

Auto Auction

Business Continuity Plan

Presented: April 2014



Arthur J. Gallagher & Co.

Michael J. Rohdy, CIC

Arthur J. Gallagher Risk Management Services, Inc.
2200 Woodcrest Place, Suite 250
Birmingham, AL 35209
michael_rohdy@ajg.com
www.ajg.com

Mike Roy, CIC

Arthur J. Gallagher Risk Management Services, Inc.
2200 Woodcrest Place, Suite 250
Birmingham, AL 35209
michael_roy@ajg.com
www.ajg.com

Table of Contents

Overview & Goals.....	1
Risks & Hazards.....	2
Critical Systems & Operations.....	3
Employees.....	4
Customers, Vendors, Suppliers.....	4
Finances.....	4
Teams.....	5
Plan Tests.....	7
Plan Updates.....	9
Resources.....	9

Overview & Goals

In the event of a disaster, our Auto Auction industry experts have developed the following Business Continuity Plan to assist you in continuing your operations.

Our specific goals in developing this plan include:

- Maintain Critical Business Operations
- Protect Market Position
- Protect Customer Relationships
- Preserve Financial Image

This plan is designed to accomplish the outlined goals by planning ahead and utilizing several teams. The plan encompasses the various stages of disaster from warning, life safety, and damage assessment to short and long term operations. Our business is built upon our relationships with our customers and the plan is designed to keep them abreast of our recovery status and ability to service their needs.



Risks & Hazards

Natural Disaster Exposures

- Earthquake
- Wind/Hail/Hurricane
- Flood
- Severe Winter Weather
- Fire
- Wildfire

Industry Specific Exposure

- Lane Accidents

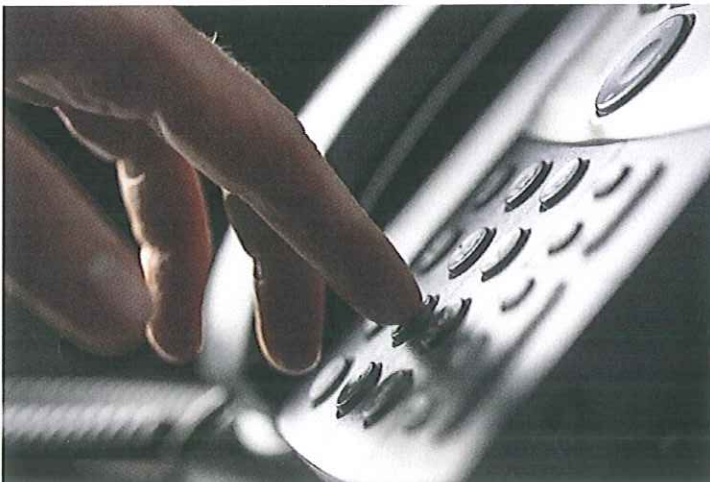
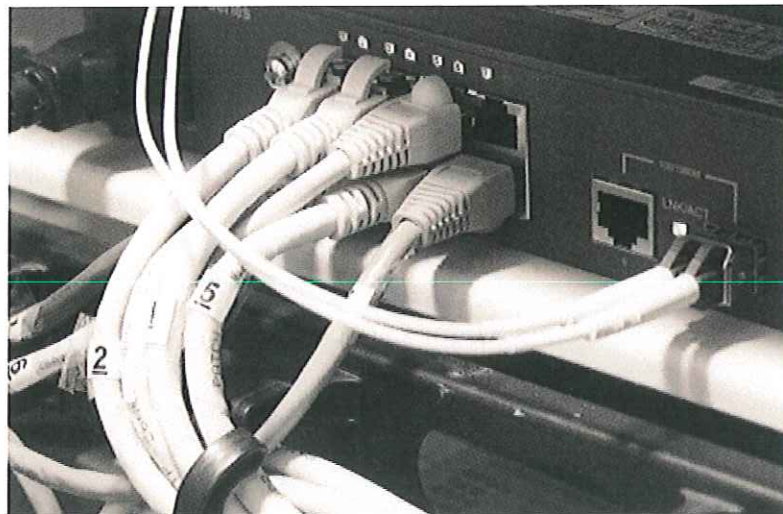
Other Exposures

- Workplace Violence
- Epidemic Illness
- Computer Failure – Hardware/Software



Critical Systems & Operations

- Auction Facilities
- Electrical Power
- Auction Block Lighting and Sound
- Computer Systems
- Internet Access
- Telephone Systems
- Transportation
- Reconditioning Equipment
- Company Vehicles



Employees

Employees are our most important asset and employee communication should be maintained during a time of crisis. The External Affairs/Public Relations (EA/PR) team will be responsible for all communication, including employee communication.

