



EMERGENCY PREPARATION

Every year, emergencies take their toll on business and industry in lives and dollars, and community associations are no exception. In the past few months, five USI clients have experienced fires. In addition, water continues to be a cause of loss, and remediation/restoration is not being handled properly. This newsletter will review what community association managers and boards need to know about how to prepare for and recover from emergencies.

What is an emergency?

An emergency is any unplanned event that can cause deaths or significant injuries to employees, residents, or the public or that can shut down your community association, disrupt operations, cause physical or environmental damage, or threaten the community association's financial standing or public image. Numerous events can be emergencies, including fire, hurricane, tornado, winter storm, communications failure, civil disturbance, loss of key supplier, or explosion.

What areas should we think about?

Facilities (Buildings and Equipment): What would we do if our community association was damaged, or even totally destroyed? What could we absolutely not survive without? Computers? The elevators? What can we do to assure we never have to live without them?

Operations: What if there was a prolonged power outage? What if our key suppliers or shippers were shut down?

Critical Information and Communications: What if our payroll, tax, or accounting records were destroyed? What if our computer or computerized machinery was destroyed? What if the local phone service was disabled?

Insurance: Is our insurance adequate to get us back in operation? Do we understand what is covered and what is not? Can we pay creditors and employees during a prolonged shutdown? Do residents have homeowners insurance that covers additional living expenses?

The best time to respond to a disaster is BEFORE it happens. A relatively small investment of time and money NOW may prevent severe damage and disruption of life and business in the future.





What can we do to prepare?

Develop a disaster plan for your community association now so you can rest a little more easily in the future. To begin, you need not have in-depth knowledge of emergency management. What you need is the ability to create a plan to make emergency management part of your community association's culture.

A disaster plan identifies and quantifies the physical and financial resources necessary to maintain operations after a disaster. The plan will detail the steps necessary to avoid, reduce, or transfer loss exposures. Remember to maintain a copy of the plan safely offsite—it won't help if the plan goes up in flames.

The Federal Emergency Management Agency (FEMA), in alliance with private companies and associations representing business and industry, produced "The Emergency Management Guide for Business & Industry." This publication provides a step-by-step approach to emergency planning, response, and recovery for companies of all sizes. It is available at www.fema.gov/business/guide/index.shtm.

Another good resource to help implement a disaster recovery plan is www.ready.gov/business. This website, designed to educate and empower Americans to prepare for and respond to emergencies, focuses specifically on business preparedness. Ready Business helps owners and managers of small- and

medium-sized businesses prepare their employees, operations, and assets in the event of an emergency.

Do you have any specific tips for community associations?

The following tips will help community associations prepare for emergencies.

Establish a disaster management team with representatives from management, owners, and key vendors/service providers who will be involved in the event of an emergency. This

community organizations, and utilities; and doing an insurance review. Do you have as built drawings of your building(s) in the event they may need to be rebuilt?

Develop a written checklist for each type of possible disaster. By having a written checklist, you will be sure you will not miss any of the points of your plan in the event of a disaster.

Establish a clear communications process. You should assign one person as the designated spokesperson. Depending on the nature of the disaster, you may be contacted by the media. You need to be certain that the information you are providing them is consistent, accurate, and current.

Implement the plan.

Implementation means more than simply exercising the plan during an emergency. It means integrating the plan into company operations, training employees, and evaluating the plan. Emergency planning must become part of the community association's culture. Look for opportunities to build awareness; to educate and train personnel; to test procedures; to involve all levels of management, all departments, and the community in the planning process; and to make emergency management part of what personnel do on a day-to-day basis.

team will be responsible for developing and establishing your disaster plan.

Analyze capabilities and hazards.

Determine where you stand right now by reviewing internal plans and policies; meeting with outside groups such as government agencies, com-

ASK YOURSELF

- What if the worst happened?
- How would it affect our owners/residents and employees?
- What if we had to shut down the building for weeks or months?
- What can we do to make sure we survive?

Community associations must be prepared for emergencies of many kinds. Be a little pessimistic now and assume it CAN happen to you.

Will insurance cover damages?

