Preparing for a Catastrophe

• Most costly natural disasters – Hurricanes

• Coastal businesses especially vulnerable

• After storm passes – What now?
Preparing for a Catastrophe

• Business owner must substantiate losses
• Process starts prior to catastrophe
• Must be ready immediately
• Therefore, must have recovery plan prior to catastrophe
• Detailed financial records must be available in order to support losses
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• Types of records to be required in support of loss
  – Profit and loss statements
  – Income tax returns
  – Inventory listings
  – Asset listing details – including depreciation schedules
  – Contracts
  – Leases
  – Customer lists
  – Etc.
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• Recovery plans are vital to disaster response
• Must be planned well before disaster strikes
• Thinking through business and possible catastrophe situations to establish plan
• Must be in writing
• Must be understood by all necessary personnel
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• Start with the following questions:
  – Who will back-up and recover data?
  – What information needed to be backed up?
  – What information to be retrieved immediately?
  – Where is back up located?
  – Where will recovery be located?
  – How often will back up be done?
  – How will back-up process work?
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• Remember the following when establishing catastrophe plan:
  – Capture data early and often
  – Segment relevant data during back-up
  – Software programs in use
    • Copies
    • Off the shelf
    • Customized
  – Convert hard copies
  – TEST, TEST, TEST AGAIN
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• Disaster plan should include:
  – Pre-loss valuation of business
  – Pre-loss valuation of potential losses that may be incurred
  – Pre-loss valuation of limits:
    • Extra Expenses
    • Business Interruption
    • Physical Damages
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• Disaster plan should include:
  – Separate accounts to capture loss amounts and charges
  – Understandable directions and instructions
  – Should be in hands of proper individuals prior to catastrophe
  – Loss mitigation possibilities
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- Do not forget personnel!
- Plan for locating everyone
- Plan for assistance for those who need it
- Potential for providing food and living space
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• Remember:
  – Without a proper business catastrophe plan, the post-disaster period and recovery will be costly and time consuming to you, your employees and your business!