By utilizing the following, the EA/PR team will maintain employee communication:

- Website login for specific messages for each department
- Employee call system designed for employees to call and provide their personal status in the event of a widespread disaster
- Calling tree for contacting employees with specific messages by department
- Contact information will be maintained by the EA/PR team on flash drives stored in an accessible location for the members
- Text and e-mail messages to employees with specific department messages

Customers, Vendors, Suppliers

In order to continue to service their needs, we have designed a plan to ensure we are in constant communication with our customers during a time of crisis. We assign specific customers to our our to our EP/PR team and they maintain multiple levels of contact information. We recognize that our fleet/lease and other institutional accounts may not have representative on the ground or in the affected area. We will maintain open lines of communication with our customers in regard to the status of their vehicles and our recovery status.

Vendors and suppliers play an important role in our business model and we maintain several layers of contact information for each. Back up vendors and suppliers have been identified so that we may continue operations in the event of business interruption among our primary sources.

Finances

Cash flow for the company during the period of restoration must be maintained. Working with our accounting department, we have ensured we have the cash flow and credit allowance necessary to meet the demands of a short and long term shutdown. In the event of a shutdown, we have addressed check writing procedures so we can continue to meet payroll and pay bills in a timely manner. Key personnel have company credit cards assigned, allowing appropriate handling of expenses related to temporary operations. Our Controller/CFO, a member of the Recovery team, will keep the Recovery Manager updated on our financial position.

Teams

In order that we may respond properly in the face of emergency and recovery we have established the following teams to assist with the various phases of recovery:

Recovery Management Team – Recovery Manager has ultimate responsibility for all recovery operations and will lead the team. This team will provide initial guidance during Emergency Response and ongoing guidance through the business recovery.

- Recovery Manager – GM or Owner
- Risk Manager
- Controller or CFO
- AGM or Operations Manager

Damage Assessment Team – Damage Assessment team is responsible for reporting to the Recovery team the state of the facilities, including what needs to be completed in order to prevent further damage and continue operations.

- Lot Manager
- Transportation Manager
- Recon Manager
- IT Manager

Temporary Operations Team – Temporary Operations team will be in contact with the Damage Assessment team and take direction from Recovery team in regard to the steps need to restore operations during the short term recovery period. Protocol and contact information for contractors, suppliers, and off site locations will be maintained in the event they are required at the time of a disaster.

- AGM or Operations Manager
- Selected Personnel
- Select Personnel
- IT Personnel



Auto Auction

Asset Replacement Team – Asset Replacement team will be the main point of contact for insurance recovery and contractors during the long term recovery period. This team will report to the Recovery Team the status of the repairs and reimbursement from the insurance company. The controller or CFO will be responsible for advising the Recovery Manager on the status of cash flow and line of credit availability.

- Controller/CFO
- Insurance Agent
- Select Personnel

External Affairs / PR Team – External Affairs / PR team will handle communication internally and externally, keeping employees and customers abreast of developments as needed. A single voice policy has been adopted by the auction and the auction spokesperson will be designated from within this team. The spokesperson will report to the Recovery Manager and all media and other outside questions will be directed to the spokesperson. Members of this team are noted below, along with their primary communication responsibility.

- Human Resources Manager – Employees
- Sales Manager or GM – Media
- Fleet/Lease or Sales Manager – Customers
- AGM or Operations Manager – Vendors, Suppliers



Plan Tests

To ensure risks are identified and the appropriate response is in place, exercises to mobilize and test our plans are needed. All teams will be engaged in each event to ensure everyone knows their role and is prepared to act at the time of disaster. Communication systems will be tested during each exercise. Quarterly, we will schedule an exercise to test our response in at least three of the following areas, touching on all categories at least once annually:

- Complete Power Failure
 - Testing and utilization of artificial generator.
- Paper Block
 - Train personnel and exercise use of paper sale transactions in order to conduct business in the event of a computer systems failure.
- Computer Systems
 - Test backup to ensure a smooth transition.
 - IT department will engage auction management system provider to ensure proper protocol is followed and capabilities are known.
- Lane Disaster
 - Stage an event for all employees to prepare the proper response to a lane disaster that includes first aid, EMT response, witness statements, and media interaction.
 - Lane Disaster Plan has been fully developed.
- Tornado Drill
 - Identify safe areas and complete process of employee communication for safety locations for themselves and customers.
 - Engage all teams in the process to ensure they know their role in the aftermath of a storm.
 - CAT Storm checklist will be reviewed between February 1st and March 1st of each year.
- Extensive Damage to Facilities due to CAT Storm
 - Ensure teams are aware of their duties in the aftermath of such a storm.
 - Review vendor, supplier, contractor and customer contact information.
 - Develop contingency plans regarding renting of PA systems, mobile auction blocks, and temporary sites.
 - CAT Storm checklist will be reviewed between February 1st and March 1st of each year.
- Fire Drill
 - Test Emergency Action Plan as directed by OSHA.
 - Cover means of reporting the fire, evacuation procedures and emergency escape route assignments.
 - Damage Assessment, Recovery and Temporary Operations teams will convene to review their roles and to ensure everyone knows their role in the aftermath of the storm.

Auto Auction

- Winter Storm
 - Review the protocol related to preparing for a winter storm, including inventory of our snow removal equipment and related tools and supplies.
 - Establish checklist to ensure all buildings are properly heated, automatic sprinklers are properly working and all cold weather equipment is updated, properly lubricated and inspected.
 - Damage Assessment, Recovery and Temporary Operations teams will convene to review their roles and to ensure everyone knows their role in the aftermath of the storm.
 - Winter Storm Checklist will be reviewed between August 1st and September 1st of each year.
- Earthquake
 - Review the protocol with all employees for moving to areas of safety with all employees.
 - Review preventative measures that include storage of any chemicals, securing boilers, water heaters, and other appliances.
 - Damage Assessment, Recovery and Temporary Operations teams will convene to review their roles and to ensure everyone knows their role in the aftermath of the storm.
 - Earthquake Checklist will be reviewed between April 1st and May 1st of each year.
- Flood
 - Review evacuation communication, asset protection, and disconnected electrical equipment and breakers checklists.
 - Movement of computer and other equipment to the appropriate areas will be drilled.
 - Secure paper files in plastic wrap and relocate to areas of least risk.
 - Review protocol for valuable papers, including titles.
 - Review bank deposit protocol.
 - Review safety guidelines for customers and employees.
 - Recovery, Damage Assessment and Temporary Operations teams will review procedures and identify options for moving vehicles to higher ground.
 - Flood checklist will be reviewed between October 1 and November 1 each year.
- Workplace Violence
 - Stage a “conflict” with each department going into “lockdown” mode.
 - Employees for each department will be directed to their “safe” area.
 - Local authorities will be included in the drill and communication between management and the department will be tested to ensure information is relayed as to when the “lockdown” will be lifted.
 - Recovery team will direct all proceedings.
 - Department heads will test communication systems, including office telephone systems, cell phones (call and text), and 2 way radios.

Plan Updates

Our plan must be continually maintained and updated in order that it is relevant in the time of crisis and recovery. The following questions will be reviewed after each exercise.

- Is our response appropriate and relevant to the respective crisis?
- What procedures should we change?
- Is contact information for employees and customers up to date?
- Do team members understand their role and how to be effective in the time of crisis?
- Are there personnel changes that should be made to any of the teams?
- Are there changes that should be made to improve our plan?
- Have changes been documented and plan updated?

Resources

Contractor Contact Information:

Insurance Agent Contact Information

Auction Management System Contact Information

Bank Contact Information

Retained in a separate document

Institutional Account Contact Information

Retained in a separate document

Auto Auction

Arthur J. Gallagher Disclaimer

This Business Continuity Plan should be helpful in developing a plan specific to your auto auction. Exposures unique to your auto auction must be identified and a plan developed by you to sufficiently address your auction's needs. While this sample plan should provide guidance, please invest the time necessary to fully develop a plan that will address your needs at the time of a disaster. Please contact us with any questions.

Michael Rohdy, CIC

Arthur J. Gallagher & Co.

205.414.2669

Michael_Rohdy@AJG.com

Mike Roy, CIC

Arthur J. Gallagher & Co.

205.414.7061

Michael_Roy@AJG.com