

Establishing a disaster preparedness plan for the next time

Emergencies can include natural disasters, pandemics or blackouts. You will have a better chance of minimizing employee and customer deaths, injuries and illnesses, reducing property damage and accelerating business recovery if you plan ahead. An emergency preparedness plan, at a minimum, should include the following elements:

- Pre-disaster actions to protect people, facilities and contents.
- Emergency evacuation procedures and assignments.
- Essential facility operations (or shut down) procedures.
- Off-site storage (back-up) of information.

You should discuss your emergency plan with your employees, and provide training and periodic testing of the plan. Employees should be notified any time changes are made to the plan. A current copy of the plan should be kept where employees can refer to it easily.

The Open for Business® Disaster Protection and Recovery Planning Guide is designed for small and mid-sized businesses. Download a freecopy at www.DisasterDafety.org/Business_Protection.

Additional resources

Canadian Red Cross

Contact your local Red Cross chapter for publications on disaster planning for yourself and your employees. The Red Cross also offers emergency training.

Website: www.redcross.ca

Disaster Recovery Information Exchange (DRIE)

The Disaster Recovery Information Exchange is a not-for-profit organization dedicated to the promotion of Business Resumption Planning, Computer Recovery Planning, Crisis Management and other related disciplines as integral components of an effective business strategy.

157 Adelaide St. West.

P.O. Box 247

Toronto, ON M5H 4E7

Telephone: 1-647-299-3743

Website: www.drie.org

Disaster Recovery Institute Canada

DRI CANADA is a not-for-profit corporation established to create a base of common disaster recovery planning knowledge.

200 Sanders Street, Suite 201

P.O. Box 552

Kemptville, ON K0G 1J0

Telephone: 613-258-2271

Toll Free: 1-888-728-3742

Website: www.dri.ca

Insurance Bureau of Canada

The Insurance Bureau of Canada (IBC) is the national trade association for the private companies that insure the cars, homes and businesses of Canadians.

777 Bay Street, Suite 2400

P.O. Box 121

Toronto, ON M5G 2C8

Telephone: 416-362-2031

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Be prepared. Disasters can strike at any time.

Institute for Catastrophic Loss Reduction

The Institute for Catastrophic Loss Reduction (ICLR) is working to reduce disaster deaths, injuries and property damage. Canada's property and casualty insurers founded the Institute in 1998. The ICLR is a co-ordinated effort to reduce disaster losses involving member insurance companies, The University of Western Ontario and other partners.

20 Richmond Street East, Suite 210

Toronto, ON M5C 2R9

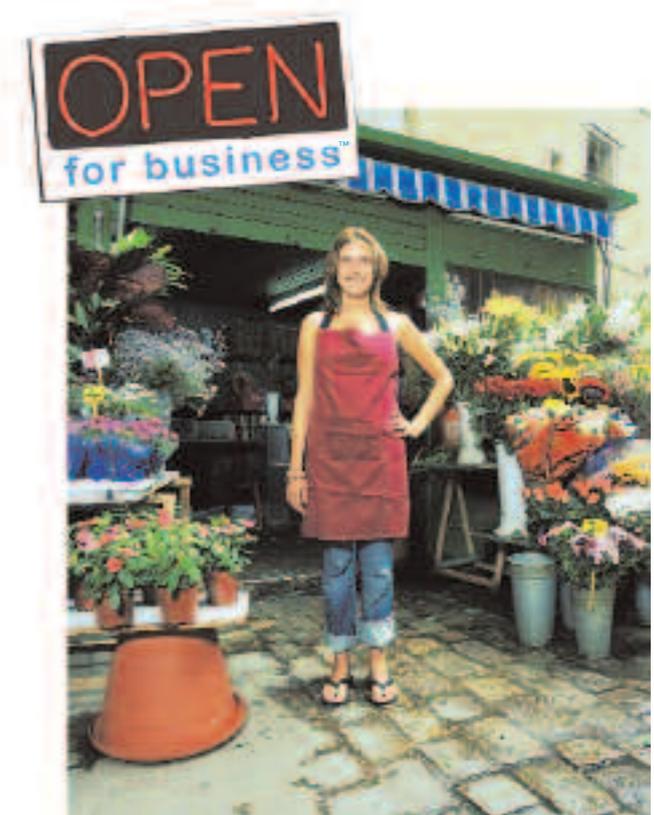
Telephone: 416-364-8677

Fax: 416-364-5889

Website: www.ICLR.org

Disaster prevention research saves lives.

Disaster prevention research protects property.



A guide for the small business owner following a disaster.