Checking insurance coverage is an important part of disaster planning. With proper emergency planning, a community association's insurance policy can be tailored to its specific needs and potential exposures. Surprisingly, this does not necessarily mean higher insurance premiums—just a better distribution of coverages to meet actual needs. A professional insurance and risk management agent can assist you in evaluating your facility, drafting and testing your disaster plan, and implementing your overall loss prevention program.

Here are some specific tips regarding insurance:

Review your current insurance coverage.

Make it a regular annual procedure to review and update insurance with your broker.

Be aware of your contents insurance.

Does it cover the replacement cost of critical equipment? Take photographs, if possible, prior to the removal of any debris.

Know what your insurance does not cover. Most property insurance policies do not cover flood damage.

Many require additional riders for windstorm, sewer backup, or earth movement. Consider adding coverage for likely perils/exposures.

Know your property loss reporting procedure. Most carriers require losses to be reported upon discovery in order to ensure prompt action. Ensure that you have information readily available on how to report claims (or reach your broker) in the event of an emergency.



Be prepared for the extraordinary costs of a disaster, such as leasing temporary equipment, restoring lost data, and hiring temporary workers.

Educate owners regarding HO-6 insurance, so that their unit improvements and contents are covered in emergency situations and they have additional living expense should the

emergency require that they vacate the unit while repairs are undertaken.

Don't assume that just because it never happened before it never will.

Flooding patterns are changed by development: water, which runs off new streets and parking lots, may overwhelm nearby streams and surrounding land. Landslides and sinkholes may develop because of distant earth movement, natural or man-made. The creek by your building may be a tiny, placid stream

that has never flooded, but a downpour may change it into a destructive torrent that destroys your building foundation. Plan for the worst.

Where should I go for more information?

It is critical to review your association's legal responsibilities and insurance needs with qualified professionals, including your association's legal counsel.

If you have any questions or need further information, please contact Theresa Melson (703-205-8753 or Theresa.Melson@usi.com) or Jessica Knutsen (703-205-8722 or Jessica.Knutsen@usi.com).



ASK THE EXPERT

“Ask the Expert” is a regular column in *Insurance Focus*, featuring an interview with an expert about an important insurance issue facing community associations. This month our expert is Andrew Levitsky, MS, CSP, ARM, CHST. Andrew is responsible for all major lines of commercial insurance coverage risk control for USI clients in the public and private sectors. Andrew has more than 20 years of experience in all aspects of safety management and risk control. He may be reached at Andrew.Levitsky@usi.com or 703-205-8783.

Q: Why is it important to plan for a disaster?

A: You spend valuable time reviewing the limits of insurance you purchased to protect your community association. It’s just as important to spend sufficient time developing a disaster recovery plan to protect your association.

Business Interruption Insurance will only provide coverage for a certain period of time, and the quicker you get operations back to normal the better.

A detailed and well thought out disaster recovery plan is one of the most important business plans you can have for your community association. Without proper planning, you will not be able to respond quickly should a disaster arise, and you’ll probably lose valuable time first assessing the situation and then implementing a solution.

Plus, your disaster plan needs to respond to both “internal disasters” (a fire in your building) and to “external disasters” (an earthquake, flood, hurricane, or even a fire at your largest outside supplier).

Remember that a disaster can occur at any time, and you need to be prepared for the unexpected. Let your employees and owners know that you

have a definite plan in the event of a disaster. Conduct periodic disaster drills to make sure you have covered all possible points.

The most important component of your disaster plan is managing the situation to the most positive outcome possible. You can only reach that goal by being adequately prepared, and that can only be achieved by planning in advance for a potential disaster.

The USI Risk Management Center (RMC) is a good source of material to help you with this process. This online resource provides information on emergency planning to help our clients manage risk and reduce losses for a sustainable positive financial impact.

It is easy to access and use and provides a cost-effective risk reduction and safety center for your entire community association. The basic platform is offered free of charge as a value-added benefit to USI clients and is accessible at www.usi.com/rmc.

Please contact me to register for your free account: Andrew.Levitsky@usi.com or 703-205-8783.

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