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Kapnick Insurance Group

Template for **BUSINESS CONTINGENCY PLAN**

EFFECTIVE DATE: [effective_date]

DISCLAIMER

The materials presented herein are for general reference only. Federal, state or local laws or individual circumstances may require the addition of policies, amendment of individual policies, and/or the entire Plan to meet specific situations. These materials are intended to be used only as guides and should not be used, adopted, or modified without the advice of legal counsel. These materials are presented, therefore, with the understanding that the Company is not engaged in rendering legal, accounting, or other professional service. If legal advice or other expert assistance is required, the services of a competent professional should be sought.

PREFACE

The purpose of this plan is to define the recovery process developed to restore Your Company's critical business functions. The plan components detail Your Company's procedures for responding to an emergency situation, which affects Your Company's ability to deliver core services to our customers or our ability to meet investors, legal or regulatory requirements.

Objectives of the Plan

- Facilitate timely recovery of core business functions
- Protect the well being of our employees, their families and customers
- Minimize loss of revenue/customers
- Maintain public image and reputation
- Minimize loss of data
- Minimize the critical decisions to be made in a time of crisis

The following Business Contingency Plan and all related procedures are approved by the president and senior management of Your Company effective the date signed below.

Name – Title

Date

Name – Title

Date

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RECOVERY STRATEGIES

Recovery strategies identified for Your Company's equipment and services:

- Business functions will be recovered in priority sequence based upon the classification of the function as agreed with business senior management and implemented jointly.
- Communications concerning the recovery status will be coordinated through the Business Contingency Planning Team so that those executing the recovery will not be interrupted repeatedly for status.
- Purchase and acquisition of equipment and supplies needed for the recovery effort will be coordinated through company Department Heads.
- The contingency planning infrastructure will provide for coordination of travel arrangements, food and accommodations for individuals supporting the recovery effort.
- Non-critical Your Company functions, such as Development and Test environments, will be cleared without backup as necessary to support the recovery efforts.
- Your Company personnel from other sites may be called in to support the recovery efforts.

BUSINESS CONTINGENCY PLANNING TEAM

The following individuals are designated plan coordinators for their respective departments and are responsible for the execution of this plan in a qualified disaster.

| Name | Title | Phone | Email |
|------|---------------------|-------|-------|
| | | | |
| | Plan Coordinator | | |
| | | | |
| | Sr. Management | | |
| | | | |
| | Line Management | | |
| | | | |
| | Human Resources | | |
| | | | |
| | Safety Director | | |
| | | | |
| | Security | | |
| | | | |
| | Community Relations | | |
| | | | |
| | Sales/Marketing | | |
| | | | |
| | Finance | | |
| | | | |
| | Legal | | |
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| | | | |
| | Insurance | | |

OFFSITE DATA STORAGE

Backup data facilities have been identified at the follow location:

Name of company:
Main contact:
Phone number:
Email address:
Street address:
City:
State and zip:

The identified location of the backup site will be accessible for a minimum period of six (6) weeks from initial date of occupancy after disaster declaration. It will be available for 24-hour access and retrieval and be protected by: security, fire suppression, water detectors, heating, air and ventilation.

Your Company will have access to the backup site facility within [x] hours after notification and guaranteed occupancy shall be at least six (6) weeks.

This storage facility will be reviewed for effectiveness annually. Storage facilities for electronic documentation to be considered via MyWavePortal® - provided to Your Company by [b_officialname].

Offsite storage process will include, but is not limited to, the following. All documentation of importance to the operations of Your Company will be stored via this backup site.

- Backup Tapes - Weekly tape backups of **ALL** your disk files. These include: mainframe, mid-range, servers and PCs (**mandatory** and with at least two generations)
- System, program product, and in-house developed software manuals and guides
- Legal - Copies of contracts, leases, legal and critical correspondences
- Insurance – Policies, riders, and addendums
- Financial - General and private ledgers, year end financial statements, tax returns, bank records
- Recovery Plans - A complete set
- Assets - Complete fixed asset listings
- Referenced Items - Copies of any item referenced within your recovery team plans
- Floor plans
- Architectural drawings that should include mechanical plans
- Photos of facility and various work areas
- Other critical documents or data critical to the operation of your business

VENDOR READINESS PLAN

Your Company relies on vendors to provide us certain equipment, supplies, materials, goods or services. Some of these vendors are considered more critical than others.

