



Preparing and Planning for the Unpredictable

COVID-19 has left many businesses in peril, wounded by the surmounting effects of the unexpected pandemic. A global pandemic might not be the first business interruption business owners think of when preparing for the worst. We install fire alarms, security cameras, generators, and other preventative measures to prepare for a standard disruption. However, the global disaster caused by COVID-19 has showcased the growing need for strong business continuity plans to protect businesses from disruption at every level.

In a July 16 webinar, AAIS VP, Solutions and Partnerships Truman Esmond spoke with OBRIEN Insurance Solutions' Director of Sales Ed Benks and Alamance Farmers' Mutual Insurance (AFM) CEO Lisa Snyder about business continuity planning and responding to unexpected business interruptions. OBRIEN provides printed and digital policyholder communications for insurance carriers, ensuring that covered customers can receive the information they need to know, even during times of business interruption. AFM, an OBRIEN customer, put their business continuity plan into place when the COVID-19 outbreak began. The two leaders provided webinar attendees with crucial insight into developing a robust business continuity plan and maintaining business continuity.

The key mantra to business continuity is, "Prepare for the worst and hope for the best." It's inevitable that people will get sick, systems and technology will fail, and natural disasters will occur. A strong business continuity plan will help you minimize the impact of disruption on all levels of your organization, from your employees to your customers and stakeholders. While businesses don't know what lies ahead, they

must acknowledge that something WILL go wrong and prepare for the worst.

OBRIEN and AFM both planned for business interruption by first identifying, acknowledging, and understanding potential disruptors in the beginning stages of development.

You may be wondering, "Where do I start?" According to OBRIEN and AFM's development plans, the first step is to identify every level of your business and their vulnerabilities— Benks suggests looking at Staff, Infrastructure, Technology, and Vendor/Partners. In doing this, you're identifying the preparedness of your business and the resources and changes needed in case of interruptions.

For example, OBRIEN identified five levels in their plan: Staffing, Machine, Power, Data Service, and Catastrophic Loss.

- At the **Staffing Level**, employees were cross-trained in multiple disciplines, meaning that if one person is unavailable, another employee can step into their place. Job knowledge is readily available and well documented, so business interruption is minimal.
- At the **Machine Level**, if a machine fails, there is redundancy at each level of production. OBRIEN intentionally doesn't use 100% of their machinery, allowing for functioning machines if one goes down.
- At the **Power Level**, OBRIEN has onsite commercial generators in case of power loss. This generator functions to the point that no production time is lost, even if a part of the machinery fails.
- At the **Data Service Level**, OBRIEN has hardline and satellite redundancy, ensuring backup system connection and data storage.
- In the case of a **Catastrophic Loss**, if OBRIEN cannot use their facility, they can shift production to an identified alternate location.

Preparing and Planning for the Unpredictable (cont.)

In developing their Business Continuity Plan, OBRIEN used four phases: Identify, Analyze, Create, and Measure.

- According to Benks, the first phase, **Identify**, involves identifying and understanding your business' vulnerabilities and methods to mitigate risk. This is helpful because business continuity plans are meant to swiftly manage issues without additional interruptions, knowing potential disruptors allow businesses to prepare better.
- The **Analyze** phase helps to ensure smooth sailing, by identifying different business impacts from an operational and infrastructural perspective and the perspective of employees and consumers.
- In the next phase, businesses **Create a Plan**, incorporating individuals from every business level, including underwriters, IT, executives, etc. The last phase, **Measure**, requires the training of employees. OBRIEN worked with agents, vendors, and others to ensure they understood the chain of command and steps to take in the case of an unforeseen event. Benks emphasized the importance of frequent adjustments and reviews to the plan, ensuring it fits with the business's needs every step of the way.

Alamance's roadmap began similarly to OBRIEN's, in that it first gathered employees, executives, and board members, of their plan to **identify** every risk they could think of. They found 50 risks, which were then delved out to the most appropriate department.

The team then began to **analyze**. Alamance used a Risk Matrix to track the potential impact severity of the business interruptions they identified. The matrix contains four quadrants. The top two quadrants show how likely an event is to happen, from left (least likely) to right (most likely). The bottom two quadrants show

the impact a risk will have from left (lower impact) to right (higher impact). All quadrants are divided into three sections representing the time-sensitivity of risk: immediate threat, a threat realized in the short term, and long term. Ultimately, the matrix gives each risk a score input into the matrix, allowing the team to prioritize risks. Alamance is located on the Atlantic Coast, having frequent hurricane threats— and a high-risk score, according to the matrix. This knowledge helped Alamance identify what they needed to do to prepare for a hurricane, providing employees with laptops and using cloud-based vendors.

The last step is to **measure**. Once the plan was created and mapped out, Alamance put it to action with a business interruption simulation. They wanted to see how well the plan would work, so they had all employees work remotely to see if they could function seamlessly. While Alamance's Business Continuity Plan was developed years ago, their thorough preparation and well-developed plan prepared them to combat COVID-19.

Business Continuity Plans are essential to maintaining business at all levels of business interruptions. The future is unknown, and businesses are unprepared. A strong business continuity plan like those of OBRIEN and Alamance will provide the protection needed during common business interruptions and those we don't even know possible— like COVID-19.

Watch the full webinar here.