



b.pre (PARED!)

[the business interruption e-source]



ISSUE 7
JANUARY 2010

BUSINESS INTERRUPTION CONSULTANTS, INC.

HAPPY NEW YEAR 2010!

Whew, glad 2009 is over and behind us. We now face a *new year, new opportunities, and new chances to make a difference.*

This is the time to stop fixating on price and start raising the bar on quality of service. Added value and market differentiation are going to be the deciding factors in this next decade. Imaginative uses of technology are more important than ever in order to deliver cost-effective, competitive services. Webinars, video conferences, and **web-based products like BISimplified.com** will be the turning point for true professionals.

The goal must be to grow revenue through proper risk assessment, mitigation, and financing. Companies have cut back on their risk management programs and it will haunt them in the future if they do not get back on track. Most we meet are not fully prepared for the next disaster and are at least 20% underinsured. Already major insurance agents and brokers are talking about this change in focus and major entities are revisiting their risk management programs for effectiveness.

Providing your staff and clients full access to BISimplified.com is a unique way to improve your brand and customer relationships. We offer in-house staff training and are always available to answer those tricky business income questions. Service and market differentiation are our number one goal. Contact us and start the New Year off right. Help your clients be prepared and protected!

IN THIS ISSUE

- Happy New Year! p1
- Be Prepared! p2
- Be Funny! p3
- Be Informed!
What is Directors and Officers Insurance? p4
- Get the Facts! p4



1740H Dell Range Blvd., #300
Cheyenne, Wyoming 82009
PHONE: 561.818.9194
FAX: 307.634.9497
EMAIL: info@bisimplified.com
WEB: www.bisimplified.com

Copyright © 2009
Business Interruption Consultants, Inc.

Newsletter Layout & Design by
showoffgraphics@mac.com

CLICK BELOW TO CONNECT TO US ON:



b ``` (PARED! ```

**"Forewarned, forearmed;
to be prepared is half the victory."**

~ Miguel de Cervantes Saavedra

BE PREPARED IN 2010

Contrary to popular belief, disasters do happen, and they do not always happen to the other company. A fully developed and tested **Business Contingency Plan (BCP)** is essential for a smooth recovery.

Organizations need a BCP for several reasons: To protect market share and brand reputation, to ensure regulatory compliance, to maintain cash flow, and to protect vital records, assets, and employees. In short, it is the disaster survival document for an organization.

Without a BCP, businesses do not know what to do when a disaster strikes, and as a result lose customers, suppliers, and employees. They are out of business. **Companies don't plan to fail; they fail to plan!**

Risk management and business continuity planning are critical components of a competitive strategy. As complex as this issue may first appear, a systematic approach to disaster preparedness will guarantee that all areas of the company are addressed.



The BCP ensures that alternative actions and resources are identified and everyone in the organization is aware of their responsibilities. We suggest Internal Audit be involved and

oversee the plan. Strategic planning includes appropriate responses to all damage and "hot work" issues (as when a business continues to operate while repairs are ongoing).

Determining the disaster recovery period directly impacts how much financing a company will need in order to rebuild their

business. The BCP identifies the continuing expenses and lost income (business income) as well as the extra dollars (extra expenses) that are needed to carry the company through the recovery period. This recovery time is measured from the date of the disaster to moving into permanent facilities and resuming operations, or to the time it takes for the organization's revenues to reach their projected level had there been no loss, whichever is later.

(continued on page 3)

Since most businesses do not have a BCP, **make this your company's New Year's resolution.** Without a plan, an organization does not know what to do or where to go after a disaster. Time and resources are wasted trying to recover the business; time that would be better spent creating a more efficient operation by completing and testing a plan. Think of the BCP as an "opportunity document" that will allow an organization to scrutinize all phases of operation, and based upon a cost/benefit analysis, use the recovery plans to eliminate low margin products, flatten the organization, and increase productivity. The result will reform the organization into a more efficient operation, competitively ready to do business into the next decade.

There are four suggested methods for reducing the impact of a disaster on an organization:

- **Eliminate the exposure.**

For example, do not demonstrate how your saw or cleaning products work, stop the installation operations, change from manufacturing to wholesaling, etc.

