

5 Tips for Starting 2017 with Peace of Mind

[Scott Lacourse](#)

Contributing Writer

Consider yourself lucky if your business wasn't the victim of theft or a holiday-related accident. That's because the highest level of [theft claims](#) reported to insurers happen in December.

There's a spike in electrical fires, bad weather increases the risk of natural disasters, and something trivial like a slip-and-fall suit could harm your business or reputation.



Having a solid plan that details what you're going to do step-by-step is enormously... [more](#) ISTOCK (MATDESIGN24)

Some businesses lack the coverage they need to bounce back when the worst happens.

Many small businesses skip insurance altogether, or fail to get the coverage they need to cope with incidents like major flooding. Almost 40 percent of small businesses never reopen following a disaster, according to [FEMA](#).

Some business owners erroneously assume that their homeowners policy will cover business losses — it won't. An accident or theft can mean closing the doors permanently.

The good news is that it's easy to guard your business against disaster if you take the time to create a plan and check your coverage. Follow these tips for going into the New Year with peace of mind.

1. Evaluate possible threats

The first step is to think about what could go wrong with your business. Talk to your employees and identify risks. Assess the likelihood of fire, theft, flooding, and other disasters and identify steps you can take to mitigate those risks. For example, if you have lighting displays or other electrical decorations, make sure that someone is responsible for turning them off at night or install light timers. A lack of proper procedures for securing your business can invalidate claims.

2. Analyze the impact

You need to think about how different disasters might impact your business. Take a look at your core business functions and identify the critical elements you need to operate. This is all about singling out the resources that you can't function without, and that should include key members of staff. You'll have to ask yourself a lot of questions about how your business runs to properly analyze the potential disruption that a theft or accident could cause.

There are lots of tools and checklists that can potentially help you through this process. The [Insurance Information Institute](#) has a particularly useful one.

3. Develop a recovery plan

Once you have a clear picture of what impact a disaster might have on your business, you can begin to develop a recovery plan. Your strategy should lay out exactly how to restore your normal business operations after a catastrophic event. That includes all of the assets, services, facilities and people you'll need in order to bounce back quickly.

It's not enough to formulate a plan, save it on your computer and forget it — you must communicate your plan to everyone. Make sure you have the apparatus in place to engage your plan automatically when it's needed. Include your employees, partner vendors and customers in your planning. Make sure you maintain a copy of your plan offsite or up in the cloud with all the relevant contacts and details, otherwise it could also be lost in a disaster.

4. Test and update

Before you can gain peace of mind, you really must test your plan to ensure that it works as it should. Do all your employees understand what's expected of them? Test and evaluate your performance so you can make changes and improvements as necessary.

Remember that your plan cannot be set in stone. There will be personnel changes over time and new threats will emerge. Some of your systems will change. You need a maintenance plan in place so that your disaster recovery is reviewed and updated on a regular basis.

5. Are you covered?

Measure your risk assessment and your recovery plan against the insurance coverage you have. Can you ensure business continuity if a disaster strikes? Talk to an insurance advisor to evaluate your current coverage and identify shortfalls that could leave you dangerously exposed. A thorough plan will help you to assess coverage and may even reduce your premiums.

Make sure you have the right level of appropriate commercial insurance. Consider replacement cost coverage, because actual cash values will depreciate and you may find that prevents you from being able to fully rebuild your business.

Having a solid plan that details what you're going to do step-by-step is enormously useful when disaster strikes. Backed by comprehensive coverage, your plan will alleviate stress and ensure that your business survives.

Scott Lacourse has more than 20 years in the insurance industry. He is a director at Enservio, a provider of contents claim software, payments solutions, inventory and valuation services for property insurers. For 15 years he served as director of content for Insurers World. He earned a bachelor's in economics from Rhode Island College and is a past president of the local Lions Club International.