



**SMART AGENCY**

BY SUSAN L. HODGES

# Expect

Is your agency ready to

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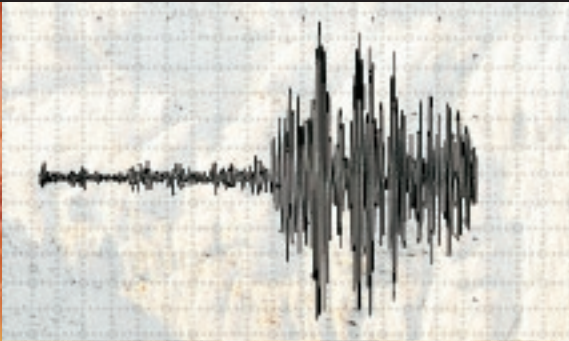
Say the word “disaster” today, and more than natural catastrophes come to mind. Terrorism, environmental accidents and other man-made calamities now join the list of events that can stop cities, towns—and insurance agencies—in their tracks.

Bob Slocum learned disaster-recovery planning the hard way. The president of Slocum Insurance Agency in Warwick, R.I., was enjoying his second day of a vacation abroad when he received an e-mail from one of his managers asking if the agency subscribed to a disaster-recovery service. “Then I got an e-mail from >>



# the **Un**expected

serve clients no matter what the New Year might bring?



my agency management system vendor saying the file needed to reinstall our client server was attached," Slocum says, "so I called my office and asked what in the world happened."

What happened was that unexpected high winds toppled a tree across the street from the agency. The tree fell onto electrical lines and the agency lost power, quieting its phone system and its computers. Fast-thinking by staff members restored communication in one day via analog phone jacks and a wireless laptop. But Slocum was disturbed by the event and vowed to do more planning. "This was a great example of how a little thing could catch us unaware," he says.

### Realize the Risk

Agents might not be able to predict every type of problem that could put their businesses out of commission. But Slocum and others who've been on the receiving end of crippling events say that it's critical to try. "If you can just think through what's logical and likely to happen, and make plans to deal with those things, you'll be much better off," says Slocum.

Jonathan Theders, president of Clark-Theders Insurance Agency in West Chester, Ohio, agrees. He remembers when the ex-spouse of an agency employee threatened violence. "We installed a panic button that locks our doors on the outside and dials the police," he says. "We don't need it anymore, but if we do, it's still there."

Another incident Theders couldn't prevent happened in 2008 when Hurricane Ike barreled up from Texas and slammed into Greater Cincinnati. "We were out of power only three-quarters of a day, but parts of the city were out for eight or nine days," he says. "And when you have claimants trying to reach you, any amount of time you're down is too much."

Today, agencies like Clark-Theders and Slocum Insurance have step-by-step disaster-preparedness plans. "You've got to think of every possible scenario that could happen and grade each one for the damage it could do," says Theders. "Then plan your preparedness for the worst ones and walk through each process."



## Computer Safety During Disasters

**D**isaster-preparedness experts at agencies across the country suggest taking these steps before a disaster strikes. If you do, you can protect your data and hardware, even with little advance notice.

1. Back up carrier lists, client lists and other essential data on memory sticks and store the sticks off-site. Also back up data nightly or more often, and consider additional backup through an online source.
2. Even when power is being restored, service may be interrupted or can fluctuate. Check your computer maintenance agreements before connecting computers to a generator, since some agreements can be violated if unauthorized generators are used. Or, use battery-powered laptops.
3. Consider running ACORD Loss Notices for clients in areas certain to experience damage, such as beaches. Have on hand large quantities of paper forms, and store them in a safe, dry area.

Contact your automation vendors for specific, detailed catastrophe plans so you'll know what to expect.

—S.H.

### Calculate Disaster Odds, Then Prepare

Diana McClure, a manager at the Tampa-based Institute for Business and Home Safety, advises agents first to research the types of natural disasters likely to occur in their areas. "Some events are statistically more likely than others," she says. For example, in Philadelphia, flooding, high winds and freezing weather are dominant risks. In Lincoln, Neb., flooding, tornado, freezing weather and wildfire occur most often.

Once you've determined the natural events most likely to wreak havoc, McClure suggests examining your immediate area for potential man-made calamities. Gasoline stations can explode; railroads may serve as transports for hazard wastes that could spill. "Look outside your door and across every street," she says. "Ask yourself what you'd do if one of these accidents happened."

Then look at critical business functions and prioritize. What will your customers need from you, and what resources are necessary to meet those needs? The Hillcrest Insurance Agency in Mount Dora,

Fla., keeps a "hurricane box" containing flashlights and batteries, clipboards, paper loss notices, pens, paper clips and calculators. Also on hand are laptop computers, USB memory sticks for transferring data and at least 15 gallons of water. "We used these things during the 2004 storms," says Kevin McEwan, agency president. "We were pretty proud, because we were one of the few businesses open."