- **Transfer the risk to someone else so they bear the brunt of the exposure.**

For example, do not take ownership of goods until they reach your facility, have the customer supply all the drawings and specifications, have a subcontractor install your product, etc.

- **Reduce the chances of a disaster.**

Implement good risk management controls such as fire suppression, driver training, hurricane preparedness, etc.

- **Finally, finance the financial impact.**

Cover lost sales of a disaster through insurance, savings accounts, bank line of credit, etc.

Next month, we will outline the necessary steps to get started with your Business Continuity Plan.

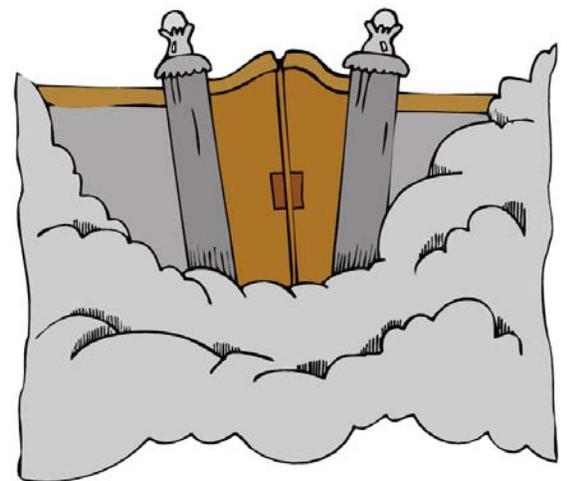
b. (FUNNY!)

[a little insurance humor]

Last night as I lay sleeping, I died, or so it seemed. In my dream, I went to heaven. St. Peter met me and said, "I must check your record."

He turned and said, "Your record is covered with terrible flaws and shows you have done everything a good person should never do. We can't have people like you up here—your life was full of sin."

Then he read the last of my record and said, "Come on in." I was surprised at his change of attitude, especially when he led me to the "Big Boss" and said, "Treat him well. He used to work in insurance so he's done his time in hell."



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

b (INFORMED!)

[answers to frequently asked questions]

What is DIRECTOR'S AND OFFICER'S INSURANCE?

This policy protects an organization when stockholders or investors sue them because of loss of assets, loss of market share, stock price declines, etc. Generally speaking, buyers should be aware of two areas of this coverage.

The standard policy excludes suit brought due to missing or underinsurance. So, if a fire burns down the factory and insurance recovery is only 50% of the loss, the other 50% being paid out of profits causes a lawsuit for loss of assets. That amount would not be covered by the D&O insurance policy.

Also, it is the entity that is insured, not the officers or principals unless the policy is endorsed to include them. Therefore, if an officer is deposed by the suing faction, his comments could be used against him in a personal suit. All officers, partners, and principals should have their attorney present when going into these depositions and really know who their Director's and Officer's policy protects.

As we always say, check with your insurance professional for the answers to your specific coverages and situational needs.

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

Get the Facts!

According to *Risk Management* magazine:

- **\$894 million:** Cost of settlement paid by drug company for lawsuits relating to pain relievers.
- **\$444 million:** Cost of settlement paid by drug company for marketing unauthorized uses of several drugs.
- **\$4.85 billion:** Cost of Merck's settlement for marketing unauthorized uses for Vioxx.
- **\$62 million:** Settlement by company for off-label marketing of their drug.

By continent, the biggest killers in the last decade (excluding conflict and disease-related deaths) were transport accidents in Africa (49% of all deaths), floods in the Americas (46%), earthquakes and tsunamis in Asia (42%) and Oceania (67%), and extreme temperatures in Europe (51%). Two thirds of industrial accidents occurred in China; 70% or them in mines. Almost 60% of transport accidents were due to road traffic.



WE WELCOME YOUR INPUT!

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

CONTACT US AT: info@bisimplified.com [www.bisimplified.com]

The information provided herein is intended for general information purposes only and should not be construed as advice or opinions on any specific facts or circumstances. The content of this newsletter is made available on an "as is" basis, without warranty of any kind. BISimplified.com disclaims any legal liability to any person or organization from loss or damage caused by or resulting from any reliance placed on that content.