Steps to recovery

Following a disaster, it is anything but “business as usual” for you, your employees and customers. But the faster you can return your business to some level of normal operations, the quicker you can restore income, jobs and the goods and services your community has come to depend on from you. There are many resources available to help in this process (See “Additional Resources”). Insurance company representatives are experienced in helping businesses recover from disasters and will have specific advice pertaining to your losses, coverage and recovery. Most of the suggestions and tips offered here are meant to help start that process.

Put safety first

The safety of people and property is a key consideration following a disaster. Buildings must be safe for occupancy before employees and customers re-enter.

- If you own the building your business occupies, you may need to have it inspected by structural engineers and contractors to determine its safety and the extent of the damage
- If you do not own the building, work with the owner to ensure that the building is safe. But whether you own the property or not, you are responsible for the safety of your employees, customers and anyone else who may be on the premises
- If the building is not usable, you will need to find an alternative location to conduct your business
- Restoring your utilities, phone service, gas lines and other important links should be done as soon as possible. If you discover gas leaks or live wires, be sure to immediately contact your utility provider
- Get your fire sprinkler system back into service as quickly as possible.

Report the loss right away

Call your insurance agent, broker, or insurance company immediately to report how, when, and where the loss or damage occurred. Have your policy number handy, and give them a general description of damages.

Assess damages

Make note of the damages caused to the structure by the disaster, such as to roofing, siding, windows and signage. Photos and videotapes could supplement your documentation. Also note damages to business equipment and property, including product inventory and raw materials. You will also want to avoid additional property damage by making temporary repairs to the building, boarding up windows or covering holes in the roof to make it weather tight, for instance. If you don’t own the building, let the owner know what you plan to do. You may also want to partition the building if some areas are not usable. Finally, consider securing the building from casual entry by using temporary signs to redirect parking or traffic access. You may want to notify your customers and suppliers about temporary changes being made to continue operations, including change of address if necessary.

Clean up

Your insurance company may instruct you to hire a professional cleaning service for your place of business. Any cleanup effort should be done in a safe and healthful manner. If you or your employees are involved in this effort, use safety items such as proper eyewear, gloves, hardhats and dust masks/respirators during cleaning. Also, separate the damaged stock from the undamaged stock, and remove all debris as soon as possible after you receive authorization from authorities and your adjuster. Sanitation systems within the facility should be working or repaired immediately. If the workspace has a kitchen, inspect oven hoods and other ventilation devices to ensure they are not clogged and are working efficiently. Discard perishable food items. If your business is a food service, keep a list of these items.

Evaluating business interruption

Business interruption insurance helps replace the income your business would have generated if it had not been temporarily shutdown by the disaster. If your coverage includes business interruption, take the following steps:

- Prepare a list of steps required for your business to promptly resume operations on a full or even partial basis
- Financial considerations should include payroll and debt needs and obligations.

To help you calculate the amount of business income losses, your adjuster will need:

- Historical sales records
- Income and expense information as shown in recent profit and loss statements and/or income tax forms
- Other business records that might assist in projecting what your profits would have been had your business not been interrupted. You may need to look to outside resources for these materials if your paper and computer files were damaged or destroyed.



These are some frequently asked questions

of insurance representatives following disasters. You may want to have this list when you first make contact with your insurer to avoid multiple follow-up calls

1. What coverage do I presently have?
2. Should I make temporary repairs and begin the clean-up process?
3. Should I look for another facility in which to run my business?
4. Who will be my adjuster and when will I be contacted?
5. Should I begin the inventory process, and what is needed in terms of verification for my claim?
6. If I do not have any property damage, but have lost revenue, can I claim that?
7. I had to close my business due to the orders of civil authorities. Can I make a claim for the revenue I lost during this time?

You will also want to maintain accurate records of extra expenses made to expedite the resumption of operations. Also, keep a record of communications regarding orders to evacuate, including who ordered the evacuation along with the date and time. If portions of your inventory are lost or damaged beyond recognition, you will need records to evaluate your loss, such as receipts. Again, if those records are also lost or damaged, you might want to look at outside documentation available from your accountant, your insurance agent or the government. It is important that any shipments received or sales made after the disaster are documented separately from pre-disaster business.

If you have extra expense coverage, you could be reimbursed for expenses such as continuing operations at another location, temporarily renting equipment until damaged equipment can be replaced, moving expense, etc.

Returning to business

The time it takes to return your business to normal operating levels depends much on the decisions you and your insurance representative make together. The key decisions may involve these considerations:

- Overall damage assessment
- Repairs to current location while conducting business
- Current location use vs. a new location to conduct business
- Amount of modifications to current or new location
- Reordering inventory, supplies and other materials
- Communications with customers, suppliers and employees
- Insurance coverage review.