

ALERT

1 NOVEMBER 2012

Hurricane Sandy – a timely warning

The warning

In recent times, Australia has weathered some catastrophic natural disasters that have affected widespread parts of the country.

Hurricane Sandy, which has devastated parts of the Caribbean and east coast of the United States, has provided a timely reminder of the destruction that Mother Nature can cause. Apart from the loss of human lives and homes, businesses will suffer significantly both in terms of infrastructure and loss of business through interruptions caused by the hurricane itself, and its long lasting effects and recovery times.

Australia's 2012-2013 cyclone season starts on 1 November 2012. With the effects of Sandy still unfolding, now is the time for companies to consider their disaster recovery and business continuity operations.

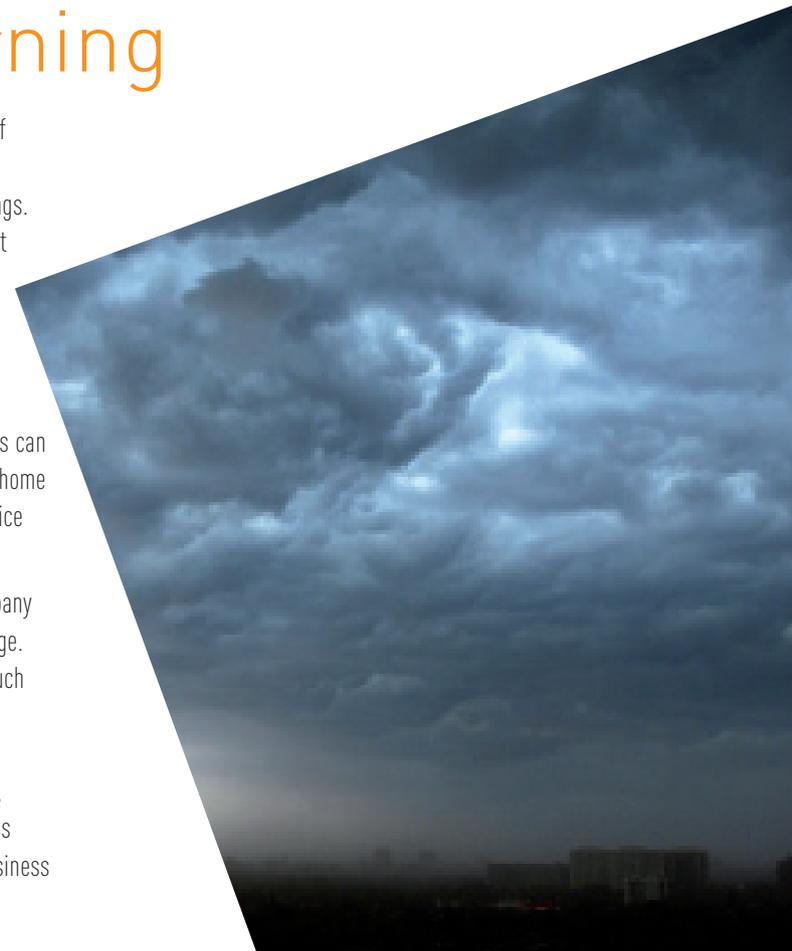
Steps to take

First, for good risk management, all companies should have formal and readily available disaster recovery and business continuity plans. These should have been tested and reviewed or updated some time in the past 12 months.

With flood being one of the most extensive and costly effects of recent natural disasters, inquiries should be made about flood prevention measures that can be utilised to protect your buildings. Companies should ensure that all files and computer equipment are stored securely and, where possible, electronic or digital files that are securely backed up should be used.

Cloud technology is providing an effective way of making sure that servers are backed up (not necessarily onsite or in another remote location), to ensure that if servers are affected, business can continue as expeditiously as possible, by staff logging on from home or from other remote locations to provide an uninterrupted service wherever they can.

Check insurance coverage with your broker to ensure your company is appropriately and adequately covered. Check limits of coverage. When was the last time you sat down to try to work out how much it would cost to get your company back up and running in the case of an emergency? Most people and companies are under insured. Consider all possibilities that include loss of premises, loss of infrastructure, loss of utilities, loss of staff and business interruption. How much would it cost if you lost 24 hours of business time? What about a week? A month?



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Ensure all your business records are up to date and readily available. You should have an up to date list of current staff (excluding those on maternity leave) who are onsite in the office, and a list outlining which days part-timers are in the office. The reconciliation of staff numbers and whereabouts should be possible in a very short timeframe. In one instance following the Christchurch earthquake, staff could not be accounted for, for around 24 hours.

Have an updated contacts list that is stored electronically or remotely, for communication purposes with clients following a force majeure event. Making contact with clients either to communicate your ongoing operational issues or to provide assurances is a key part of business continuity.

Finally, check whether your building has been inspected by structural engineers some time in the past five years to ensure that any identified risks have been rectified where possible. Limiting the risk of any serious damage to your building, could have a huge impact on the capability of your company to continue operations in a timely fashion.

Let's hope this year's preparation and planning keeps your business going – no matter what forces of nature arise.

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