Open for Business

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Disasters Can Happen

- Identity Thieves strike Target stores during holiday shopping in 2013
- Burst water pipe floods adjacent offices and stores
- Microburst storm skeletonizes our Power and Cable Infrastructure
- Pandemic Flu - H1N1
- Ice and Freezing Rain Knockout
  Power to 500,000 in Tulsa, Oklahoma.
- Hurricane Sandy devastates the coast of the northeast US

What Could Happen to You?

- Building damage
- Extensive damage in neighborhood
- Access denied
- Telecommunications disruption
- Power Outage
- Clients/Customer not available
- What else?

www.disastersafety.org - Property Protection
Wind and Hail

Average Number of Hail Days with Damaging Hail (> .75" in 20 years) Across the United States

Statistics from Joplin, MO
- EF5 with 200 mph Winds
- 6 miles long & 1 Mile Wide
- 158 Dead – Over 1,150 Injured
- 8,000 Buildings destroyed
- $2.8 Billion Damage

Statistics from El Reno & Moore, OK
- EF5 with 210 mph Winds
- 17 miles long & 1.3 Mile Wide
- 24 Dead – 377 Injured
- Over 50,000 Insurance Claims
- Estimated $2.5 – $3 Billion Damage
According to Bob Hartwig in iii:

- From 2000-2013 36% of all Natural Disaster Claims were generated by tornadoes
- Oklahoma and Texas accounted for $26 Billion from 2000-2013

Hurricane Gustav – September 2008

- 17% of the contiguous U.S. land area is home to more than half (55-60%) of the nation's population
- Between the years 1980 and 2003, population in coastal counties increased by 33 million people or by 28 percent
- By the year 2008, coastal county population was expected to increase by approximately seven million
An Earthquake.... in the Midwest?

- Damage in Alabama, Arkansas, Illinois, Indiana, Kentucky, Mississippi, Missouri, and Tennessee
- 688,000 Buildings damaged
- 166,200 Estimated Casualties
- $212 Billion in estimated Losses
- Tennessee would bear approximately 40% of the total Loss

Earthquake in Japan

Statistics
- 8.9 on the Richter Scale
- 20 ft high wall of water
- 4,343 Dead
- 9,083 Missing
- Estimated $35 Billion Damage
Wild Fires in the US

Lightning-caused Fires

- Number of lightning strikes is increasing
- >10,000 lightning caused Wild Fires annually
- 90% of Wild Fires are human caused

Sources: National Interagency Fire Center

Catastrophe Losses in 2013

128 (180) Catastrophic Events totaling $12.8 (140) Billion

- Severe Thunderstorms $10.2 Billion
- Winter Storms $1.9 Billion
- Wild Fire/Heat/Drought $385 million
- Floods $240 Million
- Tropical Cyclones 1 Event

Source: Munich Re NatCat Service

Backbone of Economy

Small Businesses

- 27.9 Million Small Businesses in the US
- 95% of small businesses employ 10 or fewer
- Account for 99.7% of US Employer firms
- Have fewer resources and capital to recover in the event of a Catastrophe
- 15-40% of Businesses fail following a Disaster
- 94% of Small Business Owners believe that a disaster could seriously disrupt their business within the next 2 years

Sources: SBA Website 092012 & US Census, 2008 – Statistics on Small Business Size Table 2A, Red Cross 2013
You Don’t Have To Be A Statistic

- One of every Five businesses experiences a major disruption each year.
- Small business owners have a higher probability of being impacted by a disaster.
- Small business owners have fewer recovery resources and a lower tolerance for losses.
- According to NAMIC 60% of Businesses do not fully recover after a Business Interruption of 3 months or more.
- As many as 90% of small businesses do not have a business continuity plan in place.
- Business Interruption Claims from Hurricane Katrina cost Insurance Companies between $5 and $9 Billion Dollars*

KEY STRATEGIES

✓ Prevention
✓ Mitigation and Intervention
✓ Alternatives
✓ Redundancy
✓ Communication
✓ Insurance

What is a Business Continuity Plan?

• A Business Continuity Plan is a structured approach to looking at your business, identifying what can go wrong and then putting plans in place to reduce those risks.

• You want to protect people and property and to be able to resume your critical business operations/work processes.

Why Plan?

• Business viewpoint
  - Protect assets and investment
  - Remain competitive/preserve reputation

• Insurance viewpoint
  - Reduce property damage exposure
  - Reduce down time and expedite recovery (Time Element)
  - Insurability
  - Due diligence – obligation to inform/annual review

• Community viewpoint
  - Preserve jobs
  - Contribute to tax base

• It’s is outlined, encouraged and supported by Federal Legislation
  - Public Law 110-53 Title IX, Section 24
  - Signed into law August 2007
  - Section 524 encourages voluntary accreditation & Certification

Why Not Plan?

• Business viewpoint
  - There’s no incentive (WIIFM)
  - “I don’t have time”
  - How do you get their attention?
  - How do you get SBO together?

• Insurance viewpoint
  - There’s no data to support a discount
  - Market doesn’t support action
  - Due diligence – obligation to inform/annual review

• Community viewpoint
  - Communities haven’t made the connection
  - Contribute to tax base

• It’s is outlined, encouraged and supported by Federal Legislation
  - PS Prep is not binding
  - There’s no provision for small businesses
  - We don’t get anything for compliance
Business Continuity Plans

• Information that is not current is of little or NO value.
• Review and update all information on a regular, scheduled basis! (Daylight Savings, Spring Training, Anything)

IBHS Tools For Small Businesses

Red Cross Tools For Small Businesses
You Can Survive a Disaster

Comments - Questions - Follow-up

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