

# Is Your Firm Ready for the Next Natural Disaster?

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There are wildfires and hurricanes in the United States, flooding in Tuscany, and earthquakes in Mexico. When disaster strikes, what will be the impact to your business? Mother Nature has been intensifying her wrath and the results can be devastating....and it's only likely to get worse. The financial impact of a natural or man-made disaster can last weeks or even months, leaving you exposed to the long-term risk that comes when a portfolio business is disrupted. The quality of preparation and response in the face of a catastrophe can mean the difference between success and failure.

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## The importance of having a plan

Striving for the best, while preparing for the worst is a crucial part of business planning. Maintaining a comprehensive business recovery plan that creates systems to prevent and recover from potential threats should be standard practice for every business in your portfolio. A key risk that firms should prepare for is the loss of revenue and strain on cash flow that can prevent you from meeting financial obligations such as payroll or debt payments which can have a lasting effect on your firm's and acquired company's brand reputation and investor goodwill. Using Business Interruption Insurance as part of your disaster recovery plan can protect your balance sheet and reputation.

## Business Interruption Insurance

Business Interruption Insurance covers both business expenses that cannot be paid and the loss of profits resulting from a disaster. Insurance funds can be used flexibly and at your discretion, whether you decide to rebuild your business exactly as before or not at all. A wide range of protections may be available to cover you from:

- Physical damage to property resulting from events such as fires, floods earthquakes and hurricanes
- Failure or breakdown of public utilities such as damage to water mains, electricity or communications services
- Accidents that prohibit access to your business for an extended period of time
- The loss of an anchor business that no longer attracts customers to your location

- The loss or damage to a key supplier or customer that materially affects your business

## Preparing for the unexpected

Comprehensive forecast modelling can help you properly assess the financial exposure to perils that your company faces within specific geographies. When engaging a broker to advise on how best to protect your assets and earnings, it is imperative to ensure that they have deep capabilities to identify and quantify your potential risks.

## Responding to losses

Having meaningful and strategic carrier relationships and claims strategies in place prior to experiencing losses can help you resolve your claims and receive critical funds quicker. When a loss is realized, you need a skilled partner that will guide you through all aspects of the claims process and advocate on your behalf. Key considerations when managing claims include:

- Identifying the right claims adjuster
- Establishing a procedure and managing a strong communications process between your company, adjuster and insurer
- Accurately reporting and managing all losses
- Maintaining a strong communications process
- Ensuring speedy and fair claims settlements

While disasters cannot be undone, managing these items well can help provide the tools your firm and your acquired company need for a successful future.

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## We're here to empower results

To learn how Aon can help you develop a risk mitigation strategy for your disaster recovery plan, visit [aon.com](http://aon.com).