



EMERGENCY PREPAREDNESS AND BUSINESS CONTINUITY

Emergency preparedness and business continuity planning are integral to mitigating property risks and losses in an organization, ensuring its longevity, and enhancing its ability to withstand adversities. Effective property risk mitigation requires a proactive approach that integrates robust backup power systems, comprehensive insurance coverage, and regular maintenance. By addressing potential equipment malfunctions and implementing thorough business continuity plans, organizations can significantly reduce operational disruptions, minimize financial losses, and enhance overall resilience in the face of unexpected incidents.

This article provides some key considerations related to emergency preparedness and business continuity planning so that your organization can ensure the most robust protection possible.



SHORT-TERM AND LONG-TERM PREPARATION

An emergency preparedness plan addresses short-term needs and ensures the implementation of specific incident response procedures within your organization. It ensures they are well communicated to employees who understand their roles and responsibilities. This may involve planning and coordinating with local police, fire, and other municipalities or governmental entities for specific or unique needs and concerns.

Business continuity planning addresses longer-term needs for organizational recovery. This involves collaboration with key departments, including IT, human resources, facilities, and executive leadership.

Anticipating the impact of disruptions on essential business functions over different time windows is crucial to the development of a business continuity plan. These time periods can include two to five days, five to seven days, 15 to 30 days, or longer.

CASE STUDY

In November 2021, a senior living community faced a significant disruption when the switchgear, a critical device designed to control and de-energize portions of the building during repairs near high-voltage equipment, failed, leaving 300 residents without power. The incident forced the evacuation of residents to a nearby high school, ensuring their safety while the building's power was restored. Residents could only return after the backup system had been activated.

Conducting regular property risk assessments with a trusted broker is also key to informing emergency preparedness and business continuity plans. These assessments can help identify hazards, evaluate occurrence possibility, and inform strategies to mitigate identified risks. Incidents like the senior living community highlight the importance of having a robust plan in place to minimize losses and ensure a swift recovery from unexpected incidents. **Some key measures to take when formulating emergency preparedness and business continuity plans include:**

- + Effectively managing the programs by identifying specific goals, objectives, a budget, schedule, and milestones and appointing a program coordinator.
- + Understanding your organization's resource management.
 - Conduct gap analysis and thorough resource inventory.
 - Have a firm understanding of the pieces of equipment your organization has.
 - With buildings of older construction, repairs or spares may be harder to find. If you're aware of that, there could be an opportunity to utilize certain parts of circuit breakers to switch out as needed.
- + Understanding your emergency operations and training, including running tabletop exercises and conducting drills.
 - Implement backup power systems, adequate business interruption limits, and extra expense coverage to cover temporary power solutions. Specialized equipment of this manner typically has a long lead time in terms of fabrication and delivery. In a situation without a backup power source, temporary power could cost upwards of \$150,000 to \$200,000.
- Keeping up with electrical maintenance, particularly in older buildings, can mitigate the risk of switchgear malfunctions.
- Ensuring your electrical room is cool, clean, dry, and without any combustibles is also vital in reducing hazards. Several tests can be run to determine how hot the equipment in the electrical room is getting, including thermographic testing and infrared scans. It is prudent to have these tests done yearly if you are in a particularly dusty facility, as dust can create loose connections within your organization's electrical equipment.
- + It is crucial to incorporate critical equipment replacement lead time in your business continuity plan, especially for manufacturing facilities. Have backup or spares onsite.
- + Review and revise the plans as needed.

Developing thorough emergency preparedness and business continuity plans can also impact insurance negotiations, as taking proactive measures like this helps your broker at renewal argue to carriers that your organization took the proper precautions to minimize the loss.

CONCLUSION

By integrating tactical and strategic approaches, your organization can proactively manage risks, enhance resilience, and swiftly recover from unexpected incidents. Contact an experienced broker for more details on emergency preparedness and business continuity planning.



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