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[the business interruption e-source]

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BUSINESS INTERRUPTION CONSULTANTS, INC.

OVERCOMING CUSTOMER DENIAL

Getting businesses prepared for the next disaster is a challenge if the insured is convinced it will not happen to them. Since catastrophes are a daily occurrence, someone is obviously being affected and failing to acknowledge the threat is an example of denial. As you know, using logic and scare tactics will not always work.

As postulated by Sigmund Freud, denial is a defense mechanism. A person faced with a fact that is too uncomfortable to accept will instead reject it, even if there is overwhelming evidence to the contrary. In the case of *simple denial*, the insured may reject the reality of the unpleasant event outright. Alternatively, the insured might recognize the facts, but downplay their significance with *minimization*. *Transference* occurs when they recognize the seriousness of their situation, but do not assume responsibility.

Whatever the root of the denial, it is a behavioral cause that hinders organizations from embracing change. This may involve several factors. If the insured misunderstands the risk, completing a Risk Assessment Analysis [www.BISimplified.com] that identifies the probability of the occurrence of an event in relation to their specific business will help them focus on those risks with the highest probability and greatest impact so it is harder for them to say it will not happen to them.

(continued on page 2)

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IN THIS ISSUE

- Overcoming Customer Denial p1
- What FEMA Never Told You... p2
- Be Funny! p3
- CPCU Annual Meeting- Embracing Changes p3
- Be Informed! p4
- Get the Facts p4
- Send Your Comments p4



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What FEMA Never Told You... ABOUT FLOOD

Hear what our own Robert M. Swift, CPCU, CIPA, CBCP of Business Interruption Consultants, Inc. has to say as he participates in this seminar at the annual CPCU convention in Denver, Colorado on Monday, August 31st from 10 am to 12 pm. This panel will discuss major problems with the National Flood Insurance Program (NFIP) and what should be done to fix it. Presenters will discuss coverage triggers, loss of income/extra expense, contingent business interruption/extra expense, caps on coverage that are not tied to inflationary trends, and more. All agents, brokers, and claims adjusters who work with property and flood insurance will benefit from attending. **Filed for CE credits.**

Seminar developed by the Agent & Broker Interest Group.



BISimplified.com offers sincere congratulations to 2009 CPCU designees!

(continued from page 1)

Address the issue that FEMA or some other government agency will come to their rescue. The insured may remember the ensuing clamor for relief that followed Hurricane Katrina and point out the government eventually stepped in to provide aid. However, time and red tape often makes this an unreliable option and only emphasizes the need for proper insurance coverage. Encouraging the insured to be in control and prepared is preferable to being unpleasantly surprised and out of business.

Shortsightedness is another behavioral characteristic that may contribute to the dilemma of underinsurance and the resistance to incur the upfront cost because they are not aware of the potential benefits. Advocating a Business Contingency Plan [www.BISimplified.com] would inspire them to take the long view, identifying all the inherent risks and the amount of financing that is required to carry them through the recovery period. At the very least, the insured should complete a Business Income Worksheet.

Denial serves as a powerful coping skill that keeps insureds from addressing dire realities. To overcome this detrimental attitude, utilize a positive approach by encouraging them to embrace change and view it as an opportunity to reform the organization into a more secure operation that is competitively ready to do business into the next decade. **Ultimately, being prepared is the best protection.**

For more information about disaster planning, refer to [www.BISimplified.com]. Under "Articles: The 411," select Article 5: *Introduction to Contingency Planning, An Overview of the Business Contingency Plan.*