

## LESSONS LEARNED AND BCP PLANNING

by [Steve Brown](#)

The events in Japan and other areas of the world had us thinking about earthquakes and what can be done to better prepare for such an event. For those who remember the old "duck and cover" drills from youth, it is interesting to note that the more things change, the more they stay the same. These days for example, FEMA suggests during a quake you duck under a sturdy desk, table, or bench (or against an inside wall) and cover your face and head with your arms to protect yourself when an earthquake hits. They also warn you to stay away from glass and windows, as well as outside doors and walls. In short; they warn people to stay away from anything that could cut you or fall on you (such as lighting fixtures or furniture), because it could be some time before someone comes looking for you (depending on the size of the earthquake). They also warn you to stay inside until the shaking stops, since research shows most injuries occur when people are hit by falling objects either running into or running out of buildings. We bring up the topic of earthquakes, as like us, you may not have seen the picture above recently. It shows higher risk areas in dark gray and the color fades out as the risk of such events is reduced. As you can more clearly see if you increase the magnitude on the picture above, some areas of the country you may not have thought about carry high earthquake risk. As we have also learned following the unfortunate situation in Japan, we too have nuclear reactors (about 104 of them) scattered all over the country, so we think it is a good time for bankers themselves (and tell your business customers as well) to pull out the business continuity plan and give it at least a table top test to see if it stands up to what we now know. It also doesn't really matter that our topic today is earthquakes, as any natural disaster can cause damage beyond human comprehension. Whether a hurricane, tsunami, tornado or other event; we live in a constant state of unknown risk, so being prepared is critically important. As you test your business continuity planning, here are recommended things to have in your safety kit at home and at work - 1 gallon of water per person per day for at least 3 days (for drinking and sanitation); at least a 3 day supply of non-perishable food; battery-powered or hand crank radio and a NOAA Weather Radio with tone alert; extra batteries; flashlight; first aid kit; whistle (to signal for help); dust mask (to filter contaminated air); plastic sheeting and duct tape (to shelter-in- place); moist towelettes, garbage bags and plastic ties (for personal sanitation); wrench or pliers (to turn off utilities); can opener for food; local maps; cell phone with chargers, inverter or solar charger. Once you have that all nailed down, here are some things to have in your family plan: Identify an out-of town contact (might be easier to make a long-distance call than local); know the number and carry both a cell phone and a prepaid phone card); program "in case of emergency" (ICE) contacts into your cell and home phones (emergency personnel will often check your ICE listings in order to get a hold of someone you know); make sure to tell your family and friends that you've listed them as emergency contacts; teach family members how to use text messaging (often works around network disruptions when a phone call might not be able to get through); subscribe to alert services (many communities now have systems that will send instant text alerts or e-mails to let you know about bad weather, road closings, local emergencies, etc.).

To get more information on disaster preparedness for your family go to [www.ready.gov](http://www.ready.gov); to help your business customers send them to [www.quakesmart.org](http://www.quakesmart.org) and to help your bank prepare, follow the "Business Continuity Planning" link in our related link section to the right(it is in a strange place at the FFIEC under IT Examination handbook, but the detail is there). As Louis Pasteur once famously said, "Luck favors the mind that is prepared," so retesting your BCP plan is a good idea.

# BANK NEWS

## **FOMC Press**

In a rare move, Chair Bernanke will start to hold quarterly live press briefings on economic conditions and projections at the conclusion of selected FOMC meetings in order to give policy more "context." This year's meetings are scheduled for 4/27, 6/22 and 11/2 at 2:15pm ET. It should be noted that while many of the G7 central banks hold monetary policy press conferences, the Fed has only held 2 in recent memory going back to 1975.

## **CRE Risk**

Extrapolating the current trends in CRE rents, they will be back to their 2007 peak by 2015.

## **Mortgage Settlement**

After the group of state AGs couldn't reach an all-encompassing agreement with large banks due to the insistence on principal reduction, it appears that the OCC will go ahead with its own settlement.

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