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[the business interruption e-source]

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BUSINESS INTERRUPTION CONSULTANTS, INC.

President Obama Promoting Emergency Preparedness

In last month's article, "*Business Interruption Appraisal: Why Do You Need One?*", we discussed the value of doing a BI appraisal. We pointed out that any contractor doing business for the government is required to have a well-defined emergency preparedness plan.

Government involvement in contingency planning began with the National Fire Protective Act 1600, and continued to escalate when they required defense contractors to be prepared. Next, FEMA issued the Continuity of Operations Program (COOP) directive for government agencies, followed by the Department of Homeland Safety directive requiring all government agencies to develop an emergency plan and asking private entities to voluntarily get prepared. Now President Obama is pushing emergency preparedness for businesses across the United States and it is becoming evident that it is only a matter of time before everyone will be required to develop a contingency plan. If you do not have a contingency plan in place for your business that addresses preparedness for, response to, and recovery from disasters resulting from natural, human, or technological events, it is time to begin the planning process. In an effort to keep you informed, we have included a copy of the presidential directive below.

**Presidential Policy Directive: National Preparedness
Emergency Management and Response
Information Sharing and Analysis Center (EMR-ISAC)
INFOGRAM 15-11 April 14, 2011**

(Sources: DHS and EmergencyManagement.com)

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The **Emergency Management and Response—Information Sharing and Analysis Center (EMR-ISAC)** was notified last week that President Obama signed a new **Presidential Policy Directive-8 (PPD-8)**. The directive outlines the president's vision for strengthening the security and resilience of the United States through systematic preparation for threats to the security of the nation, including acts of terrorism, pandemics, significant accidents, and catastrophic natural disasters.

An article at "**EmergencyManagement.com**" indicates that the directive emphasizes three national preparedness principles:

- An all-of-nation approach aimed at enhancing integration of effort across federal, state, local, tribal, and territorial governments; closer collaboration with the private and non-profit sectors; and more engagement of individuals, families, and communities.
- A focus on capabilities, defined by specific and measurable objectives, as the cornerstone of preparedness. This will enable more integrated, flexible, and agile "all hazards" efforts tailored to the unique circumstances of any given threat, hazard, or actual event.
- A focus on outcomes and rigorous assessment to measure and track progress in building and sustaining capabilities over time.

The Directive calls for the development of an overarching National Preparedness Goal that identifies the core capabilities necessary for preparedness, defined as a spectrum of five broad efforts: prevention, protection, mitigation, response, and recovery. It also requires the creation of a National Preparedness System to guide activities that will enable the nation to achieve the Goal.

PPD-8 replaces Homeland Security Presidential Directive-8 (HSPD-8), National Preparedness, issued December 17, 2003, and HSPD-8 Annex I, National Planning, issued December 4, 2007.

More and more, corporate executives are being held to a higher standard of performance and it is only a matter of time before all businesses will be required to protect assets and employees by being prepared for any emergency. Don't wait until the last minute to develop your Contingency Plan. ■

"PLAN" AHEAD...

The Department of Homeland Security/FEMA is asking all entities to "voluntarily" develop their disaster preparedness plans and requires one for all government vendors/contractors. Now President Obama has issued a new directive that encourages all businesses to have a Contingency Plan. Be ready. For help writing or reviewing your Contingency Plan, contact Business Interruption Consultants: 307.433.8180 or Email us at: info@BISimplified.com.

Send us your insurance jokes for a chance to be in our next newsletter at info@bisimplified.com.

b (FUNNY!)
[a little insurance humor]

War does not determine who is right—only who is left.

A lady needed her TV fixed, so she called a repairman. She told him to fix her TV, put the bill on her counter, and she would send him a check. She said, "Don't worry about my dog, Spike, but do not talk to the parrot."



The repairman showed up to her apartment and there was the meanest, most ferocious bulldog he had ever seen, but like the lady said, it didn't pay any attention to him. So the repairman went about his business while the parrot swore and called him names. Finally as the repairman was leaving, he had had enough of the parrot's nastiness so he said, "Shut up, you stupid bird."

The parrot was silent for a moment and then said, "Get him, Spike!"

Three old men were walking down the street.

The first one said, "It's windy isn't it?"

