

ABC Corporation

Disaster Planning



Partners
Indemnity

Table Of Contents

Introduction	4
Objectives Of Disaster Planning	4
Definition	4
Perils & Triggering The Plan	5
Disaster Phases	5
Pre-Event Phase	6
Emergency Phase	6
Operational Recovery Phase	6
Final Recovery	6
Developing And Implementing A Plan	7
Content Of The Plan	7
Considerations/Requirements/Recommendations	8
Disaster Task Force Mandate	9
Contractors	10
Rescue & Medical Personnel	10
Interruption Triggers	11
Record Protection	12
Emergency Financing	12
Command Centers	13
Team Members Tasks & Responsibilities	13
Disaster Notification	14
Evacuation	14

Identification Devices	15
Communications	15
Communications Security	16
Photographs	17
Safe Area	18
Employee List	18
Shut Down	19
Search & Rescue	19
Medical	20
Distressed Areas	20
Employee Communications	21
Commitments With Contractors & Suppliers	22
Customers And Suppliers Communications	23
Communications To The Public	24
Emergency Response Unit Aids	25
Special Medical Considerations	26
Plan Distribution	27
Disaster Task Force	28
Disaster Control Team	29
Risk Management	30
Financial	31
Review And Evaluation Of A Plan	32

Introduction

Partners Indemnity's objective is to provide a guide outlining the development, implementation, and evaluation of a disaster plan for [Prospect Company Name]. It includes worksheets and checklists to assist in the actual preparation and carrying out of a plan.

Partners Indemnity will assist in identifying and marshaling resources in the areas of claims, engineering, financial services, administration, etc. as needs are identified and required and/or requested.

Objectives of Disaster Planning

To prepare for and respond to disasters that may strike the organization.

To survive the impact of a disaster.

To meet the expectations of management subsequent to business survival.

To serve the goals of the general risk management program.

To meet the requirements of applicable statutes and regulations.

To maintain the ability to marshal resources quickly, managing them effectively to eliminate and limit losses in the event of a disaster.

To remain in control of the business during a disaster.

Definition

A disaster is an incident or series of incidents in a short period of time that:

- Causes major destruction of property.
- Halts or curtails operations for a significant period of time.
- Prevents workers from pursuing their normal duties.
- Causes a substantial reduction in purchases of products or services.
- Brings the organization under scrutiny by news media or government.

The scope of disaster planning extends beyond exposure to natural disasters to all possible perils and events having the potential to cause significant loss in revenues and/or substantially continuing or increased expenses to an organization.

Perils & Triggering The Plan

Different perils may have the same disastrous impact on an organization.

The plan should be drawn up to apply to applicable perils.

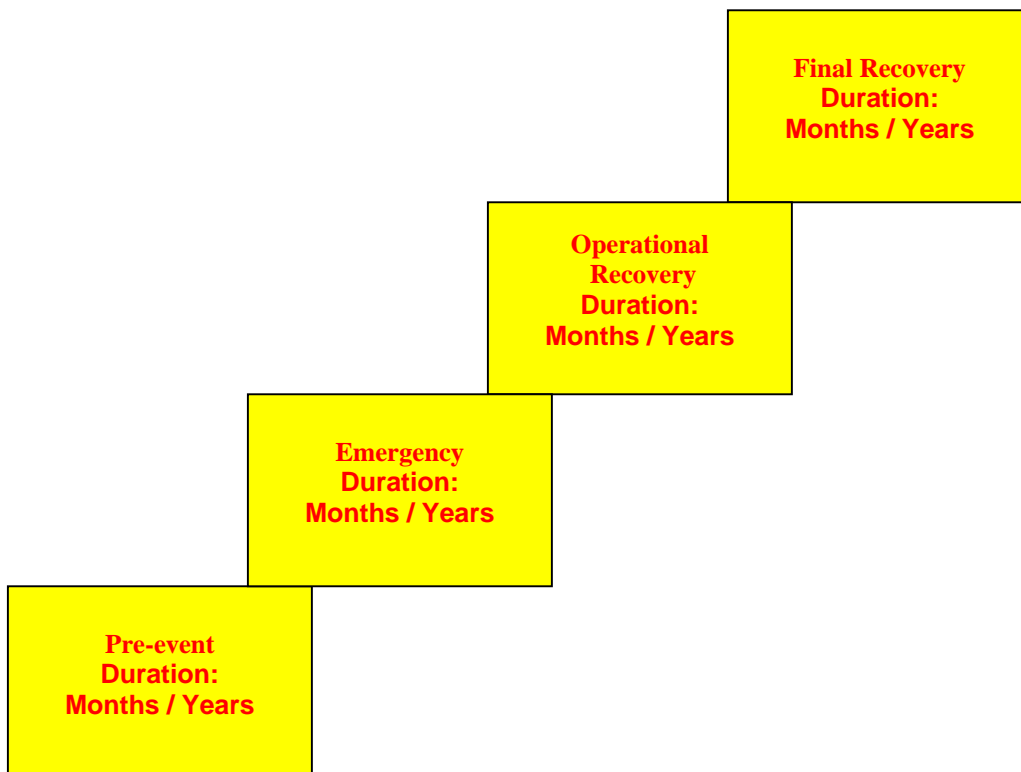
The real consequences of disaster need to be defined.

