

# When disaster strikes: preparation, response and recovery for your business

## **Business Insurance**

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No business is immune from disaster. Every year, businesses temporarily shut down?or close forever?because of a disaster such as a flood, fire, or hurricane. According to the Federal Emergency Management Agency (FEMA), 40 percent of companies do not reopen after a disaster, and another 25 percent fail within one year.

Fortunately, you can take proactive steps to mitigate the impact of a disaster on your business. In addition, carrying adequate insurance coverage can help your business get back on its feet quickly.

# **Disaster preparation**

Households?especially in areas prone to hurricanes, tornadoes, wildfires, floods, and earthquakes?often prepare for disasters by storing extra supplies, having an evacuation plan, and learning about emergency resources. Businesses similarly want to prepare, focusing on restoring operations as soon as possible and minimizing losses. To prepare adequately for a disaster, take the following steps:

- **Develop a formal written plan**? Sometimes called a ?Disaster Recovery Plan? or ?Business Continuity Plan,? this document should detail how your business will respond to and recover from a disaster, including temporarily relocating your business. The National Fire Protection Association (NFPA) has developed a National Preparedness Standard for developing a plan. The Insurance Institute for Business & Home Safety (IBHS) also has excellent resources for business continuity planning, including its OFB-EZ toolkit.
- Train employees? Share your Disaster Recovery Plan with employees, assign responsibilities, and offer training so that your workforce can help your business recover. You may also want to conduct drills to assess and improve response.
- Store emergency supplies? Keep flashlights, a first-aid kit, a battery-powered radio and extra batteries at your business. Depending on your location, you may also want to store non-perishable food, drinking water, and blankets. When feasible and necessary, consider stocking equipment that can help your business return to operations as quickly as possible, such as a generator.
- Maintain essential information offsite? To get your business up and operating again after a disaster, you? Il need to be able to access critical business information. In addition to backing up computer data, keep an offsite list of your insurance policies, banking information, the phone numbers and email addresses of employees, key customers, vendors, suppliers, and other key contacts. You? Il also want to maintain an inventory of your business equipment, supplies, and merchandise. Consider taking digital photos or videos of all items and storing these records on the cloud.

# Disaster response and recovery

After a disaster, you?ll want to put your disaster recovery plan into action. In the immediate aftermath of a disaster, take the following actions as appropriate:

- Secure your building, boarding up entry points if necessary.
- Make temporary repairs, especially to minimize further damage, such as placing a tarp over a hole in your roof.
- Relocate salvageable equipment and property to a safe, protected location.
- **Inspect your property**, keep a detailed list of damages; take photos or videos to document the damage.
- Clean up your property, wearing safety gear such as gloves and protective eyewear. If feasible, save damaged property just in case it needs to be inspected by your insurance adjuster as part of the claim process.
- Contact your insurance professional or your insurer to begin the claims process.
- **Keep receipts** of all expenses related to the disaster.

Once you?ve secured your property and taken other immediate steps, you can focus on making your business operational once again. Laying the groundwork for restarting operations in your disaster recovery plan may require consideration of several factors:

• Location? Should you open a new temporary location, or can you operate from your home or use the

facilities of a partner or even a friendly competitor?

- **Communications**? How will you communicate with your employees, customers, vendors, and suppliers?
- **Insurance claims**?In addition to filing a property claim, you?ll want to file a business interruption insurance claim if you carry this type of coverage. Business income (interruption) insurance will help you cover the costs of relocating and lost income.

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