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It's Time to Update Your Disaster Plan

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Disaster planning is for every independent agency. Nearby construction can take out your electricity or sever your connections to the Internet, putting your staff out of commission for several days. A computer virus can bring your systems down, resulting in costly down time and an inability to service your customers as they expect to be serviced.

Has your agency taken the proper precautions to handle these disasters, let alone a fire, flood, hurricane, tornado, or earthquake? Does your staff understand what is expected of them to safeguard against disasters and what their role will be if a disaster were to occur? The following checklist is based upon recommendations contained in ACT's reports and is designed to assist agencies in updating their current disaster plans

The Key is Pre-Planning

- Think through different contingencies & how agency will respond; develop a written plan; test & practice different scenarios.
- Train each employee on his or her roles both to prevent disasters and to help the agency and its customers deal with the aftermath.
- Have a plan to access additional staff resources should current staff not be available.
- Conduct an annual network assessment of your disaster plan & your security plan, and update as needed.
- Maintain valuable papers and agency records off site in a secure facility.
- Include specific triggers in your plan that will set it into motion as foreseeable disasters approach.

Technology Positions Agencies to Handle Most Disasters More Effectively

- Move from paper to electronic files wherever possible. Implement download for commercial lines as well as personal lines. The management system is the go to place for client information.
- Portability provides a great advantage so you can reach your agency management system, email and other systems anywhere and any time.
- Have a substantial agency website with needed agency and carrier contact information. This is where customers will look first after a disaster. Have your website hosted off- site in area that will not be affected by the disaster.
- Claims download will start to become available in the next year. Implement it as soon as possible and encourage your vendor and carriers to offer it promptly.
- Customer claims inquiry on the carrier website is an important tool in handling the surge in customer inquiries following a disaster. The industry needs to work to extend this functionality out to the agency website as well. Agents should implement real-time claims inquiry from their agency management system wherever possible to cut the time to handle these inquiries to under a minute.
- Give customers and agents the capability to file claims online. This can be more efficient than filing the claims by phone when phone service is intermittent and unreliable.
- Implement real-time claims inquiry, real-time rating, and the other real-time capabilities available to you so that you can service customers in as little time as possible and continue to write new business in the aftermath of a disaster.

Take Advantage of Third Party Resources that Will Keep Your Agency Functioning In the Aftermath of a Disaster

- Consider 24/7 remote telephone service to handle customer inquiries if the agency's communications are down, as well as the tremendous spike in claims that is possible. These services possess a mirror of the agency's database.
- Consider engaging a firm to provide emergency equipment & facility replacement if needed.
- Consider remote hosting of agency management system.
- Consider remote service for back up of your data, in addition to your tape back ups.
- Host your agency website in a secure facility out of the area where the disaster might strike.
- Consider hosting your email off site or have a back up Internet agency email account.
- Consider having a technology firm to provide emergency services, help desk, on-site assistance and equipment when needed.
- It is important to formulate these relationships in advance, and understand your vendors' disaster plans.
- Pre-arrange to have a temporary office at branch or "buddy" agency.
- Make provision for emergency housing following a disaster if needed.
- Have maintenance contract for generator, including refueling in the aftermath of disasters.

Employee Communications

- Set up employee phone tree, including emergency contact info for each employee.

- Set emergency call in number, email & text messaging for employees.

Customer Communications

- Maintain customer emergency contact information.
- Give customers emergency contact information for agency.
- Train customers to go to agency website for emergency contact information for agency, their carriers, and other services.
- Consider a letter to customers at start of hurricane season detailing their carriers, coverages, and emergency contact info for the agency and their carriers.
- Consider ad campaign to encourage consumer preparedness for disasters, with helpful information located on agency website.
- Consider using email and automatic call outs providing customer information when a storm is imminent.
- Reach out to customers in aftermath with website, signage, newspapers, radio, and TV. Prepare messages in advance.

Lists/Info You Will Need in Electronic & Paper Form When You Evacuate

- Employee telephone tree with emergency contact info.
- Carrier contact info. Carrier passwords (take security precautions with respect to this information).
- Phone company & other agency vendor contact info.
- Contacts for emergency assistance & services.
- Complete customer list, with emergency contact info, location addresses, policies, carriers, limits, deductibles, and lienholders.
- Rolodex and copies of the disaster plan.
- Expiration list of policies to be processed for next six months. Activity lists of things coming up for next two months.
- Equipment inventories and valuable agency papers.
- Take security precautions with regard to all of this information!

Telephones

- Switch over phone lines at the phone company switch to emergency service before disaster. Investigate capability to do this automatically online.
- Have access to multiple cell phone services, satellite phones, and text messaging.
- Implement Voice over Internet for back up communications capability.
- Have alternative phone line that bypasses the telephone switch in your office to which the agency's regular phones can be switched if you lose power.

Computers

- Have multiple ways to reach the Internet.
- Take advantage of wireless and portability. Have laptops with broadband mobile access cards and wireless Internet.
- Have smart phones & PDAs with cellular broadband access that can act as a high speed modem.
- Seriously evaluate ASP option for agency management system. Ask how they can help if you don't have Internet connection.
- Have procedures for properly turning on and off critical equipment, including the UPS battery backup units. Test these procedures periodically.
- Investigate portable satellite dish for Internet access which is coming on the market.

