



## BUSINESS INSURANCE

# 5 steps for developing a business continuity plan

Regardless of the size of a business, the industry or years in operation, it's important to be prepared for the unexpected. A business continuity plan (BCP) is essential for every business as it outlines how to respond before, during and after an unforeseen event.

In addition to insurance coverage, which we offer, an effective BCP can protect against loss and help minimize interruptions, so that key functions of your business will continue.

Don't wait for an unanticipated disruption to start putting together your BCP. Although a well-designed plan can take some time and resources, it's worth the effort to ensure you and your business are protected.

Here are five steps to help you get started.

### 1. Analyze your risks

Thoroughly evaluate all the risks and hazards that could disrupt your business. It's important to develop your BCP around a worst-case scenario, so that you can scale the response to match the actual incident. Start by identifying all potential scenarios and then focus on those most relevant to your business. For example, extreme weather tends to be geographical, while cyber breaches are becoming more prevalent in today's environment. Remember to include more common risks, such as physical or security hazards.

### 2. Do a business impact assessment

Assess the business impact of the disruptive scenarios you identified in your initial risk evaluation and calculate the various costs related to these scenarios. This will help you quantify how each risk could impact the day-to-day functions of your business, and whether you can continue to operate without some services for a certain period of time. Your assessment will also help you determine additional potential disruptions and calculate your company's business interruption limit - the maximum amount your insurance will pay towards a covered claim.

### 3. Create a response and recovery plan

Create a thorough response and recovery plan based on the findings of your impact assessment. This involves implementing procedures and measures that help a business prevent and recover from a disruptive event.

The plan should:

- Safeguard lives and reduce the chance of (further) injury
- Protect assets
- Restore critical business processes, systems and activities
- Reduce the length of the interruption
- Protect the reputation of your business
- Control media coverage
- Maintain customer relations

#### 4. Test the plan

It's important to test your plan at least once a year, so you can identify issues in real time. Start by creating a simulated scenario in which one of your highest risk disruptions happens and then evaluate how key stakeholders execute the plan. This gives everyone valuable insight into the plan's effectiveness and can highlight any issues that need to be reworked.

#### 5. Maintain the plan

A business and its potential risks are constantly evolving. Evaluation should be ongoing. Bring together stakeholders at least once a year to review the plan and discuss any sections that need to be updated. No one can predict unexpected events; however, a business can be prepared and protected by putting in place an effective BCP.



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