

Commercial Insurance Update

Topics Affecting Buyers of Commercial Insurance

MSP C 02/2008 – “Crisis Management”

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Crisis Management

Is Your Firm Prepared?

By Jeffrey W. Cavnignac, CPCU, ARM, RPLU, CRIS

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At some point in time nearly every business will face some sort of crisis. A crisis is an unexpected occurrence resulting in serious injuries, deaths or significant property damage, which requires immediate action and has the potential to cause public or media concern.

Crisis management and disaster recovery are similar but different topics. Disaster recovery deals with maintaining a business’s operations subsequent to a major catastrophe, whereas crisis management deals with effectively handling a crisis situation.

A crisis can take many forms. It might involve a job site fatality or possibly a bomb threat, a major automobile accident, or a fire in one of your buildings.

When a crisis occurs, you need to act immediately. You need to know what to do and when to do it. You need to know who to notify and who to have involved. These additional people also need to understand their

roles and what they are expected to do. Everyone needs to work together as a team.

Organizations that are proactive in crisis management may be able to protect lives, prevent damage and destruction to property, and save hundreds of thousands of dollars by reducing the likelihood of lawsuits and diminished or lost performance and productivity. Unfortunately, many organizations are ill-prepared to face a crisis.

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Crisis Management Planning

The purpose of crisis management planning is to develop a plan for action prior to a crisis that can be used during and immediately following the crisis. It consists of the following major objectives:

- It maximizes the safety of your employees and the public
- It minimizes the potential damage to both real and personal property
- It lowers the likelihood of litigation
- It minimizes any negative publicity

Major Crisis Planning Steps

While the actual crisis management planning process will differ depending on the type and size of a given organization, the following basic steps should be considered:

1. **Establish a Crisis Management Team** - The first step in the crisis management planning process is determining who to include in this process. In general, you'll want to consider the following potential members:
 - President
 - Vice President/s (where applicable)
 - Director of Loss Control and Safety
 - Director of Public/Media Relations or Public Relations Consultant
 - Human Resource Manager
 - Risk Manager
 - Director of Finance
 - Legal Advisors
 - External Crisis Management Consultant
2. **Crisis Analysis** - The Crisis Management Team should evaluate the potential crises that may face an organization. This "brainstorming" session seeks to identify risk factors and hazards which need to be addressed.

Although it's virtually impossible to establish a contingency procedure for all potential crises, there are certain events which are more likely to affect an organization than others.

Ideally, each department will review its operations for potential crises and what impact they may have on the business. Once these have been reviewed and established, a priority can be set for each of the crises to rank which would be more

2008 FOCUS Seminars

Cavignac & Associates' FOCUS Room
Bank of America Plaza
450 B Street, 18th Floor, San Diego, CA

- Sexual Harassment Prevention Training
Satisfies requirements for AB1825 Training
Friday, March 7, 2008 — 8:00 AM - 11:00 AM
- Competent Person Training
Excavation / Trenching
OSHA Certified!
Friday, March 14, 2008 — 9:00 AM - 3:00 PM

All training sessions available to our clients
Reserve early — seating is limited!

For more information about upcoming seminars:

- Visit our Web site at <http://www.cavignac.com/home.html>
- Contact Darcee Nichols at dnichols@cavignac.com or 619-744-0596

NOTE: Due to the high demand for our seminars and the limited space available, we regret that we are unable to provide refunds or credits with less than 72 hours advance notice of cancellation.

likely to occur, and which would present a more severe impact. For each crisis identified, specific policies and procedures should be developed and agreed upon.

3. **Individual Responsibilities** - Responsibilities for the Crisis Management Team must be established and assigned.
 - Team Leader - The Team Leader coordinates the Crisis Management Team, and in some cases, serves as the team's spokesperson.
 - Crisis Spokesperson - The role of the Spokesperson is to present official, accurate information to the media on behalf of the company. This individual should be educated in how best to approach the media (see "**Crisis Do's and Don'ts**" on page 3).
 - Safety Coordinator - The Safety Coordinator investigates the accident or event, takes statements from witnesses and photographs and preserves evidence. Documentation immediately following a crisis is critical.
 - Department Heads - Department Heads are able to provide the Crisis Management Team with some of the most immediate "expert" information about the cause of the

Crisis

Do's and Don'ts

 DO designate a corporate spokesperson — Make sure reporters know who the spokesperson is. The corporate spokesperson should be the only one authorized to release information to the outside world. It is very important that the company speaks with one voice.

