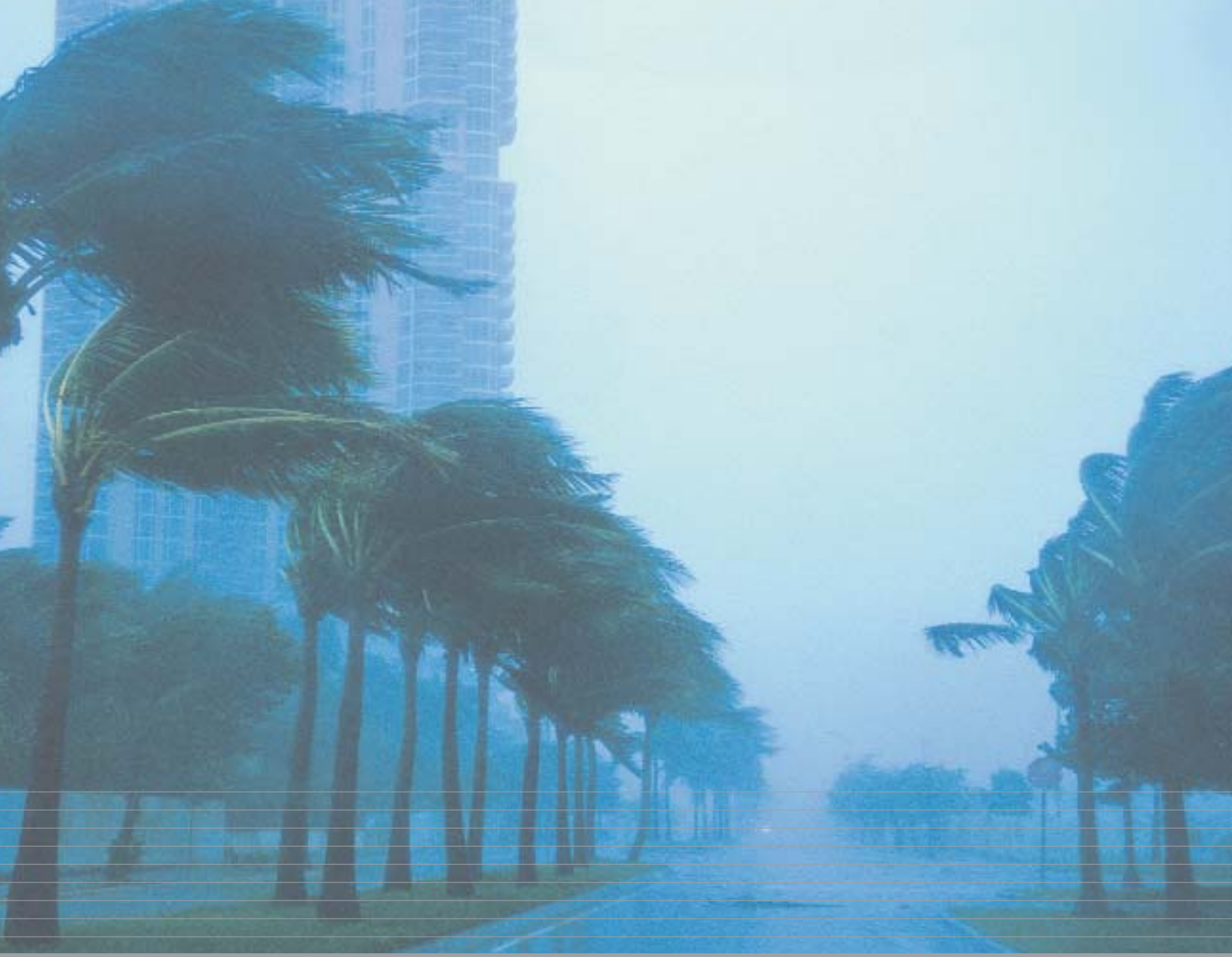




Emergency Planning

Risk Control





At CNA, we help companies like yours plan for emergencies, reducing the potential for substantial financial losses. Our Risk Control consultants can advise your business as it prepares a course of action to take in the event of an emergency. We provide valuable guidance that reduces businesses' risk exposures.

Companies that plan for emergencies in advance greatly increase the likelihood of staying in business and getting back to work quickly.

The emergency plan is usually thought of as a pre-plan for fires since that is one of the emergencies most frequently encountered. However, dealing with fire emergencies is only one of the situations an emergency response plan (ERP) should include. The ERP should spell out a course of action that directs personnel in acting immediately and correctly during emergencies such as fire, explosion, bomb threats, tornadoes, hurricanes, winter storms, etc.

