

MARSH RISK CONSULTING

BUSINESS CONTINUITY RISK MANAGEMENT: IS YOUR ORGANIZATION PREPARED TO FACE ANOTHER DISASTER?



According to the National Hurricane Center, Hurricane Maria caused an estimated \$90 billion in damage in Puerto Rico and the US Virgin Islands, making it the most destructive hurricane to hit Puerto Rico in modern times and the third costliest hurricane in US history behind Katrina and Harvey. Maria's storm surge and wave action caused extensive damage to buildings, homes, and roads along the coasts. Its high winds, heavy rains, and flooding felled 80% of Puerto Rico's utility poles and all of its transmission lines, resulting in loss of power to essentially all residents. Nearly all cellphone and municipal water supplies were knocked out. To date 65 direct deaths have been attributed to Maria, though investigations are ongoing.

Given the unprecedented nature of Maria and its impacts, those organizations with business continuity risk management programs in place discovered many gaps in their ability to overcome the resulting disruptions. Other organizations found themselves at a complete loss as plans either had never been developed or validated. This is even more notable given findings from a pre-hurricane Marsh survey of Latin American businesses, where business continuity risks were a top five risk across the region and a top two risk in Puerto Rico. Related supply chain and natural hazards risks ranked within the top 10 to 15 risks.

RISK. DISPUTES. STRATEGY.

Clearly the value of a business continuity risk management program cannot be underestimated. Marsh Risk Consulting's (MRC) local and global consultants provide organizations with unique business continuity insights and can develop and integrate a customized business continuity and resilience strategy for organizations of all types and sizes. Within your own organization, a well-designed and practical business continuity plan can put you in a better position to reduce and mitigate the impact of disruptive events, facilitate quicker recovery, and help your business survive and thrive.

IMPROVING YOUR BUSINESS CONTINUITY RISK MANAGEMENT CAPABILITIES

A thoughtfully-developed and validated business continuity risk management program should enable you to manage natural or human-caused disruptions that could threaten your employees' safety, your continued operations, and your reputation.

Our business continuity risk management solutions are part of our range of preparedness offerings, which includes crisis management, emergency response, reputational risk management, supply chain risk management, and more.

Who it's for

Any organization that has:

- A lack of preparedness for a range of disruptive risks, including hurricane, cyber, or pandemic.
- Critical operations or functions which must continue despite a disruptive event.
- Single points of failure, critical supply chain dependencies, limited or no excess production capacity, and/or 'just in time' delivery systems.
- Continuity, regulatory, or customer requirements.

What you get

- Customized solutions designed to enhance operational continuity, resilience, and recovery.
- A well-designed business continuity plan and/or program to help increase resilience around critical business functions.
- The local and global expertise of MRC's leading experts who have experience across public and private sectors, industries, and fields of risk management, business continuity, emergency response, crisis management, disaster recovery, supply chain, communications, and human resources.

MRC works with you to understand your organization's current state of business continuity planning and past experience, identify a vision or end-state, perform a gap analysis, and then develop a strategy that will help your organization achieve its readiness and resiliency goals. This includes support for alignment of your business continuity risk management program with your overall preparedness program.

Our process includes:

- Defining key business objectives, identifying stakeholders, and designing a prioritized approach.
- Conducting a Business Impact Analysis (BIA) to determine critical processes, functions, and resources.
- Reviewing the current risk management, continuity, crisis management, and overall preparedness approach.
- Identifying gaps, defining continuity and resiliency strategies, and building practical continuity and crisis management plans that elevate as impacts and disruptions become more severe.
- Establishing or enhancing capabilities through team and specialized training.
- Developing and conducting exercises to validate response procedures and capabilities.

In addition, MRC can support the development of your emergency response program to help you keep your people safe. With current, effective, and practiced emergency response plans in place, your

organization can realize the benefits of its investment in mitigation, preparedness, and response in the first few minutes of an incident — often the most critical period.

We work with you to evaluate and improve your emergency response plans and skills.

Our process includes:

- Conducting assessments on current response capabilities to identify gaps.
- Developing or updating actionable emergency response plans for corporate and site locations.
- Designing and facilitating specialized awareness and training sessions for responders and employees.
- Designing, developing, conducting, and evaluating drills and exercises.

PREPARING FOR HURRICANE SEASON

Prior to hurricane season or a particular storm, there are several steps your organization should take to safeguard against power surges/outages and supply chain failures, protect against physical damage to property and equipment, and address potential insurance coverage and recovery issues. MRC's experts provided this risk identification, assessment, and mitigation support throughout the 2017 hurricane season and can help you apply the business continuity lessons learned and best practices to your own organization.

We can work collaboratively with you to:

- Identify locations — your own, your customers, and your suppliers — that might be exposed to direct or indirect damage or affected by power outages/surges and other service interruptions.
- Identify and/or update lists of service providers and remediation companies that can support your recovery efforts.
- Determine how much you rely on supplies and suppliers and how delays might affect your ability to deliver products or services to market.
- Review and identify alternative sourcing arrangements.
- Develop implementable business continuity strategies and identify how customer demands will be met.
- Educate employees on what they need to do to prepare their homes, how the company will communicate shutdowns, delays, and re-openings, and how they should check in with their managers.
- Decide what is required to prepare your building and other physical assets and develop a corresponding checklist.
- Assess crisis management procedures and tiered-response actions in relation to the increasing severity of disruptions.

Engaging with us and training your teams on well-developed, actionable business continuity and hurricane preparedness plans can help you address critical operational and insurance claims filling issues as well as get your business up and running faster. They can also help you protect your employees, facilities, and reputation.

To learn more about how MRC can support your business continuity risk management and hurricane preparedness objectives, please contact your local Marsh representative or one of the following colleagues.

ORLANDO GONZÁLEZ
+ 1 787 641 6574
+ 1 787 397 3338 (mobile)
orlando.gonzalez@marshsaldana.com

EDGAR TAUTA
+571 423 6352
+57 313 289 4287 (mobile)
edgar.tauta@marsh.com

You can also visit marsh.com for additional information and hurricane preparedness guidance.

Marsh is one of the Marsh & McLennan Companies, together with Guy Carpenter, Mercer, and Oliver Wyman.

This document and any recommendations, analysis, or advice provided by Marsh (collectively, the "Marsh Analysis") are not intended to be taken as advice regarding any individual situation and should not be relied upon as such. The information contained herein is based on sources we believe reliable, but we make no representation or warranty as to its accuracy. Marsh shall have no obligation to update the Marsh Analysis and shall have no liability to you or any other party arising out of this publication or any matter contained herein. Any statements concerning actuarial, tax, accounting, or legal matters are based solely on our experience as insurance brokers and risk consultants and are not to be relied upon as actuarial, tax, accounting, or legal advice, for which you should consult your own professional advisors. Any modeling, analytics, or projections are subject to inherent uncertainty, and the Marsh Analysis could be materially affected if any underlying assumptions, conditions, information, or factors are inaccurate or incomplete or should change. Marsh makes no representation or warranty concerning the application of policy wording or the financial condition or solvency of insurers or reinsurers. Marsh makes no assurances regarding the availability, cost, or terms of insurance coverage. Although Marsh may provide advice and recommendations, all decisions regarding the amount, type or terms of coverage are the ultimate responsibility of the insurance purchaser, who must decide on the specific coverage that is appropriate to its particular circumstances and financial position.