When Hurricane Charley devastated southwest Florida six years ago, Mark Stichter thought his office was prepared with a portable generator. But it wasn't enough. "It operated the lights and the copy machine and a few computers, but we couldn't keep the AC going," says Stichter, an agent at Stewart & Sons Insurance, Inc., in Fort Myers, Fla. "That wasn't good."

Immediately after, Stewart & Sons bought a bigger generator. The agency also reviewed and beefed up what was already a robust disaster-preparedness plan. "You should assess the physical aspects of your building," says Stichter. "Determine your most vulnerable areas, and what they are vulnerable to. Then protect all openings, and cover all equipment and furniture with plastic."

Agencies on or near a coastline should have storm shutters, Stichter says. And all agencies should have rotary phones and special lines to use them, if necessary. "You may also want to forward your phone numbers to a location in another, unaffected part of the country," he suggests.

### Consider Employee Needs

To ensure that it's prepared for almost anything thrown at it, Hillcrest has a disaster committee that created and regularly reviews the agency's disaster plan. Last year, the three-person team overhauled the entire document after getting input from every agency division. They also contacted all agency vendors to obtain emergency contact information and relevant instructions. Another addition: an employee phone tree. Says McEwan, "We did all this because we didn't feel we'd covered all of our processes and back-ups before. Our people live all over the region, and some are in areas that were hit in 2004."

Providing for employees is a critical part of any disaster preparedness-and-recovery plan. If your staff can't come in or work in humane conditions, your agency won't function, no matter how well it's otherwise prepared. "You have to be ready for the stress your employees will feel," says McEwan. "Even if they can come to work, they're going to get lots of stress from customers who have losses and are miserable."

Caring for employees includes contacting each one immediately after a disaster and providing help if necessary. It can also include shortening work shifts and rotating tasks so that no one experiences a particular type of stress for long periods. What's more, employees and their families may need hot meals, provided through agency resources or an arrangement with a local eatery or nearby firm that has a cafeteria.

### Get Started Now

Is your agency starting 2011 with a disaster plan in place? The Agents Council for Technology (ACT) has assembled a series of checklists and important information for securing your agency and protecting it against a host of events. Here are some things to think about to get started:

## Plan to Stay Up and Running

To keep your agency operational, consider subscribing to an emergency-response service such as those offered by Agility Recovery Systems. Monthly subscription programs are available and provide access to a range of disaster-recovery services, including computer connectivity, a variety of equipment and temporary office space. Delivery of these services and supplies is not included in the monthly fee.

Bob Boyd, CEO at Agility, says the company has recently refined its services to take advantage of efficiencies that will benefit its customers. "We heard some criticism after [hurricanes] Katrina and Ike that we weren't acting in ways that considered the costs of some services we provide," says Boyd. "So we've created a number of service options that our customers can use, depending on their situation."

If your agency experiences a disaster that does not qualify for your business-interruption insurance, you can opt for minimal services, such as delivery of computers. If your insurance carries a large deductible, you can opt for another tier of services. No matter which services you choose, however, Boyd says agencies can stipulate the speed—and thus the cost—of all deliveries. Agencies will also benefit whenever possible from "bundled" shipping of equipment and supplies to more than one location.

"We're trying to give our members not only more options, but more information," says Boyd.

—S.H.

### General

- Think through different contingencies and how the agency will respond; develop a written plan; test and practice different scenarios.
- Train all employees on their roles in preventing disasters and helping the

agency and its customers deal with the aftermath.

- Have a plan to access additional staff resources if certain staff members are not available.
- Conduct an annual network assessment of your disaster plan and your security plan, and update as needed.
- Maintain valuable papers and agency records off-site in a secure facility.
- Include specific triggers in your plan that will set it into motion as foreseeable disasters approach.

### Employee Communications

- Set up an employee phone tree, including emergency contact info for each employee.
- Set up an emergency call in number, e-mail and text messaging for employees.

### Customer Communications

- Maintain customer emergency contact information.
- Give customers emergency contact information for agency.
- Train customers to go to agency website for emergency contact information for the agency, their carriers and other services.
- Consider sending a letter to your customers at the start of seasons known for disasters. List carriers, coverages and emergency contact information for the agency and carriers.
- Consider running an advertising campaign to encourage consumer preparedness for disasters, and post your agency's website address.
- Consider using e-mail and automatic call-outs to customers when disaster is imminent.
- Reach out after a disaster with website messages, physical signage and multimedia advertising. Prepare all messages in advance.

For more information, go to [www.independentagent.com](http://www.independentagent.com) and click on "Agents Council for Technology" and then "Disaster Planning." ☐

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