Why emergency preparedness is vital

CNA Risk Control can provide businesses like yours with valuable knowledge to help them prepare for emergencies, which are defined as events that happen suddenly, disrupt normal operations, hurt competitive positions and demand immediate attention. Each year, 4,000 U.S. companies, close their doors forever. In most cases, businesses fold because an emergency occurs that interrupts the established pattern of operation and that management is unprepared to cope with. An estimated 43% of all businesses struck by a catastrophe never reopen.

Events that businesses should be planning for fall into one of three categories:

- **Natural** — Floods, hurricanes, tornadoes, storms, earthquakes, etc.
- **Accidental** — Fires, explosions, nuclear incidents, etc.
- **Deliberate** — Acts of terrorism, civil unrest, bombings, etc.



Although an emergency situation may not be preventable, the impact can be reduced through implementation of a plan to cope with its occurrence. Emergency planning involves developing and implementing measures to prepare for, respond to and recover from an emergency. Being prepared reduces the potential for significant loss of assets, human life, long term business interruption or total loss. Businesses should take the time to ensure their facilities are prepared when an emergency happens.

The necessity of developing a plan

CNA Risk Control advises that businesses like yours be prepared for any type of emergency — even if the perceived threat level is low. Any company in business for a period of time will experience some type of emergency. There are aspects of all businesses that are critical to continuous normal operations. For instance, it would be very difficult for any business to continue operation if the building and equipment were severely damaged or vital records (financial and strategic) were destroyed. If operations cannot be restored within a reasonable time frame or other arrangements cannot be made to accommodate customers, they may choose to do business with others in the area. Lost customers are tantamount to lost revenues.

Finding a leader for an emergency response team (ERT)

The first step in developing an emergency response plan (ERP) is to assign a member of management responsibility for overseeing the entire planning process. This person should be knowledgeable of company operations; experienced in dealing with problems and making decisions; and capable of dealing effectively with management and employees. Most critical to success is the commitment of management to implement the program, budget funds and a timetable. Management should review progress, approve acceptable elements and see that they are implemented until each part of the plan is completed.

Emergency Response Team Leadership (ERTL)

The ERTL is responsible for the following in preparation for an emergency:

- Arranging emergency planning with the fire service or other public agencies to set up a plan of action in the event of an emergency.
- Establishing step-by-step response procedures for the ERT in handling all emergencies.

In the event of an emergency, the ERTL is responsible for:

- Directing ERT members' actions during the emergency.
- Ensuring ERT members are in place and performing their assigned duties.
- Ensuring emergency materials are available (for natural hazards) prior to the specific season. Sandbags, sand, plywood, nails, snow shovels, snow blowers, portable pumps are typical examples but the list will likely go beyond those.

- Support the public fire service incident commander as required. The Incident Command System (ICS) is an important and critical activity for major incidents. It is a management concept for all the facets of major incidents. The establishment and the operation of the ICS is built around the emergency preparedness plan.

Understanding Potential Exposures

The next step is to conduct a vulnerability assessment. The overall purpose of conducting a vulnerability assessment is to develop a realistic list of potential hazards that might affect your facility, highlighting the most likely and de-emphasizing the improbable. This involves identifying and evaluating any hazards that may exist. The probability of a particular natural disaster is dependent upon the geographic location of your facility.

Understanding Site-Specific Requirements

Before the ERP is set up, it is important to understand the site-specific needs and requirements. The recommendations detailed below assists businesses in understanding the requirements of effective emergency response. Address the high- and medium-level priority emergencies that have occurred and also that could occur.

Assess the needs of each individual facility. Evaluate the potential impact of any emergency on the property, the general public, the environment and the ability to resume business after an emergency.

Detailing Strengths and Weaknesses

Certain strengths and weaknesses at a site will either help or hinder your ability to respond to emergencies. It is important to know what they are so that the ERT can concentrate on those areas for improvement.

The ERT must find out strengths and weaknesses in the following areas:

- Type of fire protection provided
- Working condition of fire protection
- Existing processing or storage hazards
- Natural hazard exposures

- Types of materials stockpiled for use in an emergency (sump pumps, sandbags, portable barriers, emergency generators, portable pumps, etc.)
- Staffing or equipment limitations
- Emergency training and preparedness of key personnel
- Drills and periodic staff training
- Available communications equipment (2-way radios, intercom, cell phones, etc.)
- Locations of facility utility and process supply shutoff valves
- Availability of necessary contractors
- Compliance with local, state, provincial and federal rules and regulations

Levels of Response

The size of organization should correlate with the size of the ERT. You can combine functions or add to them, as needed.

A local vulnerability analysis should be a matter of record at city and county level emergency management organizations. There has been considerable effort at the federal and state levels to identify hazards such as earthquakes, hurricanes and dam failures. Check with all of these sources and obtain information on the perceived threat in your locale.

