and applications, especially during scenarios where access to power and internet connectivity are compromised. Consider a plan for bringing in temporary personnel to replace staff who cannot report to the office, but also staff to accommodate additional demand during and after a catastrophic event.

CASE STUDY:

Aegis Insurance Restores Power Just 36 Hours After Superstorm Sandy



Aegis Insurance, a mutual insurance company in East Rutherford, New Jersey, lost power during Superstorm Sandy. Restoration from the electric company was not expected for seven to 10 days. At that point, George Emanuildis, the Vice President of Operations who was responsible for business continuity, turned to Agility.



“We were in panic mode to find a way to restore power to our data center so we could at least have email,” Emanuildis said. “The power went down on Monday afternoon and we called Agility on Tuesday. By Thursday, the generator was here. By Friday morning, I had a fuel truck dropping off fuel. Agility hooked up the generator and got me on a fuel refilling program. That restored power to our data center and our critical apps like email. It kept our company afloat.”

“We’re not a novice at business recovery. We’ve done this before. But there was a board of directors meeting going on simultaneously abroad, and there was no flow of communication back and forth. Agility Recovery bailed us out of a critical situation by being able to turn this around quickly.”

“Agility brings a personal approach to the services they provide,” Emanuildis said. “Even after our generator was up and running, Brandon called me regularly to see how things were going. That’s a testament to the kind of company they are and the services they provide.”



ESTABLISH DISASTER RECOVERY PROTOCOLS



3. Create Your Disaster Recovery Plan

Once every responsibility is outlined, write a step-by-step disaster recovery plan. Your plan should spell out who is in charge of different recovery processes, first actions to consider, and how to quickly evaluate and escalate needs.

Begin by considering the most important functions within your organization, and develop plans and strategies for protecting each from the top risks posed to your organization. Discuss how to prevent failure in each area, or if that is not possible, what it would take to bring each service or area back online quickly and efficiently.

A Good Disaster Recovery Plan Will:



Establish who will participate on the recovery team and include detailed descriptions of their responsibilities. Include at least two ways of contacting each member of the team.



Establish evacuation and shelter-in-place plans, as well as a policy for ongoing testing/exercising of those plans and emergency kits and supplies to accompany those plans.



Establish how your organization's critical functions will continue to operate immediately after an incident. This may include functioning with reduced staff, replacing compromised systems, offering of partial services, relocation of staff and operations, communication protocols, and mitigation or recovery procedures.



Establish how actual recovery logistics will proceed in terms of precisely outlining and adhering to timelines, decision points, and verified procedures.



Establish in detail the required resources needed for mitigation and recovery. You'll want to consider what resources are required for restoration of basic services such as:

- Office Space
- Power
- Communications (telephone, internet, fax, etc.)
- IT network and hardware
- Applications
- Data
- Unique assets
- Employees/staff/partners/suppliers
- Other: Restroom facilities, HVAC, food/water, etc.



Establish the procedure by which the Emergency Plan will be enacted. Who has the ability to declare the disaster or put the plan into action?



ESTABLISH DISASTER RECOVERY PROTOCOLS

As an insurance provider, it is critical that you are able to reach clients in a disaster zone as quickly as possible. Ensure that your entire customer file, including contact information, account numbers, and policy details, are accessible offsite. Additionally, make sure you've devised alternate procedures for processing customer transactions if electricity or communications are affected, as well as alternate communication procedures for reaching not only your clients, but stakeholders, employees, and partners if communications are compromised area-wide.



4. Assemble a "Go" Bag

A go bag is an emergency kit that is ready to be used at all times. Your emergency kit should contain everything your organization needs in the event of evacuation. When disaster strikes, time is of the essence. An office emergency kit is unique and includes a few key items not in a personal emergency kit. Store the following items in one or more central locations in a waterproof container:



Employee Health and Safety Items

1. First Aid Supplies/Kit
 - Plan to regularly restock and ensure proper quantities of first aid supplies
2. AED (Automated External Defibrillators)
3. Emergency Supplies
 - Food, water, flashlights, tools, battery powered radio, mobile and solar chargers, petty cash, building keys



Items for Protecting Continuity of Critical Functions

1. Important Documents and Records
 - Documents: recovery plan, damage assessment forms, critical process flow documents, server recovery scripting, phone redirect scripting, data backup procedure
 - Records: insurance policies, employee rosters and contact information, contracts, vendor/partner contact information, fixed asset inventory
2. Login and Password Credentials
3. Office Supplies



ESTABLISH DISASTER RECOVERY PROTOCOLS



5. Test, Fine-Tune, and Retest Your Disaster Recovery Plan

Testing your disaster recovery plan is not only an essential part of planning, but a step that could mean the difference between giving in to a crisis and surviving one. Testing or exercising your plan should be a gradual and continual process.

A good test will:

- ✓ Feature realistic scenarios based on identified risks to your organization
- ✓ Meet compliance or regulatory requirements
- ✓ Increase employee, management, and community confidence in the plan
 - This includes setting realistic expectations for response team members
- ✓ Expose holes, gaps, misperceptions, or other potential failures of the plan
- ✓ Be conducted both with and without notice
 - Announced drills are learning exercises that allow employees to walk through actions they are trained and expected to take during an emergency
 - Unannounced drills provide the most accurate indication of what will occur during actual crisis conditions
- ✓ Improve your overall readiness and reduce recovery time.

