

To The Point

Business Continuity Planning For Law Firms

CHUBB®



Disasters come in many forms—some are imposed by nature and are regional in scope such as hurricane, flood, ice storm, pandemic or earthquake; some occur locally within an office such as fire or power outage; and some occur because of intentional acts such as workplace violence or cyber attack. A business continuity plan helps make your firm less vulnerable to these events.

Components of a Business Continuity Plan

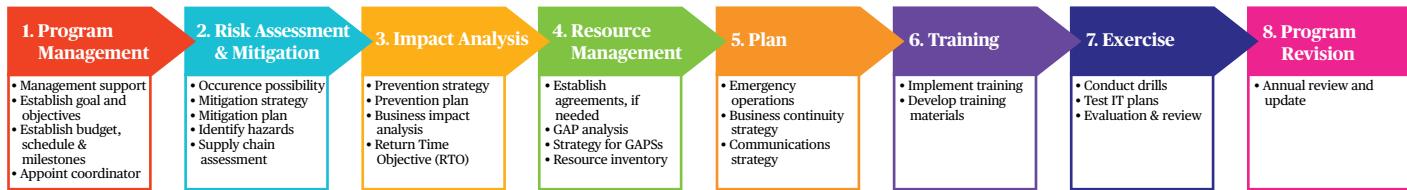
A business continuity plan provides a framework for returning to normalcy. The planning process identifies hazards associated with a disaster and mitigates the devastating effects should an event occur. The plan includes three components, each addressing a specific planning phase: risk assessment and mitigation, emergency response, and business recovery.

Risk Assessment and Mitigation planning considers the types of events that might compromise your firm, assesses the hazards facing your company and identifies steps to eliminate or minimize the impact of those hazards. Taking measures to prepare for a disaster improves your ability to protect employees, safeguard assets, and minimize financial consequences.

Emergency Response planning develops procedures that enable you to respond to a disaster. The emergency response plan is activated when an unexpected event occurs (such as a fire or power outage) or when a forecasted event (such as a hurricane or flood) is imminent. The plan responds until people are safe and there is no further threat of property damage or bodily injury.

Business Recovery planning addresses your firm's critical business functions and defines procedures that facilitate restoration of operations to pre-disaster levels. If operations are disrupted for too long, the firm may suffer irreparable consequences.

Chubb Risk Consulting



Eight Steps to a Plan

1 Program Management

All successful business continuity plans begin with commitment and support from top management and a designated person responsible for overseeing the process. Developing the plan requires a core team of individuals from partners, human resources, facilities and other critical business areas.

2 Risk Assessment and Mitigation

To best protect your firm, you must first understand what makes it vulnerable. A risk assessment identifies and ranks the types of events or hazards most likely to threaten your firm. The categories addressed within this risk assessment include facility construction, fire protection, technology resources, staffing, past events, customer retention, security and utilities.

By determining the likelihood, potential impact, and current resources related to disasters, the extent of vulnerability can be assessed. Immediate steps may be available to significantly reduce these vulnerabilities.

3 Impact Analysis

The philosophy of a business continuity plan is to recover the most critical functions first and then, over time, restore all business processes. A business impact analysis (BIA) ranks functions within your firm from highly critical to important. This step requires input from all areas of your business, including confirmation from top management. Most business functions today rely heavily upon information technology (IT) resources. A strategy to replace the equipment and data should be spelled out within the business continuity plan. Your firm should review the probability of having replacement equipment quickly shipped from your IT vendor. If rapid equipment restoration is not possible, another business continuity mechanism such as having an owned/operated or 3rd party “cloud” based IT infrastructure arrangement should be considered.

Backup data files should be stored off site and accessible within a few hours. Backup data files should be stored off site and accessible within a few hours.

4 Resource Management

It is vital that law firms determine the minimum number of resources they will need to perform the critical functions identified in the business impact analysis. These resources include staff, equipment, material and space. Determining what is available and what is needed based on the strategies that have been selected is crucial. Part of resource management is determining this gap and planning for future investments as needed to ensure resources are available in the event of a disaster.

The management of resources also involves setting up alternatives for the critical functions such as mutual aid agreements, identification of alternate sources of materials, and updating space requirements based on new processes within the organization.

5 Plan

It is important to document systematic procedures. Most plans do not require expensive business continuity planning software - they can be written using basic word-processing programs.

Once the critical functions and resources have been identified, business units need to recommend strategies that allow for the recovery of functions within a prescribed timeframe known as recovery time objectives (RTO). Top management should review these recovery strategies since they require a commitment of funding and human resources.

Elements of the plan such as business impact analysis (BIA) should be verified at least annually.

Staying competitive after a disaster hinges on effective planning

6 Training

Training must be accomplished for all individuals involved in the business continuity process. It should also involve all staff members to some degree so that they are aware of the process and expectations of both themselves and the company. This process also includes the distribution of the plan to the stakeholders within the organization and committee members to ensure that they understand their roles and responsibilities in the event of an incident. The material distributed should be concise and pointed to their role. Not all individuals within the company will need to have access to the overall plan, as sensitive material can be included.

7 Exercise and Test the People/Plan

To verify that your choices for recovery strategies are valid, testing the plan is essential. These tests may be as simple as a tabletop exercise where employees discuss the steps required to respond to a disaster scenario. From these discussions, it may be apparent that prescribed strategies may not work. A testing timetable will help your firm track the required testing.

A simple test scenario might be the firm's headquarters is not available for a period of 30 days. With this assumption in place, can the BCP address steps needed to operate from a temporary or secondary location? It is better to assume a worst case scenario and be ready if something less severe happens.

8 Program Revision

The business continuity plan is a living document and must evolve to keep pace with the organization. Revisions to the plan should be made at least annually to reflect any changes within the organization. Additionally after each test of the plan/staff suggestions, improvements, and critiques should be incorporated and documented.

How quickly a law firm can recover from a disaster hinges on effective planning and education before an event strikes. Firms that do not heed this planning lesson remain exposed to substantial loss of life, physical assets, revenue, and reputation.

A Worthy Investment

Business continuity planning is a cycle. It requires continual reviews, updates, and adjustments based on changes to your firm's operations. This may appear time-consuming and costly, but the investment is essential to maintaining a comprehensive, effective plan.

Once this process has been completed, your staff will better understand the organization's vulnerabilities. Your firm will have in place the tools needed to:

- Minimize lost revenue
- Control recovery costs
- Increase productivity during the recovery period
- Minimize regulatory impact
- Increase competitive advantage

Learn More & Connect

For more information on protecting your business, contact your local risk engineer, visit the [Chubb Risk Consulting Library](#), or check out www.chubb.com/riskconsulting.

Chubb is the marketing name used to refer to subsidiaries of Chubb Limited providing insurance and related services. For a list of these subsidiaries, please visit our website at www.chubb.com. Insurance provided by ACE American Insurance Company and its U.S. based Chubb underwriting company affiliates. All products may not be available in all states. Surplus lines insurance sold only through licensed surplus lines producers. The material presented herein is advisory in nature and is offered as a resource to be used together with your professional insurance advisors in maintaining a loss prevention program. It is not intended as a substitute for legal, insurance, or other professional advice, but rather is presented for general information only. You should consult knowledgeable legal counsel or other knowledgeable experts as to any legal or technical questions you may have. Chubb, 202 Hall's Mill Road, Whitehouse Station, NJ 08889-1600. Form 09-10-0461 (Rev. 07/16)