Back up of Agency Data is Absolutely Critical

- Create daily back ups, and have two trusted, authorized employees alternate taking the daily tapes to two different locations. Also maintain monthly and annual tapes.
- Perform test restore at least monthly to test the integrity of the tape and the integrity of the data.
- Invest in secondary form of data archiving to provide redundancy (tape, remote, external hard drive).
- Seriously consider using online remote service as primary back up method, coupled with tapes.
- Be prepared to Fed-Ex a tape of the latest database to agency management system's data center if a disaster is imminent.
- Keep copy of back up software, with its key code, off site in a secure place.
- Manage the security risks presented when taking each of these steps.

Generators

- Consider having a permanent generator large enough to supply continuous power to entire facility, wired for automatic cross-over, located in as safe a place as possible.
- Each server & work station needs to be fitted with a proper Uninterrupted Power Supply (UPS).
- Never plug computer equipment directly into a generator.
- Test generator under an electrical load to make sure it is producing electricity.
- Contract with vendor to provide ongoing maintenance and testing and to deliver fuel in emergencies.

When a Foreseeable Disaster is Imminent

- Fed-Ex a tape of the latest database to the agency management system's data center.
- Consider email and automatic call outs to customers with emergency contact information.
- Staff should complete processing of all work that is outstanding, especially as it relates to coverage relating to the disaster.
- Make sure all needed lists are up-to-date in paper form, as well as exported to a laptop & portable storage device. Tight security is imperative on each of these items.
- Make sure all employees know their assignments & have made clear how they can be reached in emergency.
- If possible, load your agency management system application onto a laptop along with your "latest and greatest" data file for instant access. Take all security precautions to protect your data.
- If you utilize an on-line data backup service, upload to them if possible.
- Wrap and label all employee work to be done to protect it.
- Take reasonable steps to protect all equipment.
- Redirect your phone numbers before the disaster.
- Disconnect all electrical equipment from the wall.
- If destruction of file server is imminent, consider taking the server with you if you know how to disconnect it and handle it safely.
- Shut off water and gas lines.
- Have needed provisions on hand, including enough cash for a few weeks.

Needed Provisions

- Fans, extension cords, batteries, flashlights, battery-powered lamps and radios, and low heat, low-energy lighting available to use with your generator.
- Sufficient bottled water to handle employees' and customers' needs for two weeks.
- Canned or dry food goods that do not require refrigeration or cooking, as well as beverages and snacks for employees & customers.
- Can openers, paper/plastic utensils, plates and cups, trash bags, bleach, paper towels and cleaning supplies, and hand wipes.
- First aid supplies and blankets.
- Have paper ACORD claims forms available, carbon paper, and other office supplies, as well as digital cameras.
- Matches, barbeque grill, fuel for grill.

Customers' & Employees' Special Needs in the Aftermath of Disasters

- Be aware there will be significant emotional and psychological effects after major events.
- Provide drinks & food
- Have a volunteer or staff member manage the client process, create waiting lists, and direct claims process traffic.
- Staff should caucus each day to adjust response as necessary.

Carrier Issues

- Understand in advance each of your carrier's CAT plans, the local presence they will have, and how they will permit you to make multiple claims efficiently.
- Understand how your MGAs, E & S Brokers, and their carriers will handle claims.
- Seek draft authority or methods to provide customers with emergency funds immediately.
- Seek the ability to file claims online, since other types of communication may be intermittent or nonexistent.

E&O Considerations

- Document in writing prior to the anniversary date if you are unable to replace coverage.
- Advise customers of significant reductions in coverage when you replace coverage with a new carrier or write/renew the coverage with a surplus lines carrier and secure customer's written acknowledgement of the reduction in coverage. Where an admitted carrier renews the policy, state laws usually put the obligation on the carrier to notify the customer of reductions in coverage (not so with a non-admitted carrier).
- Be especially careful to follow all of the laws with surplus lines placements, point out coverage reductions or coverage gaps to customers, along with the fact that surplus lines carriers are not typically covered by the guaranty fund. Get binders, certificates or other evidence of insurance from the surplus lines broker because the retail agent does not have binding authority for this business.
- Advise the customer in writing of any adverse change in the carrier's A.M. Best rating during the policy term.
- Request a signed rejection form from customers that refuse available coverage for flood insurance (and/or earthquake insurance in appropriate areas). Clearly communicate to customers the exposed limits on their risks.
- Create a well documented file.

Summarizing Some of the Key Issues

- Pre-plan. Have redundancy in communications, Internet access, and back ups.
- Make arrangements with third party emergency resources.

- Become paperless; implement download & real-time.
- Understand critical nature of good data back-ups to recovery.
- Take advantage of wireless technologies for voice and data, as well as the portability of PCs and portable devices.
- Have emergency contact info for employees, customers, carriers, and third party emergency resources. Have needed lists of information.
- Make sure employees & customers know how to reach you.
- Know your carriers' CAT plans.
- Carefully evaluate the E&O exposures that arise in these situations and manage them.

Additional Resources

- *ACT's Key Considerations in Disaster Planning & Management*, located under "Agency Improvement Tools" at www.independentagent.com/act.
- *ACT's The Lessons Learned from Recent Disasters & Recommendations for Improved Response for Independent Agencies and the Industry (2006)*, available from jeff.yates@iiaba.net.
- *ACT's The Independent Agent's Guide to Systems Security; What Every Agency Principal Needs to Know* (including prototype agency security policy), located under "Agency improvement Tools" at www.independentagent.com/act.
- *IIABA's Best Practices of Crisis Management—A Step-By-Step Business Recovery Planner*, located under "Best Practices" at www.independentagent.com.
- National Institute for Occupational Safety & Health at www.cdc.gov/niosh/topics/prepared/; click on "small business disaster planning guide."

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