Check with other local authorities to find out about their response plans. Agencies that should be contacted include the following:

- Fire departments
- Police departments
- Insurance agent/broker
- State and local public health agencies
- Public service agencies
- Emergency medical organizations
- Volunteer groups, such as the Red Cross
- Equipment rental businesses
- Trash removal company
- Snow removal company
- Weather service
- Civil Defense
- Utilities

It is very important to know what capabilities and resources are available in your community. Find out exactly what local services can and cannot be provided.

Other companies in the area should be contacted to determine whether any mutual aid association exists in which you can participate. A mutual aid association is a cooperative association of business and industrial firms whose primary purpose is to develop an emergency program to minimize damage to the community and insure early restoration of the damaged facilities of its members. The businesses are united by a voluntary agreement to assist each other by providing materials, equipment and personnel in an emergency.

Participation in mutual aid associations can be very beneficial. Association members can provide valuable information and resources. Research time can be shortened since information about community resources has already been developed.

Developing the Plan

At this point, the potential crises that could affect your facility and the resources available should be known.

The next steps are:

- Determining which hazards need to be addressed
- Developing procedures for preventing, responding to and recovering from these events
- Presenting them, in writing, in the form of an ERP

For many businesses with limited resources, every potential emergency cannot be addressed. At a minimum, all events with a high probability of occurrence should be addressed, as well as those covered by state, federal and local laws.

Identifying Plan Objectives

Your company should include clearly stated objectives and instructions on your ERP. The plan should include:

- Potential emergencies
- Steps to be taken prior to, during and after an emergency
- Names of the personnel responsible for performing these actions
- Qualifications of ERT members

Create a written policy that includes, as a minimum, the following three important sections:

Purpose — The intent and objectives of the plan should be clear. Planned limitations to the response to certain site-specific incidents should be outlined.

Policy — Management's commitment to the plan should be detailed. The policy should be reviewed at least once a year to ensure that changing conditions are included and kept up to date.

Responsibility — Personnel responsible for creating the plan and carrying out its instructions should be identified by name or title.

The written policy should also include the following:

- Structure for the ERT that matches the site-specific needs based on the type of response required for various emergencies and creates specific job descriptions.
- Education and training requirements for personnel so they can perform the assigned duties for each level of response needed for the ERT.
- Procedures for monitoring the ERP over time by auditing the plan at least annually, and revising as needed. Changes will occur and as they do, they need to be well managed. Audits of equipment, storage and property help determine past and evolving changes and future plans.
- Process to ensure that the ERP is updated promptly, as needed, for changes in construction, occupancy, protection and exposures. Update the ERTL with any changes.
- Development of the ERP and training methods for the ERT to respond efficiently during and after an emergency. This is the responsibility of the ERTL (e.g., in the case of a predicted storm warning or watch, the ERT may be needed to carry out emergency tasks like shutting down certain critical operations and boarding up windows).

Testing the plan

The coordinator should ensure the emergency plan is tested and meets the following objectives:

- The procedures are complete and workable
- The information, equipment and materials are available to perform alternative processing for critical operations
- The business applications, files, records and equipment can be restored

Education and Training

Each position needs its own set of training objectives. It's important to establish drills with the on-site team and coordinate them with the public fire service and other outside agencies.

The type of response that is anticipated will dictate the frequency of training and education sessions.

Suggested frequencies for select perils are as detailed below:

- **Fire and explosion** — Quarterly education sessions and annual live fire training for firefighting teams and industrial fire brigades.
- **Windstorm and winter hazards** — Prior to the time of the year when likely to occur.
- **Earthquake** — Semi-annually to review actions to be taken.

Connecting companies with public resources

The following agencies offer further guidance in planning for emergencies:

National Fire Protection Association, NFPA 1600
Standard on disaster/Emergency Management and Business Continuity Planning
<http://www.nfpa.org>

National Oceanic and Atmospheric Administration
<http://hurricanes.noaa.gov>

Federal Emergency Management Agency
http://www.fema.gov/tab_education.shtm

Department of Homeland Security
http://www.dhs.gov/dhspublic/theme_home2.jsp

Please see our attached CD-ROM for more detailed information.



CNA



Investing in continued success

Emergency planning is vital for your company — even if your perceived risk of experiencing a crisis situation is low. As a benefit, companies can appear attractive to investors and potential customers when they are prepared to offer all their services and maintain records and assets following a crisis.

Let us help you create a better prepared business today

To learn more about how CNA Risk Control can help you develop an emergency preparedness plan, call us toll-free at 866-262-0540.

Or, visit the CNA Risk Control Web site at www.cna.com/riskcontrol

Note: This document contains data collected by the Institute for Business and Home Safety (1999).

To discover the broad range of insurance products available from CNA, contact your independent agent or broker or visit www.cna.com



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