Analysis leads to development of a plan that applies to applicable exposures.

Sampling of perils for consideration are:

Fire	Interruption from damage to supplier or customer
Explosion	War
Windstorm	Industrial accident
Earthquake	Product tampering/recall
Earth collapse/mud slide	Previously unknown liability
Spill/escape of hazardous chemicals or materials	Kidnap/hostage
Riot, civil disorder, or strike	Sabotage or other damage to or abuse of computers
Loss of utilities	

Disaster Phases



Pre-Event Phase

Circumstances and conditions develop or occur that results in the disaster.

Risk identification of those exposures and perils that lead to a disaster.

Steps are taken to limit the losses that result from disasters.

Emergency Phase

Starts with a warning of an impending natural disaster, threat from a terrorist or extortionist, sudden fire or explosion, discovery of product tampering, etc.

Phase may last minutes, days, or weeks.

Management acts to control and/or stop the immediate losses.

Management acts to control stop or limit the indirect losses.

Emergency responses for fire fighting, chemical spill containment, medical aid.

Operational Recovery Phase

Steps taken toward the end of the emergency and immediately afterwards.

Assess the extent of damage and losses.

Notify employees, customers, and suppliers.

Get other operations back to normal.

Decide what steps to take to achieve final recovery.

Final Recovery

Final recovery phase often extends over a relatively long period.

Restore operations directly affected by the disaster.

Make strategic decisions about future directions.

Develop any altered objectives and strategies as a result of the disaster.

Developing and Implementing A Plan

Create a disaster planning task force.

Form task force to include senior management, risk manager, public relations officer, head legal counsel and department heads.

Write the plan "Disaster Management Procedures Manual."

Distribute written plan inside and outside [Prospect Company Name].

Content of the Plan

Disaster plans must be tailored to the organization objectives, circumstances, and exposures of [Prospect Company Name].

The plan must be sufficiently comprehensive to protect and preserve [Prospect Company Name] structure, personnel, facilities, funds and markets.

The plan must provide for:

- Clear assignments of authority and responsibilities during an emergency.
- A shutdown procedure.
- Events that are to trigger activation of the disaster control team.
- The location of a "command post."
- Clear indication of who is to be in charge.
- Alternative communication systems.
- Arrangements for replacing critical machinery, equipment, and systems.
- Compliance with laws, regulations, and any union agreements.
- Emergency medical care for victims.
- Record control and duplication.

Considerations/Requirements/Recommendations

Any exposures that could cause [Prospect Company Name] to have major losses make a disaster plan essential.

All stakeholders need to recognize the phases of a disaster and highlight what disaster planning means to [Prospect Company Name].

[Prospect Company Name] will give disaster planning the attention it needs.

The risk identification process focuses the needs in a disaster plan.

Think in terms of "disaster control plan" or "disaster management plan."

Give critical focus to the emergency and operational recovery phases.

Define and describe the plan as a means of dealing with a disaster as it occurs and immediately afterwards.

Limit your plan so that will result in the effective management of a disaster.

Management must sense the need for a disaster plan for it to be effective.

Do not expect leadership from staff people the *senior management* must provide the enthusiasm and direction.

Do not use an ad hoc committee to formulate and activate the plan or file the plan away after it is written.

Do not formulate different plans with different formats and procedures for different units within the same organization.

Do not fail to provide guidance to operating personnel in triggering the plan.

Do not lose contact with suppliers of important equipment that might be damaged or rendered inoperable. Keep in touch with others with whom you have mutual aid agreements for the use of computers, process agreement or other systems.

Price, availability and other factors will change over time.

Train employees in the workings of the plan.

Hold intensive training sessions for the disaster control team, top managers, and communications, safety, and security personnel.

Conduct drills and responses to mock disasters.

Disaster Task Force Mandate

All policies, procedures and related information are to be written and supported by manuals containing lists, forms, charts, diagrams, etc as required.

Identify and assess the potential disaster exposures of the organization.

Evaluate special circumstances for particular locations.

