

FREQUENTLY ASKED QUESTIONS

How do I get a Business Continuity Plan?

Appoint a Contingency Plan Coordinator and a Steering Committee to develop the corporate survival plan. If you want to use an outside vendor, make sure they are qualified, will provide the detail you are looking for, and have your contingency coordinator be fully involved with them.

Who can help me with my Continuity Plan?

Your professional industry associations should provide assistance as a service to its membership, especially since it is made up of homogeneous businesses. Also, the Association of Contingency Planners has chapters in most major cities whose members can provide valuable information and suggestions.

The Institute for Business Continuity training, BCT.com, provides excellent training & materials. DRJ.com is another resource, or you can hire an outside vendor. We have been involved in quite a few planning projects and always require that the client appoint a Contingency Coordinator and establish a budget for the project. Otherwise the plan becomes just another manual on the shelf.

How do I convince upper management to agree to develop a Business Continuity Plan?

If they don't see the need, it is going to be a tough sell. The problem is that most executives are in denial that anything can happen to them. They also ignore the "good practices" and regulatory requirements that hold them accountable for any loss of assets. ISO certification and government contracts, as well as most of the leading companies, all require companies they work with to have a Business Continuity Plan. Most importantly, without a plan there is a high probability that your organization will not survive the next disaster.

BE INFORMED!

WHAT IS THE DIFFERENCE BETWEEN EXTRA EXPENSES & EXPEDITING EXPENSES?



EXTRA EXPENSES

Extra expenses are all the monies expended by an organization above its normal business expenses to try to recover from a disaster as quickly as possible. For example, if your building was rendered unusable by fire or any other insured peril, it would probably be necessary to secure other quarters to continue your business operations. However, the use of such other facilities would undoubtedly involve many extra expenses, such as rent, installation of telephones, etc. Extra expense insurance covers such expenditures over and above your normal monthly expenses. It is necessary money spent to avoid or minimize the suspension of business

Originally, if rent was \$100/sq. ft., but in the new location it is \$125/sq ft., the \$25 difference is the extra expense. Extra expenses would also include such items as paying overtime not usually paid, increased transportation costs, outsourcing, etc. Insurance policy **Extra Expense Limit** is the amount of financing needed to reimburse a company's incurred extra expenses and is usually combined with the business income limit on the policy.

EXPEDITING EXPENSES

Expediting expenses however, are extra expenses incurred to reduce the loss. For example, if you spent an additional \$750,000 to recover from a disaster and it reduces the loss by \$500,000, then extra expenses pays \$750,000. However, expediting expenses will only pay \$500,000. *This is a big difference!*

Be careful to pay special attention to your policy wording! Some insurance policies say they will pay "Extra Expenses" and then define them as Expediting Expenses. *Don't get caught!*