

## FOCUS ON BUSINESS DISASTER PLANNING &amp; RECOVERY

# Planning and insurance – the two keys to disaster recovery

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Special for Lehigh Valley Business

Business owners can breathe easier when they have the proper systems in place to overcome the financial and organizational costs of a disaster.



Joyce

By adopting a two-pronged approach, through planning and insurance, companies can better meet the challenges caused by an emergency.

Disasters come in many forms – hacking of company records, graffiti covering a retail storefront or a power outage disabling a business' phone and internet access, to name a few. To ensure that a company's assets are protected, those at the helm should ask their financial adviser to review both their disaster recovery plan as well as their insurance coverage.

A company's disaster recovery plan should be documented in written form, specifying the procedures an organization should follow with regard to information technology in the event of a disaster. The plan should be a comprehensive statement of consistent actions to take before, during and after a disaster.

To assist in recovering business continuity with respect to information technology services, companies should have plans in place for different levels of disaster recovery, such as physical server hardware failure,


## TWO PRONGS OF DISASTER RECOVERY

**■ PLANNING**

- (1) Data encryption based on the advanced encryption standard.
- (2) Disaster recovery plan for information technology (local server, off-site server, data center).
- (3) Remote phone service transfer.
- (4) Remote website update.

**■ INSURANCE**

- (1) Business interruption insurance.
- (2) Cybersecurity insurance.
- (3) Key person disability insurance.
- (4) Key person life insurance.



virtual server failure or corruption, office site destruction (including loss of internet) or hosting data center site destruction.

### ADVANCED ENCRYPTION STANDARD

Of course, having a plan is not enough. Employees need to be well-trained so that they know what steps to take if disaster strikes. And the on-site and off-site recovery services must be tested regularly, at least annually.

With regard to hacking specifically, companies should be sure that their business' data are encrypted in keeping with the advanced encryption standard, a specification of encryption of electronic data established by the National Institute of Standards and Technology.

### PRESERVING PHONE COMMUNICATIONS

Those businesses with more than one office site should have a plan for the working office to intervene to transfer the dis-

abled office's incoming phone calls.

A single office entity can arrange to have a responsible party transfer office calls to its cellphone.

In addition, a point person should virtually update the company's website about the disruption to business, perhaps with a banner running across the site with relevant news, such as, "Our computer server is down at this time. We are working to resolve this issue as soon as possible."

### BUSINESS INTERRUPTION INSURANCE

Insurance is the second prong of a business disaster plan.

For peace of mind, companies would be wise to invest in business interruption insurance that covers income loss when a facility is closed or rebuilding after a disaster.

Since lost revenue is not covered by property insurance, it is advisable to invest in this type of coverage to replace the

revenue that otherwise would have been earned by the company (based on company financial records).

Companies also should analyze whether they would benefit from cybersecurity insurance to protect them from claims and required remedies when customer data are lost or stolen.

### KEY PERSON INSURANCE

To guard against the economic impact of losing the contributions of a company leader as a result of a disability or death because of a disaster or otherwise, businesses should consider investing in key person disability insurance and key person life insurance.

This coverage provides cash to a business in the unfortunate event of a temporary or permanent disability to, or death of, one of its key employees.

The funds help a business maintain profits as well as defray the cost of hiring a temporary or permanent replacement for the disabled or deceased person.

By having a financial adviser evaluate the efficacy of a disaster recovery plan and the sufficiency of insurance coverage, businesses will be able to weather the storm of an unforeseen disaster.

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## HOME SALES

continued from page 3

stronger, and with more multiple offers, that is driving prices up.

"The hot market is \$100,000- to \$250,000. That's the segment of the market that has more limited inventory and that's also the segment of the market that has the larger amount of buyers."

### MORE FIRST-TIME BUYERS

January's buyer activity strengthened in Warren County, N.J. Closed sales rose 10.8 percent while pending sales grew 19.7 percent compared to last January. New listings also grew 6.6 percent, a sign boding well for choices for buyers.

"Inventory is very, very low, so people who are out looking don't have a lot to choose from," said John Abromitis, broker-

associate with Century 21 North Warren Realty, Hackettstown. "People who are out looking seem to be serious and are purchasing where possible."

Abromitis sees an increase in the number of first-time homebuyers, a good barometer of possible move-up activity in the market.

"New listings are up, but the inventory is down," Abromitis said. "Mortgage money is still relatively easy to get if you have good credit. Interest rates are in the low fours, which are up from where they were a year ago. People are feeling the urge to get off the fence."

### INVENTORY CONCERNS

Inventory also is down in Monroe County. The region saw a modest 1.1 and 1.8 percent increase in closed sales and new listings, respectively, and 14.2 percent growth in pending sales January over January.

**'Prices are becoming stronger, and with more multiple offers, that is driving prices up.'**

— Jeffrey Sicher, John Monaghan Group

"Inventory is getting less and less," said Tom Schatzman, president of Country Squire Realty Inc., Stroudsburg. "If you're in the right neighborhoods for properties, there will be multiple offers, and that's a real big market for investors. Rates are still attractive enough to attract first-time homebuyers. I don't see a lot of move-up buyers. ..."

"The market is definitely rebounding since the past couple years. I've seen it slowly take off"

**'WE NEED LISTINGS'**

In Schuylkill County, closed sales flourished January over January, rising from 25 to 58. Pending sales grew 31.5 percent while new listings grew 40.3 percent, indicators of a brisk residential market.

"Because we have been very fortunate with the weather, it opened up," Charlotte A. Stoudt, broker with Charlotte A. Stoudt Realty, Orwigsburg, said about the market. "We have people now that maybe are thinking the feds are going to raise the rates again. They just want to get in there."

However, low inventory offers fewer choices to buyers. With low interest rates continuing, Stoudt saw a lot of refinancing last year, an indicator potential sellers are staying put. Yet she remains optimistic sellers will begin to list soon so buyers can buy before interest rates rise.

"We need listings," Stoudt said. "You can't sell what you don't have."

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