Develop a disaster policy that relates to the organization's objectives.

Learn about community-wide disaster and emergency response plans already in place.

Assess the need to have in-house emergency response equipment and materials.

Consider various loss scenarios and quantify recovery and other costs.

Contractors

Determine the capabilities of local contractors to assist in an emergency, keep abreast of capacity for special expertise and heavy equipment for repair and rescue.

Name	Emergency	Expertise	Capacity	Equipment	Rescue Techniques

Remarks:

Rescue & Medical Personnel

List of employees that are: blood donors, trained in first-aid, CPR and rescue techniques.

Name	Blood Donors	Blood Type	Trained In First-Aid	CPR	Rescue Techniques

Remarks:

Critical Equipment

Critical items of equipment that, if destroyed will be difficult to replace.

Name of Equipment	Replacement Source	Replacement Cost	Mutual Aid Agreement	CPR	Rescue Techniques

Details of mutual aid agreement as to use of equipment and facilities including electronic data processing systems, contracts etc.

Remarks:

Interruption Triggers

Potential sources of major interruption of supplies and sales

Consideration	Sources
Supplies	
Sales	

Remarks:

Record Protection

Records, documents, and information that is crucial before, during and after a disaster.

Name of Record	Type	Duplicate Available	Duplicate Stored at Remote Location	Remote Location Address

Remarks:

Emergency Financing

Estimated amount of emergency financing to fund the disaster plan in the event of a loss and post losses arrangements:

Command Centers

Name	Location	Facilities	Purpose

Remarks:

Team Members Tasks & Responsibilities

Name of Member	Position	Task	Responsibility

Remarks:

Disaster Notification

Calling in outside help is the responsibility of listed individuals.

Names Of Members To Make Calls	Fire	Paramedic	Other Emergency Response Units

Remarks:

Evacuation

Location	Alarm system	Evacuation Instructions

Remarks:

Identification Devices

Identification to be used at the disaster site.

Position	Task	Responsibilities

Remarks:

Communications

The communications network, including auxiliary systems is to include a list of names of key persons and their telephone and fax numbers, along with those of emergency response units, utility companies, hospitals and insurance brokers and adjusters.

Name	Position	Phone	Fax

Remarks:

Communications Security

Employees must not any make statements to any person who is not a fellow employee or a member of an emergency response unit.

Spokes Personnel:

Name	Position	Authority

Remarks:

Photographs

Location One:

Exterior
Front
Back
Right Side
Left Side
Room One
Inside Wall
Outside Wall
Right Wall
Left Wall
Floor
Ceiling

Safe Area

Designated areas for the safe gathering of employees.

Location	Area	Description/Instructions

Remarks:

Employee List

Checklist for the safe gathering of employees.

Remarks:

Shut Down

Procedures for shutting down operations.

Location	Authority	Procedure

Remarks:

Search & Rescue

Procedures for searching facilities during and after an emergency.

Location	Authority	Procedure

Remarks:

Medical

Procedures for providing medical aid to the injured and for transporting them to medical facilities.

Location	Authority	Procedure

Remarks:

Distressed Areas

Guidelines and procedures for entering the distressed area.

Location	Authority	Guideline	Procedure

Remarks:

Employee Communications

Procedure/Statement for assuring employees about reopening.

Sample:

Commitments with Contractors & Suppliers

Commitment from contractors of equipment, supplies, services, etc.

Contractor	Authority	Relationship	Agreements

Remarks:

Commitment from suppliers of equipment, supplies, services, etc.

Supplier	Authority	Relationship	Agreements

Remarks:

Customers and Suppliers Communications

Procedures for communicating with customers and suppliers.

Customer Supplier	Relationship	Procedures

Remarks:

Communications to the Public

Sample Communication:

Emergency Response Unit Aids

Maps of facilities:

Blueprints:

Floor plans:

Descriptions of contents:

Power sources:

Location of hazardous chemicals:

Location of dangerous processes:

Names and telephone numbers of key management:

Names and telephone numbers of safety and security personnel:

Special Medical Considerations

Information filed with local clinics and hospitals of employees with allergies and special medical problems.

Name	Allergies	Medical Problems	Clinics & Hospitals Contacted

Remarks:

Plan Distribution

Distribution of the Disaster Control Plan to department heads and supervisors will be done over the signature of whoever normally communicates with the particular department heads and supervisors.

Distribution of essential parts of the plan will be made to all employees and it will be prominently posted.

Remarks:

Disaster Task Force

Name	Title	Position	Duties

The Disaster Task Force creates and reviews the disaster plan.

The task force is convened by the CEO giving it the high visibility necessary to make its importance clear to everyone.