To minimize our potential exposure to a disruption by our vendor(s), there are several steps provided to take in advance:

1. Your Company will avoid a single source (sole source) provider of any equipment, supplies, materials, goods or services. That is, Your Company will always have at least two vendors that can provide each of our critical goods and services required to support our business.

Key vendors identified: (list key vendors and backup vendors)

| Vendor | Main Contact | Phone | Email | Plan |
|--------|--------------|-------|-------|------|
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Your Company will request that the vendor complete the survey and return it to our attention within 30 days.

When the survey is returned, review the responses:

- A. If the vendor indicates that they have a plan,
 - i. Request a copy of the section that addresses their ability to recover the processes that delivers the equipment, supplies, materials, goods or services you use.
 - ii. If the vendor declines to provide you with a copy, request additional information.
 - iii. If the vendor does not provide the additional information, Your Company will contact the appropriate backup vendor.

COMMUNICATIONS

Communications are key within Your Company's business environment. A three-prong approach will be utilized:

- 1) Key Your Company personnel call list
- 2) Identified vendor for offsite call center operations
- 3) Identified vendor for recovery of communications and equipment repair/replacement

Key personnel cellular phone contact list:

| Contact | Title | Home # | Cellular # | Email |
|---------|-------|--------|------------|-------|
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Provided vendors will supply offsite call center capabilities to handle incoming calls. This offsite communications facility will be reviewed for effectiveness annually.

Vendor Name:
Phone:
Email address:
Street address:
City:
State and Zip:

Main Contact:
Cellular Phone Number:

Provided vendors will provide communication recovery establishing a new core communications center and equipment. This communication recovery vendor will be reviewed for effectiveness annually.

Vendor Name:
Phone:
Email address:
Street address:
City:
State and Zip:

Main Contact:
Cellular Phone Number:

TEMPORARY FACILITIES

An offsite business operations center has been predetermined where members of the various business contingency teams and other Your Company personnel will assemble immediately after they receive notification.

Access to this facility is controlled by the members of the Business Contingency Planning Team.

The offsite business operations center is located at:

Building name:

Street address:

City:

State and zip:

Phone:

Directions to the facility:

This offsite business operations center contains:

- Phones/facsimile and circuits
- Internet capabilities
- PCs for documentation, letters and cc:Mail
- Work area space
- Portable generator
- Normal business type supplies
- Emergency supplies, including bottled water
- Basic set of tools
- Coordination with hot and cold sites for Information Systems
- Telephone forwarding mechanisms

The identified location of the temporary facilities will be accessible for an extended period of time. Your Company will have access to the facility when it is determined that normal business operations will be non-functional for an extended period of time. The facility must be made available within twenty-four (24) hours after Your Company provides written or verbal notice to vendor of intent to occupy the facility, and guaranteed occupancy shall be at least twelve (12) months.

PROPERTY PROTECTION

Protecting facilities, equipment and vital records is essential to restoring Your Company's operations once an emergency has occurred.

Only members of the Business Contingency Planning team will authorize, supervise and perform a facility shutdown.

Employees will be trained to recognize when to abandon the effort.

The forthcoming procedures will be followed as a course of action for the stated emergency. Best judgment is to be used as unique factors surround any emergency situation.

Fire Hazards

The following materials have been identified that could cause or fuel a fire:

| Material | Facility | Stored | MSDS Sheet | Attributes |
|----------|----------|--------|------------|------------|
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Fire safety information will be distributed to employees: how to prevent fires in the workplace, how to contain a fire, how to evacuate the facility, where to report a fire.

Maps of evacuation routes will be posted in prominent places.

Smoke detectors will be checked for proper operation once per month. And batteries will be replaced every 6 months.

PROPERTY PROTECTION

Hazardous Material Handling

Hazardous materials are substances that are flammable or combustible, explosive, toxic, noxious, corrosive, oxidizable, an irritant or radioactive. A hazardous material spill or release can pose a risk to life, health or property. An incident can result in the evacuation of a few people, a section of a facility or an entire neighborhood.

Identify and label all hazardous materials stored, handled, produced and disposed of by your facility. Follow government regulations that apply to your facility. Safety data sheets (SDS) for all hazardous materials at your location will be stored _____.

Hazardous Material Handling Plan

Below procedures confirm procedures to notify management and emergency response organizations of an incident.

(insert notification procedures)

Establish procedures to warn employees of an incident.

(insert procedures to warn employees)

Establish evacuation procedures.