You should hold regular walk-throughs of building emergency exits, and conduct drills for shelter-in-place situations, workplace violence scenarios, and building evacuations. More elaborate and comprehensive testing can be facilitated in one of three places: at your facility, at your off-site backup center, or at a disaster-recovery-partner testing site. You can choose to do a table-top meeting-style run through or a full-scale hands-on test, using canned or live data and a variety of scenarios.

When you're running a test, make sure to take notes during the exercise. What was the task or issue? When was it started/identified? Was it resolved? How? What problems arose? Review the findings with participants and then update and distribute your written plan, making sure to write down notes for consideration on your next test.

Business continuity planning is an ongoing process, and testing is a critical step in continually assessing and improving the strategy as your organization grows and evolves. Your testing process should run in a continual loop:



TEST



FEEDBACK



IMPROVE



ESTABLISH DISASTER RECOVERY PROTOCOLS



Remember:

A successful test is not necessarily one that runs flawlessly, but an exercise that allows you to identify failures and therefore improve your plan and increase your ability to serve customers after a disaster.

Testing your continuity plan and disaster recovery preparedness is the best way to ensure that your agency can remain operational and serving your insureds no matter what, or that it can be quickly restored to its fullest capabilities under any circumstance. Remember that as an insurance agency, your customers expect service following disasters even though your company may be affected by the same event. Regularly exercising your plan can even become a competitive advantage for your firm by promoting your preparedness as an asset.

We recommend that you do a full-scale test annually for a wide range of critical functions, including electricity, water, gas, facilities, staffing, technology, telecommunications and more, not only to survive, but to thrive in any unexpected situation.

CASE STUDY:

Anderson Insurance



When Superstorm Sandy damaged Anderson Insurance's New Jersey facilities, they knew that every minute they were down could mean clients lost. Without phones and power, what could they do? "They needed to have some type of communication channel open, so we set up a voicemail system for them and routed all calls to that number," explains Mark Norton, Director of Continuity Planning for Agility Recovery.

Agents continually checked the voicemail and calls were returned within 30 minutes. "It was a simple first step, but it went a long way in securing customer trust," says Norton. "By being available in their customers' time of need, Anderson increased the agency's potential for policy renewal in the future."



WHEN DISASTER STRIKES: PUTTING YOUR PLAN INTO ACTION

As an insurance professional, you already know disasters can strike at any time. They can be seasonal or completely unexpected. But regardless of the scope, once an event takes place, it is time to put your plan into action.



Assess the damage:

The first thing you want to do is establish contact with your recovery team and have a core group of leaders assess property damage before anyone attempts to step onto company property. Is there any physical damage? Do you have power? Are your buildings usable and safe, and do you need approval to enter them?



Assess your staff:

Can they get to work, and are the roads drivable? Has anyone been hurt? What percentage of your regular staff are able to perform their job?



Contact your disaster recovery business partner:

Discuss your immediate, short-term, and long-term needs for power, communication, office space, technology, etc.



Contact your customers:

Be proactive. Do not wait for clients to call you. Make an attempt to reach every client located in the path of a storm or in designated disaster areas to evaluate their needs.



POST DISASTER: ASSESS YOUR DISASTER MANAGEMENT PROCESS

Understanding what went right, what went wrong and how you can do better the next time is the key to saving both lives and revenue. Be sure to conduct an after-action-review meeting following every disaster (and every exercise) to evaluate the effectiveness of your strategy and response, and solicit new ideas for improvement or enhancements to the plan.



Assess how you handled the situation:

What did you do well? What could you have done better? Reach out to your vendors, business partners, and other companies in your area for their outside observations and assess their own abilities to overcome the disaster and serve your firm.



Assess your preparedness:

Did you set aside enough supplies and funds? Did anything happen that you did not think of or prepare for? Did you need any equipment or technology that you were not able to find? Make recommendations for revising and/or updating your disaster recovery budget, physical requirements, and emergency plan.



Assess the likelihood of another catastrophic event:

Equal to or worse than the one you just experienced, and estimate, if possible, the likelihood of it happening in a determined time frame.



CONCLUSION: PREPARATION AND PLANNING = MINIMUM DISASTER RISK

While some weather threats can be forecasted, the extent of damage cannot be accurately predicted. Nor can the effect on your clients, your employees, or your revenue stream. In the insurance industry, your continued success centers on proper risk management, and it is critical to always be prepared. When your clients need you, you must be there—especially during and immediately after a disaster.

Do not let a catastrophe be your agency's downfall, or the downfall of your valued clients. Designate an emergency disaster response team and create your emergency plan. When disaster strikes, do not hesitate to put your plan into action right away and contact your disaster recovery solutions provider. After the event, assess how well you both handled the situation and what you could have done differently or better. Continue to assess your strategy regularly through test exercises and never stop improving.



Additional Resources

Emergency Management Guide for Business and Industry
<http://www.fema.gov/media-library-data/20130726-1511-20490-6446/bizindst.pdf>

Federal Emergency Management Administration
<http://www.fema.org>