The second one said, "No, it's Thursday."

The third one said, "Me, too. Let's get a beer."

You Be the Expert:

How would you answer this question from one of our readers?

Could you help or point me in the right direction? I am working on a project that has to do with concurrent causation and how policy forms handle a hurricane claim when you have wind damage, water damage, wave wash, storm driven water, or rain, etc. Is there any standard rule or state law by which carriers are required to respond when you have a loss and the proximate cause may be in question?

For example, if a building is completely gone after a storm, who pays for the damage?

In this scenario, let us say that the insured has a wind policy with X carrier. They were required to carry flood coverage through the NFIP up to the maximum allowable limits of \$500,000. Then excess flood was insured through a different carrier, Y.

In this type of scenario, you are not able to go look at the high water mark and say, "All damage above this line is wind and wind driven rain and below this line it is flood." No building is there to evaluate because it was destroyed.

Also, is wave wash a wind peril or a flood peril?

A number of carriers have developed "anti-concurrent causation" wording to help clarify these situations. Any help you can provide would be appreciated.

Send your responses to info@bisimplified.com

GET THE FACTS

According to Risk Management Magazine's "Hindsight":

- Last year, there were 950 natural catastrophes, making 2010 the second most active year since 1980. The average year sees 785 events. Disasters killed an estimated 295,000 people and caused overall losses of \$130 billion—\$37 billion of which was insured, making 2010 the sixth most intense loss year for the insurance industry since 1980. Insured losses in the United States totaled only \$13.6 billion, well below the yearly average since 2000 of \$25.8 billion.
- Each year, obesity costs Canada and the United States a total of approximately \$300 billion.
 1. \$127 billion: Economic cost of excess medical care caused by overweight and obesity.
 2. \$49 billion: Economic loss of productivity caused by excess mortality.
 3. \$73 billion: Economic loss of productivity caused by disability for active workers.
 4. \$72 billion: Economic loss of productivity caused by overweight or obesity for totally disabled workers.

"We can't stand back and ignore the fact that overweight and obesity are drivers of cost increases and detrimental economic effects. It's time for actuaries, the employer community, and the insurance industry to take action and help consumers make smart, healthy decisions."



b (INFORMED!)

According to an article in the Winter, 2011 issue of *Disaster Recovery Journal*, Forrester Research found in February 2010 that 86% of surveyed North American and European IT professionals were categorically not interested in or had no plans to implement hosted Cloud storage. Curiously, in that same survey, Forrester found that 50% of all respondents were either interested in or had already implemented back-up-as-a-service.

Consider the following industry taken-as-gospel findings:

- A single incident of data loss can cost a company an average of \$10,000.
- 93% of companies that lost their data for ten days or more filed for bankruptcy within a year.
- 40% of businesses that suffer a loss of data failed within five years.

Being able to retrieve data when and as you need it are not only dependent on the continuity, strength, and scope of your backup-as-a-service activity, it also enables BC/DR to get into the hands of virtually any organization, large or small. Based on the size of the BC/DR industry alone—growing from \$24.3 billion in 2009 to more than

\$39 billion in 2015—businesses find BC/DR a valuable investment.

For IT professionals versed in BC/DR, the importance and value of “the Cloud” as a facilitator of restoring and recovering data would be nearly undeniable based on its media attention alone. While definitions for Cloud may vary widely, most would agree that the potential benefits are compelling: reduced complexity, added flexibility, increased reliability, and reduced costs. Think of Cloud as backup-as-a-service on steroids and you only begin to scratch the surface of its potential long-term impact on data center utilization, uptime, and end-user satisfaction.

The key to making on-premise storage coexist with an off-premise backup-as-a-service solution is not about ownership or giving up control to gain some advantage in the event of a disaster. It is not even whether you call it back-up-as-a-service or Cloud storage. It is more about finding that holistic approach that enables your data center to both keep up with demand while protecting the intrinsic needs of your users and the extrinsic requirements of your organization.

PLEASE CONTINUE TO GIVE US YOUR COMMENTS AND ASSOCIATED ARTICLES ON TOPICS OF INTEREST.

WE WELCOME YOUR INPUT!

Send us your comments, questions, and jokes to be published in upcoming issues.

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