(insert emergency evacuation plan)

List government agencies required to be notified of a hazardous materials spill

(insert government agency phone numbers and contact names)

Your Company has identified the below vendors for hazardous material containment and clean up. Vendor effectiveness will be reviewed annually.

| Company | Main Contact | Phone | Email | Notes |
|---------|--------------|-------|-------|-------|
| | | | | |
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PROPERTY PROTECTION

Facility Shutdown Procedures

Facility shutdown is generally a last resort but always a possibility. Improper or disorganized shutdown can result in confusion, injury and property damage.

Department heads are to establish shutdown procedures. Include information about when and how to shut off utilities. Identify:

- The conditions that could necessitate a shutdown
- Who can order a shutdown
- Who will carry out shutdown procedures
- How a partial shutdown would affect other facility operations
- The length of time required for shutdown and restarting

| Department | Dept Head | Phone | Email | Plan Confirmed |
|------------|-----------|-------|-------|----------------|
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INSURANCE

All business interruption coverage and disaster planning resources are coordinated through _____.

Active policies are noted:

| Coverage | Carrier | Contact Name | Phone | Limits | Effective Dates |
|----------|---------|--------------|-------|--------|-----------------|
| | | | | | |
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An exposure analysis will be conducted annually. A formal assessment will be completed to determine appropriate coverage levels and review additional risk management strategies to mitigate exposures.

SITE MAP DOCUMENTATION

Attach all appropriate information pertaining to building and site maps that indicate:

- Utility shutoffs
- Water hydrants
- Water main valves
- Water lines
- Gas main valves
- Gas lines
- Electrical cutoffs
- Electrical substations
- Storm drains
- Sewer lines
- Location of each building (include name of building, street name and number)
- Floor plans
- Alarm and enunciators
- Fire extinguishers
- Fire suppression systems
- Exits
- Stairways
- Designated escape routes
- Restricted areas
- Hazardous materials (including cleaning supplies and chemicals)
- High-value items

PLAN ACTIVATION

Emergency Alert

In the event that a situation or disaster occurs at Your Company, the Business Contingency Planning Team is responsible for contacting the Management Team and assessing the emergency situation.

An Alert will be sent to all Department Heads. Status updates will be provided by the Business Contingency Planning Team to the Department Heads for dissemination of pertinent information.

Damage Assessment

During the damage assessment phase, the Business Contingency Planning Team will identify specifically who and what has been affected by the disaster. The Business Contingency Planning Team will evaluate the event that has occurred and determine what Department Heads will be required to respond to the situation. The decision to activate the disaster recovery plan for the affected areas may be made at this point or after notification and review with the Business Contingency Planning Team.

As part of the damage assessment process, the risk assessment to the business will be evaluated. Considerations of engaging temporary facilities, equipment and vendors will be reviewed and a determination to enact recovery procedures will be determined by the Business Contingency Planning Team and Department Heads.

If after assessment it is determined that activation of the recovery plan is required, notification to the Executive Team will be made. An authorized individual will immediately notify the affected site that the disaster has been DECLARED.

RESUMING OPERATIONS

The previously identified Department Heads will act as the Recovery Teams with the utmost attention of ensuring the safety of personnel and property.

The Recovery Team for the affected operations will assess any remaining hazards and maintain security at the incident scene.

The Recovery Team will conduct an employee briefing relaying pertinent details of what happened, what business operations were affected and the plan for recovery.

Additional notifications will be made to:

- Employee's families about the status of personnel on the property
- Off-duty personnel about work status
- Insurance carriers about incident details
- Appropriate government agencies

An investigation will be conducted by the Recovery Team notating details of the incident scene via video recording and digital photography.

Damage related costs will be recorded to include charges for purchases and repair work. Protection of undamaged facility operations will be approached by the following procedures:

| Procedures | Responsible Party | Complete (Y/N) | Comments |
|--|-------------------|----------------|----------|
| Close up buildings | | | |
| Remove smoke, water and debris | | | |
| Protect equipment from moisture | | | |
| Restore sprinkler system | | | |
| Secure the property | | | |
| Restore power | | | |
| Conduct investigation | | | |
| Notify Government | | | |
| Separate damaged from undamaged goods | | | |
| Store damaged goods | | | |
| Record inventory of damaged goods | | | |
| Restore equipment and property | | | |
| Assess value of damaged property | | | |
| Assess impact of business interruption | | | |
| Report findings to Department Head | | | |
| Maintain contact with clients/vendors | | | |

TRAINING

All employees will review disaster preparation and emergency action plan procedures with their Department Heads.

New employees will be introduced to our emergency action plans via employee orientation.

Mock disaster training will be conducted annually and will involve local police and fire authorities.

Quarterly training will approach a walk through to functional drills to an evacuation drill leading to full-scale mock disaster training.

- *Walk-Through Drill* -- The Business Contingency Planning Team, Department Heads and Recovery Teams will perform their emergency response functions.
- *Functional Drills* -- These drills will test specific functions such as medical response, emergency notifications, warning and communications procedures and equipment, though not necessarily at the same time. Facility shutdown procedures will be tested, reviewed and modified as needed. Personnel are asked to evaluate the systems and identify problem areas.
- *Evacuation Drill* -- Personnel walk the evacuation route to a designated area where procedures for accounting for all personnel are tested. Participants are asked to make notes as they go along of what might become a hazard during an emergency, e.g., stairways cluttered with debris, smoke in the hallways. Plans are to be modified accordingly.
- *Full-Scale Exercise* -- A real-life emergency situation is simulated as closely as possible. This exercise involves company emergency response personnel, employees and management, and community response organizations.

Appendix A

Vulnerability Analysis Chart

Vulnerability Analysis Chart

[illegible]

The lower the score the better

Appendix B

Core Function Review Worksheet

Core Function Review Worksheet

| Core Business Function | Site Function Performed At: | Recovery Strategy |
|--------------------------|-----------------------------|-------------------|
| | | |
| Payroll | | |
| | | |
| Communications | | |
| | | |
| Production and Equipment | | |
| | | |
| Customer Service | | |
| | | |
| Shipping and Receiving | | |
| | | |
| Information Systems | | |
| | | |
| Emergency Power | | |
| | | |

Appendix C

Disaster Declarations Procedures

Disaster Declarations Procedures

The following individuals, in the order shown, are authorized to declare a disaster for Your Company:

List the individual's name, title and emergency contact phone number.

Name and Title

Phone

- *Insert name/title here*
- *Insert name/title here*
- *Insert name/title here*
- *Insert name/title here*
- *Insert name/title here*

To declare a disaster, execute the following procedures (*outline procedures on how to declare a disaster below*):

Appendix D

Disaster Procedures Checklist

Disaster Procedures Checklist

| Action | By whom | Comments | Check when done |
|---|-------------------------------------|--|-----------------|
| 1. Receive Communication on emergency situation | Bus Cont Planning Team Leader | log time | |
| 2. Contact Your Company Business Contingency Planning Team and Department Team Leader | Bus Cont Planning Team Leader | log time | |
| 3. Contact temporary facilities site and alert them that disaster may be declared. | Bus Cont Planning Team Leader | | |
| 4. Assess Damage | Bus Cont Planning Team & Dept Heads | Network Equipment Building Employees | |
| 5. Estimate Length of Outage | Bus Cont Planning Team & Dept Heads | Length of outage < 1 Hour > 1 Hour - , < 2 hours > 2 hours, <12 hours >12 hours, < 24 hours >24 hours, <48 hours >48 hours Unknown | |
| 6. Estimate Business Risk | Bus Cont Planning Team & Dept Heads | | |
| 7. Make Decision. If no declaration then contact the temporary facilities site and inform them alert is over If decision is to declare, proceed to step 8. | Bus Cont Planning Team & Dept Heads | | |
| 8. Declare Disaster, notify Executive Team immediately and declare disaster at site operations | Business Contingency Planning Team | Log time | |
| 9. Notify Emergency Response Team Leader identified in Emergency Notification List | Mgmt Team LEADER | Log time | |
| 10. Activate Command Center | Business Contingency Planning Team | Log time | |
| 11. Report to Command Center | Business Contingency Planning Team | Log time | |

Appendix E

Notification Scripts

Notification Scripts

This procedure is to be used by all Your Company Company employees when contacting other employees at home to notify them of the occurrence of a disaster.

The purpose of this procedure is to standardize the information given to employees regarding a disaster and to prevent disclosure of information regarding the disaster to anyone outside of Your Company.

Individuals making notification phone calls as a result of a disaster should also be aware of the fact that it is possible that the employee was at the site of the disaster when it occurred. Using this script will prevent unnecessary panic for the family members of the employee.

Contacting Via Direct Phone Contact

Hello, may I speak with _____ please?

If employee is not home, state the following:

When he/she returns, would you ask them to please contact me immediately at the following number _____.

