

Today's focus

Disaster Recovery: Lessons Learned

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Successful recovery happens before a disaster strikes

Insurance miscues

Replacement costs

Building & Business Personal Property

Extra expenses

Calculating coverage limits

Length of impact

Impact of demand surge



Building Coverage

- Completed building additions
- Permanently installed fixtures, vaults, teller counters, machinery and equipment
- Outdoor fixtures
- Exterior signs on within 2,000 feet of premises
- Light fixtures
- Fences
- Building glass, including all lettering, ornamentation, security alarm tape and bullet resistant glass
- Underground pipes, flues and drains
- Satellite dishes, radio and TV antennas, masts and towers less than 100 ft in height
- Electronic data which is integrated in an operates or controls the building's elevator, lighting, heating, ventilation, air condition or security system

Business Personal Property

- ✓ Furniture and fixtures
- ✓ Machinery and equipment
- ✓ Signs and light fixtures
- ✓ Supplies
- ✓ All other personal property owned by you and used in business
- ✓ Your interest as tenant and improvement and betterments
- ✓ Building glass, including all lettering, ornamentation, security alarm tape and bullet resistant glass under your care, custody or control for which you are legally liable
- ✓ Your interest as a condominium unit owner in fixtures, improvements, and alterations making up part of the building and owned by the insured as a condominium unit owner

Data Processing Equipment

- Data processing equipment
- The air conditioning system that is used solely to service your data processing equipment
- The electrical system that is used solely to service your data processing operations
- Mobile communications equipment including cellular telephone, laptop computers, paging devices, handheld personal digital assistants, handheld global positioning systems and any other handheld communications devices
- Telephone and facsimile equipment
- Checking or share draft processing equipment
- Copy machines
- Fire and burglary alarm systems

extra expense coverage

“operational continuity” following a major property loss is the goal



additional costs necessary to speed up real property repairs to avoid or minimize the suspension of operations at the insured location



cost to relocate to another location temporarily or permanently in order to avoid or minimize the suspension of operations

(facility rental costs, utility hook-ups, furniture / equipment rental costs, advertising costs, etc.)



any increased operating costs related to a new, temporary location



expediting expenses necessary to speed the replacement of machinery, equipment or other personal property

Extra Expense considerations



- **One-time costs** incurred immediately after the disaster and during the period of restoration
 - temporary location expenses, staff expenses, increased labor expenses, hot site expenses, and other extra expenses
- Additional **monthly ongoing costs** incurred during the period of restoration
- **Number of months** needed to complete restoration following a reasonable worst case scenario

Extra Expense considerations



A Guide to Insurance-To-Value And Extra Expenses

For many businesses, it is nearly impossible to continue operations if a fire or windstorm critically damages their building and/or its contents. In some cases, a business never fully regains its market position. Unfortunately, there's little anyone can do to prevent a disaster from striking.

How quickly and completely your business recovers from severe damage and indirect losses depends heavily on how well you are prepared. When disaster hits, your credit union needs immediate help – including a disaster recovery/business plan and the proper coverage and limits – to restore normal operations and continue serving your members.

However, insufficient insurance is a serious problem that often goes unrecognized until a loss occurs.

Use this guide's quick check steps, worksheets, and the insure-to-value concepts to identify inadequacies of coverage for buildings, extra expenses and data processing operations extra expenses.

Improving Your Building

Improving your insurance-to-value to build upon your credit union's

How to determine replacement cost
Since construction costs check with a building cost Research supports the replacement.

What is meant by replacement cost
Replacement cost is by and quality without

Quick Check Steps

Step #1
Obtain the building insurance review.

Step #2
Obtain the total:

- Multiply
- Multiply

Step #3
Determine the each building limit of insur

Step #4
Contact a be replace

Building

Assume

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This

Property & Business Liability

Extra Expense Quick Check Worksheet

EXPENSE DESCRIPTION	Column A One-Time Costs	Column B Monthly Costs	Column C Monthly Costs x Restoration Time
Temporary Location Expenses			# of months:
Location rental including broker fees and on-site mobile units			
Maintenance of temporary premises			
Alterations of temporary premises			
Cost of equipment purchased that will not be used at permanent location (less resale or salvage value)			
Rental of temporary furniture, fixtures, and equipment			
Moving to and from the temporary premises			
Operations installation			
Light, heat, and power			
Telephone and other communications			
Insurance			
Security guards at temporary location			
Other:			
Staff Expenses			
Overtime staff pay to maintain service and service level (not calculated by loss)			
Employee travel allowances			
Vehicle rental			
Other:			
Other Expenses			
Special advertising (radio, TV, newspaper, etc. announcements)			
Cost of work performed or services purchased from outside vendors during interruption of normal operations			
Hired security to protect the damaged location on a 24/7 basis until it is fully secured			
Other:			
Other:			
	Add all entries in Column A \$	Add all entries in Column B \$	Multiply Column B Total by # of months \$
TOTALS	\$0.00	\$0.00	\$0.00
	Total One-Time Costs	Total Monthly Costs	Total Monthly Costs During Restoration
	Estimated Extra Expense Limit (Add Column A Total and Column C Total)		\$0.00

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Q & A



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