Temporary Business Shutdown Practices

March 2020

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The COVID-19 outbreak has created profound changes in the ways that we run our businesses. In particular, given the recent prevalence of governmental orders to shut down nonessential businesses, you may be faced with the possibility of temporarily suspending operations. In order to help you prepare for this possibility, Lockton Risk Control has created the following guide to help our clients navigate this process. Please keep in mind that this is a general document, intended to address the most common property conservation, fire safety, security and liability-related issues and is not comprehensive. Should you have questions or concerns not covered in this guideline, we encourage you to contact a member of your Lockton service team to discuss.

Given insurance policy coverage language that may apply to any temporary suspension of operations, all Lockton clients are strongly encouraged to contact their Lockton service team to evaluate any potential coverage ramifications.

- **Command and Control**
  - Appoint leadership team to oversee process and make critical decisions
  - Identify key personnel with expertise necessary for shutdown and startup
  - Create working committees to:
    - Design orderly shutdown and restart procedures, including computer systems, in accordance with manufacturer's specifications
    - Maintain core operating integrity such as Human Resources, Finance and Treasury, etc.
    - Alert supply chain and vendor partners
    - Identify any equipment maintenance that must be performed in preparation for the idle period
    - Identify any preventative maintenance that must be performed during the shutdown
    - Address safekeeping of any paper-based critical records, process drawings, etc.
    - Study raw material spoilage and shelf life considerations
    - Test and prepare emergency generators and similar backup systems, including fuel tanks
    - Ensure premises security during downtime (refer to "Security" on page 3)
    - Create a communication platform for client and employees
    - Liaise with utilities, police, fire, etc.
  - Identify vendors necessary to maintain moth-balled location (i.e., emergency maintenance, exterior lighting replacement, etc.)
  - If required to shut down boiler, chiller, water heater, cooling tower, freezer, refrigerator, oven and any other mechanical systems, follow the manufacturer shutdown procedures
  - Address hazardous system (i.e., anhydrous ammonia, fuel storage, etc.) and storage protocols

- **Fire Protection**
  - Inspect all fire protection and detection systems to ensure they are in proper working conditions
  - If time allows, test all fire protection and notification equipment that is due for service
  - Alert off-site fire protection monitoring vendors
  - Lock all fire protection control valves in the wide-open position
  - Close or remove any obstruction from self-closing fire doors
  - Remove trash and any other unnecessary combustible material from inside and around the building
  - Provide at least 50 feet (15.2 meters) of separation between any combustible yard storage and buildings
  - Confirm that fire department connections (FDCs), as well as sprinkler control/fire pump rooms, are clearly identified and accessible
  - Secure any flammable and hazardous materials

- **Security**
  - Contact current guard or security service to determine extent of operations during shut down and create contingencies where possible
  - Fences are in good condition free and of penetrations, voids and holes
  - Inspect all exterior lighting to ensure operation
  - Secure all vehicle access points
  - Secure all doors and windows that may be vulnerable
  - Inspect all alarm systems, camera systems, recording devices, etc., to ensure operating integrity
  - If possible, make provisions for off-site monitoring of any cameras or monitoring devices
  - Remove or store safely target theft items such as:
    - Cash
    - Precious metals or materials
    - Vehicles and motorized equipment
  - Make provisions to secure server room(s) and other potential access points that could leave your network vulnerable
  - Secure materials within the property and away from the perimeter. Consider higher or subgrade floors to reduce the ease of access or view from the perimeter
  - Remove all keys/fobs from mobile equipment/vehicles and store in a secured area or off-site
  - Notify all subcontractors/vendors to remove their equipment from the site or make plans to secure the equipment
  - Create a dated inventory of critical materials, equipment, supplies and finished goods
  - If third parties require access to the property (i.e., mobile phone antenna contractors, mechanical system maintenance contractors, trash removal, etc.), develop communication protocols to allow for access and re-securing upon departure

- **Water Intrusion/Damage Mitigation**
  - Conduct a walk-through to observe the reliability of all building systems that supply, remove or use water (i.e., HVAC equipment). Conduct/assign immediate measures to seal or safeguard any deficiencies
  - Conduct a walk around of the building envelope(s), examining all exterior walls, doors, windows and roofs. Conduct/assign immediate measures to seal or safeguard any deficiencies
  - Shut off or limit domestic water supply
  - If applicable, ensure heat is working in key areas to prevent freezing pipes or other damage
  - If applicable, ensure air conditioning is properly functioning to protect critical systems
  - Confirm all connected storm and sanitary drains are free of blockage or debris
  - Inspect roof condition and make sure all roof hatches, skylights and antennas and similar are secure
  - Ensure roof scuppers are free of blockage or debris
  - Consider installing remote monitored water flow/rise/leak detection devices in critical areas
  - Secure landscaping irrigation
  - Secure elevators above grade level
  - Make contingencies to inspect the site should you be impacted by severe seasonal weather

During the shut-down process, don't lose sight of the fact that restart is on the horizon. Make sure to consider protocols to facilitate safe and expedient restart of operations and building systems. Pay close attention to manufacturer, industry and regulatory guidelines as you get back in business. Lastly, we encourage you to contact your Lockton team prior to restart to ensure any insurance-related considerations are addressed.

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