The task force develops and makes the disaster plan operational.

The CEO is head of the task force.

Required members of the task force include the chief operating and financial officers, the head legal counsel, and the risk manager, with one or two local community leaders.

The task force will not include safety and security personnel within the organization, vice presidents from such functional areas as marketing, public relations or communications personnel, division managers, and emergency response personnel and experts. The task force will use these personnel as resource people.

The task force focuses on policy and objectives of the overall organization.

Risk management will set the agenda and coordinate the information and people flow for the task force.

The CEO will maintain in close communication with the head of the disaster control team but not take part in its work, as decisions ABC will make in the midst of a disaster tend to be operational and logistical in nature.

The CEO will take advantage of policy and public relations advantages by separating themselves from the immediate management of a disaster.

The CEO will focus on managing all parts of the organization, including those affected only indirectly or not at all by the disaster.

The CEO will also take on the communications work in the wake of a disaster.

Remarks:

Disaster Control Team

Name	Title	Position	Duties

The Disaster Control Team controls or manages the disaster or potential disaster.

The [Prospect Company Name] chief operating officer will act as the group's head and director, giving it high visibility. The COO has intimate knowledge of the tasks that must be accomplished to control the disaster.

The core of the team will consist of the risk manager, the chief financial officer, the head legal counsel and public relations officers. The team will also include a production and a transportation expert.

There will be cross membership on the Disaster Task Force and the Disaster Control Team including the chief operating, financial, and public relations officers, the risk manager, and the head legal counsel.

As [Prospect Company Name] has a number of key operating facilities, dispersed locations, perhaps worldwide, there will be disaster team to take control at each site in the event of disaster. The division manager or director of operations at each site will head its team. Other members of the team will consist of the divisional or site counterparts to the headquarters team members. The headquarters team will act as an advisory body to the local disaster control team.

If the crisis stems from an event (such as a kidnapping or a terrorist act or product tampering), the CEO, the chief public relations officer and the head legal counsel will function as the Disaster Control Team. The COO will be included if shutting down operations is an alternative.

Remarks:

Risk Management

Risk management will take the lead in advocating and directing the effort to develop and implement a disaster plan. No one else in the organization has such a vested interest in developing such a plan with exception of the CEO.

Risk management must educate senior management as to the need for a disaster plan and gain its support for implementing the plan.

Senior management stands responsible to owners and employees alike to see that a disaster plan is in place.

Effective risk management will make sure that the organization commits the funds and energy at the right time - before the disaster.

The specific responsibilities of risk management include:

Educating senior management on the objectives and approaches to disaster planning.

Training operating managers along with safety, legal and security personnel in the required emergency responses.

Establishing effective contact with public and private emergency response teams and other external resources to make sure they know what the organization needs in the event of a disaster.

Carrying out the tasks assigned to the risk manager by the disaster management plan.

The risk management must also periodically review and evaluate the organization's disaster plan, both before and after a disaster.

Remarks:

Financial

A disaster will cause requirements for sudden expenditures just when the organization suffers a significant loss in revenues.

The organization will have to spend money to stem the loss.

There will be a need cash to increase production at other facilities, retool, reopen outdated facilities, or to speed up reconstruction.

The organization will get money for these expenditures through insurance or a well-funded retention program. There can be delays in getting these necessary funds!

The organization must formulate an understanding with its insurers to provide immediate cash at a level well within the maximum probable loss?

The organization will also arrange for a standby line of credit earmarked for disaster relief?

The risk manager will estimate the cash that the organization will need during the term of a likely emergency and at least one week, month, year thereafter.

When arranging a standby line of credit the risk manager should investigate the "litigation" and "material adverse change" clauses found in many bank letters of credit. These clauses provide that the borrower may not call on the line of credit if litigation or some adverse circumstance renders the condition of the organization significantly different than it was when the credit was negotiated. Obviously, a disaster constitutes a material change, so the risk manager should amend or eliminate any litigation or material adverse change clauses in any existing standby line of credit. Canada and/or USA?

Remarks:

Review and Evaluation of A Plan

The disaster plan will be reviewed and evaluated annually.

Risk management will direct this review through the Disaster Task Force and involve senior management and others within the organization.

The review should:

- Test the plan to identify areas to be updated.

- Determine the completeness of the plan.

- Assess the appropriateness of the chain of command.

- Evaluate employee knowledge of the plan.

- Study the effectiveness of the "trigger" mechanism in the plan.

- Determine that resources are available to support the disaster plan.

The review of the disaster plan will proceed in the same manner as an audit. The plan will be cost effective in the same way as other activities within the organization.

Remarks: