Remaining Resilient Requires Effective Risk Management

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The current state of affairs is a reminder that the unexpected can occur far more frequently than you may think. The key to not only surviving disruption but staying well-positioned to serve clients amid change and uncertainty is building organizational resilience. This entails various facets of risk management, including business continuity planning (BCP) — a particularly critical step for nonprofits to effectively manage risk that needs to be tackled strategically and with the right team around the table.

While nonprofits are often tempted to put BCP on the back burner, the whirlwind of 2020 has underscored exactly why it's a key discussion for organizations to have internally and with their insurance partners. By making the process a priority as 2021 comes into focus, nonprofits can safeguard their ability to deliver for their communities and ensure their organization is protected in doing so.

What makes BCP different

The terms business continuity, disaster recovery, and crisis management are often used interchangeably. There is some gray area among them, but it's important to note they are different initiatives with different goals.

In short, BCP refers to a series of protocols designed to keep critical business operations running with little to no downtime during a disruptive event — for example, having a plan that enables counseling services for at-risk youth to continue seamlessly when something like a pandemic hits. By contrast, crisis management is the overall coordination of an organization's response to a crisis in an effective, timely manner. Disaster recovery refers more specifically to restoring data, technology, and infrastructure after a disruption occurs. They all warrant time and attention, but understanding these differentiators helps in staying streamlined when focusing on BCP.

Planning around emergent risks

With consensus about what BCP is — and is not — organizations can begin to delve into the details of planning. This includes understanding core business processes and functions, identifying the dependencies that support them, and formulating strategies to manage the impacts that result from a disruption.

The outputs will look different for every organization given their own unique considerations, but there are common risks affecting nonprofits and social service organizations, spurred by the pandemic, that warrant particular attention during the planning process:

- **Remote Work and Mobile Property**: Sustaining operations in the face of disruption usually means employees need to work wherever and however they can. Mobile property — including computers, tablets, monitors, and more — can be a lifeline in this regard, though it deserves a closer look from a risk perspective. Business Personal Property (BPP) insurance covers this type of equipment, however, coverage is typically limited when items are off-site. This means if employees are using these tools to work remotely, as many are today, there may be a break in coverage should an item be damaged, stolen, or lost while away from their designated office location.Explore with your insurance partner the different policy enhancements that offer extensions of coverage for BPP being used remotely. Given today's fluid work environment, it is also worth investigating the benefits of converting your current coverage to an Inland Marine floater coverage that is not bound to a specific location.
- **Cyber Risk**: As organizations increase their dependency on digital tools both externally (for example, nonprofits offering virtual support services or starting online giving programs) and internally (for things like team collaboration software), their web-based risk also increases. At the same time, hackers — unfortunately, but perhaps unsurprisingly — have ramped up cyber-attacks during the pandemic. As such, cyber liability and data breach insurance is a vital part of the planning and insurance discussion. Ask your provider for insight into how digital strategy, platforms, vendor contract language, and other factors impact your liability and work together to minimize and manage the associated risks.
- **Staff-to-Client Ratios**: With social distancing guidelines and capacity restrictions, organizations must carefully consider their current staffing levels, so they can continue to serve clients without inviting unnecessary risk. This includes maintaining adequate staff-to-client ratios to protect nonprofits from abuse and molestation risks. This is a challenge as organizations balance keeping onsite staff members to a minimum and helping as many people as possible to meet the growing needs of the community.

The nonprofit landscape is constantly changing and to have staying power, organizations must recognize the role BCP plays in remaining resilient during turbulent times. No one knows for sure how the "new normal" will shake out or what our post-pandemic world has in store. That's exactly why this type of scenario planning is essential in preparing for the future.

To learn more, check out Care Providers Insurance Services' recent webinar with NRMC on the fundamentals of BCP for nonprofits and discover the five steps to building resilience that can be applied to any organization: https://bit.ly/31X2TbC

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