 DO tell the truth — Be honest and accurate — don't speculate.

 DO take control — If there is bad news, release it yourself before a reporter digs it up.

 DO respond quickly — If you don't, the wrong story may be told, and that can be very difficult, if not impossible, to erase.

 DO explain why you cannot talk — Say “*We are still investigating.*” It is better than stonewalling. Do **not** say, “*No comment,*” because it implies guilt.

 DO emphasize the positive and communicate your corporate message — Remember to emphasize the good safety measures taken, the minimal damage because of good teamwork by your employees, and what the company is doing to minimize the effect of the emergency on the community.

 DO NOT talk about who is responsible — Whatever you say may become part of a legal issue. Avoid commenting on liability issues.

 DO NOT make any accusations.

 DO NOT wear sunglasses while being interviewed.



Crisis (continued from page 2)

crisis event. They can also play a vital role in identifying potential crisis scenarios involving their departments.

- Crisis Team Secretary – The Crisis Team Secretary is in charge of screening all calls and walk-in visitors, including reporters, photographers and others. The Team Secretary will keep a log of all calls and media visitors, including:
 - Name of the person
 - Person's title and organization
 - Name of the newspaper, magazine, radio or TV station
 - Telephone number where the inquirer can be reached
 - Fax number where the inquirer can be reached
 - Reporter's deadline

The Team Secretary will only provide information that has been approved by the Spokesperson.

- Security – Oftentimes following a crisis, an area must be secured. This individual is responsible for securing the situation to not only protect against any future or additional accidents, but also to preserve evidence.
- Human Resources – The Human Resource Department can play a critical role in communicating with injured parties, their families, and other staff.
- Legal Counsel – During a crisis situation, legal implications may be involved. Legal counsel should be part of the planning process, and should also be advising the Crisis Management Team subsequent to a crisis.

4. **Training** – It is important that all members of the Crisis Management Team understand their specific roles. In addition, each role should have a backup in the event that the primary individual is not available.

As mentioned earlier, it is critical that each member of the Crisis Management Team and every employee of the company, for that matter, understand who is responsible for which activities.

5. **Review the Plan** – Review the Crisis Management Plan on a regular basis. Companies change, and their exposures to loss change. It is important that everyone who needs to be familiar with a Crisis

Crisis (continued on page 4)

During Crisis CHECKLIST

Determine what is happening or what just happened to:

1. Whom _____
2. Where _____
3. When _____
4. Has anyone been injured?
 Yes No
5. Have there been any deaths?
 Yes No
6. Has there been significant property damage?
 Yes No
If yes, describe _____
7. Are First Responders (medical, fire, police) needed?
 Yes No
If yes, call 911 (or insert your emergency response number here): _____
8. Is there an ongoing threat of danger or harm?
 Yes No
If yes, specify _____
9. Is evacuation necessary?
 Yes No
If yes, follow Evacuation Procedure.
10. Notify Crisis Management Team Members.
11. Identify if others need to be notified, or are needed to help manage the incident.
12. Follow the procedures of your Crisis Management Plan. ✨

Crisis (continued from page 3)

Management Plan is, and that the content and procedures are updated on a regular basis as warranted.

Basic Crisis Plan

Among other things, the basic Crisis Plan an organization develops depends upon the type of business, where it is located, and its size. The Plan should reflect the unique characteristics of the entity for which it is being developed. The eight key elements common to any crisis plan include:

1. **Policy** - Your organization's position on the handling and documentation of crises.
2. **Procedures** - Assignments of who does what, where, and when during a crisis.
3. **Role Definitions** - Assignments of who does what, where, and when during a crisis.
4. **Emergency Contacts** - Include all phone, cell and pager numbers and e-mail addresses.
5. **Communication Plan** - Describes how to notify employees and families of a crisis situation.
6. **Public Relations Plan** - Guidelines on what information will be disclosed, and to whom. Includes name and function of the individual who will serve as spokesperson to the media (see **"Crisis Do's and Don'ts"** on page 3).
7. **Professional Resources** - Internal and external professional resources available to assist before, during and after a crisis.
8. **Physical Plan** - How the organization will handle such issues as setting up the crisis management staging area to work from, repair and restoration of the physical location, temporary quarters if necessary, and the repair and/or replacement of equipment, etc.

Summary

An effective Crisis Management Plan is a critical component of your overall risk management program. Experience has shown that a company's chances of managing a crisis increase significantly with the amount of preparation, planning and training done before a crisis strikes. ✨

Disclaimer: This article is written from an insurance perspective and is meant to be used for informational purposes only. It is not the intent of this article to provide legal advice, or advice for any specific fact, situation or circumstance. Contact legal counsel for specific advice.



Post-Crisis CHECKLIST

1. Notify and schedule external professional resources needed to help employees and customers after the incident.

Resource: _____ Phone: _____

Resource: _____ Phone: _____

2. Arrange for post-incident debriefings.
3. Determine what information should be given to employees and customers.
 - a. Determine who will tell them:
Name: _____
 - b. Determine the best way to communicate:
 Face to face Written Combination
 - c. Follow procedures for internal communication.
4. Decide what services or outreach will be provided for families.

5. Determine who will communicate with families:

Name: _____

6. Decide (a) what information should be given, and (b) when it should be given.
7. Determine what communication should be provided to organization / community.
8. Identify who will deal with the media:
Name: _____
9. Determine where the community can call with questions or information.
Name: _____ Phone: _____
10. Review status of critical incident.
11. Check with Team if any new information or needs arise. Develop contingency plan if needed.
13. Reassess your crisis management process for any adjustments or additional training you may need. ✨



Heart Disease: The Leading Cause of Death in the United States!

Courtesy of Employee Benefits Department

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Hear disease is a common term for coronary artery disease (CAD). It is the number one cause of death in both men and women in the United States.

Types

With heart disease, arteries that supply the blood to the heart become hardened and narrowed. Heart disease can lead to the following problems:

- Angina - The heart muscle doesn't get as much blood and oxygen as it needs. Angina doesn't damage the heart muscle (like a heart attack

would), but is a warning sign that a heart attack could occur.

- Heart Attack - The heart doesn't get enough blood supply for a period of time and part, or all, of the heart muscle dies.
- Heart Failure - The heart fails to supply the body with enough blood and oxygen. This develops slowly over time, and becomes chronic.

Heart Disease (continued on page 6)

Did you know...?

As with men, women's most common heart attack symptom is chest pain or discomfort. But women are somewhat more likely than men to experience some of the other common symptoms, particularly shortness of breath, nausea, vomiting, and back or jaw pain.

— Source: American Heart Association

damage to the arteries and prevent and treat cardiac events. Treatment includes:

- Self care and prevention measures
- Medications
- Procedures to open blocked or narrowed arteries or to bypass them
- Cardiac rehabilitation

Self-Care / Prevention

- Get regular medical check-ups
- Make sure your doctor checks your blood pressure at each visit or at least every two years
- Make sure your blood cholesterol gets checked at least every five years
- Don't smoke
- Maintain a healthy weight
- Take all medications as prescribed (that also means making sure you take them!)
- Ask your doctor about taking a low-dose of aspirin daily to help prevent heart disease
- Watch for signs of diabetes and see your doctor if you have any
- Follow a diet low in saturated fats, trans fats and cholesterol. Limit sodium intake to 1,500 to 2,400 milligrams per day
- Get regular exercise
- Manage stress by practicing relaxation techniques
- Drink in moderation (no more than two drinks per day for men; 1 drink per day for women and people older than age 65.) Check with your doctor to find out if and how much you can drink
- Get your doctor's advice about taking vitamins, minerals and other supplements or herbal products

Heart Disease (continued from page 5)

Causes

Heart disease is caused by atherosclerosis – a build-up of plaque in the inner walls of the arteries – which narrows, slows, or blocks the flow of blood to the heart.

Risk Factors

There are controllable and uncontrollable risk factors for heart disease. For instance, you cannot control:

- Having a past heart attack or stroke
- A family history of heart disease
- Being a male 45 years or older
- Being a female 55 years or older

You can, however, control these risk factors:

- High blood pressure
- High blood cholesterol
- Smoking
- Being overweight or obese
- Lack of physical activity
- Having type 2 diabetes and high blood cholesterol
- Using cocaine or amphetamines
- Metabolic syndrome

There are even more factors that can play a role in the development of heart disease, so you should make sure you are routinely tested for the following risks:

- Waist measurement of 40 inches or more for men; 35 inches or more for women
- Elevated CRP in the blood (C-reactive protein)
- Elevated blood homocysteine levels
- Elevated blood lipoprotein A
- Elevated blood triglycerides
- Infections, like chlamydial pneumonia

Treatment

The goals of treatment are to relieve symptoms, control or reduce risk factors, or stop or slow further

- Make sure your blood cholesterol gets checked at least every five years
- Don't smoke
- Maintain a healthy weight
- Take all medications as prescribed (that also means making sure you take them!)
- Ask your doctor about taking a low-dose of aspirin daily to help prevent heart disease
- Watch for signs of diabetes and see your doctor if you have any
- Follow a diet low in saturated fats, trans fats and cholesterol. Limit sodium intake to 1,500 to 2,400 milligrams per day
- Get regular exercise
- Manage stress by practicing relaxation techniques
- Drink in moderation (no more than two drinks per day for men; 1 drink per day for women and people older than age 65.) Check with your doctor to find out if and how much you can drink
- Get your doctor's advice about taking vitamins, minerals and other supplements or herbal products

Warning Signs

Most people are aware of the signs and symptoms of a heart attack, but the chances someone would recognize the warning signs of the other types of heart disease – angina and heart failure – is less likely because they happen more slowly, over time:

- Angina – Pain, discomfort or a squeezing pressure in chest; aching tooth, jaw or neck; symptoms go away with rest; may occur with anger, excitement or exertion.
- Heart Failure – Shortness of breath; extreme tiredness and weakness; swelling in the lower legs, ankles or feet; dry cough or cough with pink, frothy mucus; rapid weight gain; rapid heartbeat. ❀



Heart Disease Risk Quiz

What's your blood pressure?

Question	Score
➤ Below 120/80	0
➤ Between 120/80 and 140/90	+1
➤ Above 140/90	+3
➤ Don't know	+1

What's your cholesterol?

Question	Score
➤ HDL ("good cholesterol) above 50, LDL ("bad" cholesterol) below 130, triglycerides (fat levels in the blood) less than 150	0
➤ Any of the following: HDL below 50, LDL above 130, triglycerides above 150	+2
➤ Don't know	+1

How often do you eat fried foods?

Question	Score
➤ Once a month	+1
➤ Several times a month	+2
➤ Never	0

Does anyone in your family have heart disease?

Question	Score
➤ Yes, my mother had problems before age 65, or my father before age 55	+2
➤ No	0
➤ Don't know	+1

On a typical weekend night, you:

Question	Score
➤ Have one glass of wine	0
➤ Have more than one glass	+2
➤ Skip the alcohol	0

How many cigarettes have you smoked this week?

Question	Score
➤ None	0
➤ Just a few	+3
➤ Half a pack or more each day	+8

How many colors were in your last meal?

Question	Score
➤ 1 – for example, chicken and rice	+2
➤ 2 to 4 – some vegetables	+1
➤ 4 or more – for example, a salad and some vegetables	0

How do you feel after climbing three flights of stairs?

Question	Score
➤ Fine or even energized	0
➤ Winded	+1
➤ Who knows? I never climb stairs	+2

What's your Body Mass Index (BMI)?

<http://www.consumer.gov/weightloss/bmi.htm>

Question	Score
➤ 18.5 to 24.9	0
➤ 25 to 29.9	+1
➤ 30 or above	+2

Quiz Results



Score	Explanation
0—2	You are on the right track to preventing heart disease! Exercise, eating right, and avoiding cigarettes can help prevent 80% of heart disease.
3—7	One or two harmful habits can increase your chances of developing heart disease. Simply knowing your risk factors is also important to reducing your risk, especially if you need to reduce your cholesterol or blood pressure.
8 or higher	Get to the doctor! Make the commitment to one healthy behavior change, such as exercising or quitting smoking. ✂



Community Bulletin Board

"Neighbors helping neighbors in San Diego"



Celebrate the Heroes in Our Community!

Please join over 800 corporate and community leaders from all over San Diego County on May 9, 2008 to celebrate the heroes in our community who make life better for seniors who otherwise might be forgotten.

The Heroes Luncheon is Senior Community Centers' annual fundraising event to raise support for the programs and services that provide meals, housing and health services to thousands of elderly men and women living in poverty in San Diego.

Visit our Web site at www.servingseniors.org or call (619) 235-6572 / Extension. 305 to learn more about the impact your participation could have on this population. ✨

Benefit Concert

for Monarch School
on March 31, 2008



Featured singers are Bishop School senior Cressy Birder, La Jolla Country Day School junior Charlotte Ostrow, and Francis Parker senior Claire Thiemann.

"All of our schools stress the importance of community service, and already have a relationship with Monarch School," Ostrow said. *"When we heard that Villa Musica was creating a music program for Monarch School this summer, we decided to hold this concert to raise money for that program."* The concert will be held at University Lutheran Church in La Jolla. Tickets are \$12 at the door.

For more information, visit:
www.monarchschoools.org/documents/MonarchBenefitPR.pdf ✨



2008 'LAF-Off' Coming to the House of Blues!



The San Diego Volunteer Lawyer Program (SDVLP), the oldest and largest *pro bono* program in San Diego County, will host its annual Spring fundraiser LAF-Off at San Diego's House of Blues on March 13, 2008.

The annual LAF-Off (Lawyers Are Funny) event is a stand-up comedy competition among local lawyers. Judges are practicing attorneys who will, with the influence of the crowd, decide the winner at the evening's end.

"The San Diego Volunteer Lawyer Program provides legal assistance for thousands of San Diego's most disadvantaged people," explained Board of Directors member Susan Goss Taylor, Esq. For more than 20 years the SDVLP has been transforming the volunteer energies and resources of hundreds of attorney and non-attorney volunteers into millions of dollars worth of free legal assistance to those most in need. In 2007 alone, the organization provided nearly 24,000 hours of civil legal assistance to nearly 7,000 disadvantaged San Diegans.

Sponsors Needed!

Sponsors are needed for the popular event, now in its second year. Sponsorships range from \$500 to \$5,000 with differing levels of promotion and marketing, depending on the level of donation. Although VIP tickets have already sold out to the general public, Stage 1 (\$1,000) or higher sponsors receive two VIP tickets as part of the sponsorship package.

Ticket information: Visit www.lafoff.com.

Sponsorship information:

- Call SDVLP at **619-235-5656, Extension 107**
- Visit www.lafoff.com/sponsors/lafoffsponsors.pdf ✨

CANSTRUCTION® SAN DIEGO 2008

5th Annual San Diego Design/Build Competition



Canstruction® is here! The Society of Design Administration, San Diego Chapter proudly presents the Fifth Annual Canstruction® food benefit event!

Teams consisting of local students, architects, engineers, and contractors will compete in a design/build competition to create giant works of sculptural art — made entirely out of canned foods.

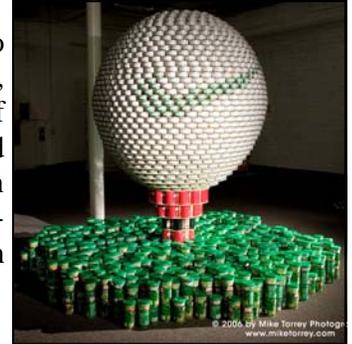
Canstruction® combines the competitive spirit of a design/build competition with a unique way to help feed hungry people. At the close of the exhibitions, all cans used in the sculptures are donated to local food banks for distribution to persons in need. This year's competition benefits Homefront San Diego (www.homefrontsandiego.com) and Set Free San Diego (www.setfreesd.org), which help San Diego families. Last year, local firms raised over 35,000 lbs. of food for hungry San Diegans.

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You CAN Help!

Canstruction® needs sponsors! This event attracts between 20,000 to 30,000 visitors annually. In addition, sponsors benefit from local press releases, radio, and television coverage.

This is a great way to help with a worthy cause, get your firm in front of potential new clients — and have more fun with a can than you ever thought possible. Everything starts with just “One Can!” ✨



Where: San Diego Home Design and Landscape Expo at the San Diego Convention Center

When: April 4-6, 2008

Event information: Visit www.canstructionsd.org.

Sponsorship Information: sponsorship@canstructionsd.org

La Jolla Boomers Tie for First Place!



La Jolla Boomers

Top row (L to R) Coaches Scott Bedingfield, Ed Piegza, Dave Hammell
Middle Row: Christopher Caulk, Matthew Piegza, Matthew Duncan, Cullen Bedingfield; Nick Hammell, Dane Hanson, Nicholas Barber, Austin Caulk
Bottom Row: Conor Dalton, Ben Wentringer

Cavignac & Associates-sponsored Boomers tied for first place for the 2007 season in the La Jolla Youth Soccer League in the 9-10-year-old age division. The league plays from September through November each year. 2007 marks the fifth season that Cavignac & Associates has sponsored a team in the league.

“This is the second year in a row that the Boomers have led the league,” said Coach Scott Bedingfield, who has coached in the La Jolla Youth Soccer League for five years. (Scott is also Executive Vice President and Principal of Cavignac & Associates.) *“We have an awesome team. The kids work really hard to excel, and we have a lot of fun. They’re a joy for us to coach, and we’re proud of them.”* ✨