If employee is at home, explain the following:

Give the employee a brief description of the situation that has occurred and what it has impacted and estimate of the length of outage, if known.

Tell the employee where to report and when and how long they should expect to stay.

Remind them to bring any recovery procedures with them.

If travel arrangements have been made for the employee, inform them of what they are.

If travel arrangements are to be made by the employee, inform them of where and when they are expected and verify they have the information to make the arrangements.

If employee is to remain at home, inform them that they are to remain on-call and prepared to report to work.

Remind the employee that they are not to speak to anyone regarding the situation.

Contacting Employees via Email

To all employees of Your Company,

Please be advised we have experienced a disruption of our critical core business functions. *(Provide general details as to what happened, what it has impacted and the estimated length of downtime.)*

We have taken the appropriate steps in planning for such events, and have activated our recovery plan procedures.

Please contact your Supervisor at *(insert telephone number)* for further instructions as to where to report. Be prepared to bring along your recovery procedures.

Be aware the local news media might try to contact you regarding details of this event. Please do not speak directly to the news media regarding this event. It is our policy to refer any inquiries to our Media Communications contact *(insert name and telephone number)*.

Your attention to this matter is truly appreciated. Adherence to our recovery procedures are of the utmost importance for the protection of our most valued asset, our employees.

Sincerely,

(sender's name)

Appendix F

Emergency Contacts Information Sheet

Your Company EMERGENCY CONTACTS SHEET

| |
|---------------------------|
| AGENCY INFORMATION |
| Name: |
| Address: |
| City/State/Zip: |
| Phone #: |
| After Hours #: |

| |
|---------------------------|
| Insurance Carrier: |
| Line of Insurance |
| Address: |
| City/State/Zip: |
| Phone #: |
| After Hours #: |

| |
|---------------------------|
| Insurance Carrier: |
| Line of Insurance |
| Address: |
| City/State/Zip: |
| Phone #: |
| After Hours #: |

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|---------------------------|
| Insurance Carrier: |
| Line of Insurance |
| Address: |
| City/State/Zip: |
| Phone #: |
| After Hours #: |

FIRE: _____ POLICE: _____ HAZMAT: _____

Appendix G

Training Drills and Exercises Timeline

Training Drills and Exercises Timeline

| | Jan | Feb | Mar | Apr | May | June | July | Aug | Sept | Oct | Nov | Dec |
|---------------------------------|-----|-----|-----|-----|-----|------|------|-----|------|-----|-----|-----|
| Management Orientation - Review | | | | | | | | | | | | |
| Employee Orientation | | | | | | | | | | | | |
| Contractor Orientation | | | | | | | | | | | | |
| Community - Media Orientation | | | | | | | | | | | | |
| Management Tabletop Exercise | | | | | | | | | | | | |
| Response Team Tabletop Exercise | | | | | | | | | | | | |
| Walk-Through Drill | | | | | | | | | | | | |
| Functional Drills | | | | | | | | | | | | |
| Evacuation Drill | | | | | | | | | | | | |
| Full-Scale Exercise | | | | | | | | | | | | |

Source: Federal Emergency Management Agency (FEMA)

Appendix H

Annual Audit

EVALUATING AND MODIFYING THE BUSINESS CONTINGENCY PLAN

Your Company conducts a formal audit of its entire plan at least once a year on *[insert date here]*. The issues to consider when reviewing our current plan include:

| | YES | NO |
|---|-----|----|
| Are the problem areas and resource shortfalls identified in the vulnerability analysis being sufficiently addressed? | | |
| Does the plan reflect lessons learned from drills and actual events? | | |
| Do members of the emergency management group and emergency response team understand their respective responsibilities? Have new members been trained? | | |
| Does the plan reflect changes in the physical layout of the facility? Does it reflect new facility processes? | | |
| Are photographs and other records of facility assets up to date? | | |
| Is the facility attaining its training objectives? | | |
| Have the hazards in the facility changed? | | |
| Are the names, titles and telephone numbers in the plan current? | | |
| Are steps being taken to incorporate emergency management into other facility processes? | | |
| Have community agencies and organizations been briefed on the plan? Are they involved in evaluating the plan? | | |

In addition to a yearly audit, Your Company will evaluate and modify the plan at these times:

- After each training drill or exercise
- After each emergency
- When personnel or their responsibilities change
- When the layout or design of the facility changes
- When policies or procedures change
- Remember to brief personnel on changes to the plan