

# AmTrust Property Zone

## Help Your Business Survive the Next Big Storm

In October 2012, Superstorm Sandy slammed into the east coast of the United States. According to NOAA's [National Centers for Environmental Information](#) (NCEI), the storm led to 159 deaths and more than \$78 billion in damages. The storm caused widespread interruption to vital water and electrical services in major population centers up and down the eastern seaboard. Even the New York Stock Exchange shut down for two days, something that hadn't happened since a major winter storm in 1888.

But Sandy ranks only fourth in terms of [costliest hurricanes](#). Hurricane Katrina in 2005 was the costliest, with a price tag of \$170 billion. So, what made 2012's Hurricane Sandy so uniquely destructive? It was the way several conditions came together to create the perfect storm, with most of the damage related to water and storm surge. Despite relatively low wind speeds, Sandy grew in intensity when it interacted with another storm system coming in from the west. At the same time, there were high tides that coincided with the astronomical maximum tide associated with the lunar cycle intensifying the storm surge and causing major flooding.

### Lessons Learned

For business owners, there are many lessons to be learned from these storms. One is that they must do a better job of preparing their business properties to withstand storms that can bring both high winds and catastrophic flooding.

You can't control Mother Nature, but there are measures you can take to prepare for hurricanes and other severe storms, steps that can significantly reduce the physical and financial hit to your business.

### Know and Address Your Vulnerabilities

Businesses that are within 50 miles of a shoreline have a much greater risk of property damage and business interruption than those located further inland. Is your business elevated and safe from flooding or in a low lying, flood prone area? Visit FEMA's [Flood Map Service Center](#) for more flood risk information.

Is your staff prepared to handle a crisis? Are your data backup and other systems protected? Do you have contingencies for working remotely, storing equipment and supplies off site, maintaining supply chains and other logistical concerns? Take the time to understand how a hurricane or other severe weather event will impact every aspect of your business. Then, take measures to plug the holes.

### Pay Attention to the Weather

Many business owners in the mid-Atlantic region who survived milder hurricanes failed to take the necessary precautions to protect their businesses from Sandy. It was a stark reminder that, despite the similar weather warnings, every major storm has a unique meteorological footprint that affects its ultimate impact on the population. Stay up to date on weather developments by tuning in to National Weather Service forecasts and your local radio and television stations. Most importantly, take weather warnings seriously and follow local officials' evacuation advice.

### Create a Hurricane-Specific Emergency Response Plan

Being prepared for the one-two punch of a wind and storm surge starts with keeping your employees' safety top of mind. For many businesses, that means sending workers home before a storm hits. For essential employees who must stay, take precautions to keep them safe from high winds and flooding. Assign emergency roles and responsibilities to specific employees and conduct regular hurricane response drills to avoid panic and chaos when a storm hits your area. Keep emergency supplies on hand, such as battery-operated lamps, battery-powered radios, perishable food items, bottled water and first aid supplies. Ensure you have an operational generator that is installed with flood heights in mind and properly maintained.

### Develop a Business Continuity Plan

According to the [Federal Emergency Management Agency](#) (FEMA), nearly 40% of businesses that are forced to shut down for at least 24 hours due to a disaster never open their doors again. And after a disaster, 90% of smaller companies fail within a year unless they can resume operations within five days. Even more tragic is the fact that many of those businesses could have weathered the storm and survived if they had taken the time to develop a [business continuity plan](#). The best safeguard against a long and possibly permanent shutdown is to plan for potential damages, power outages, road closures, supply chain issues, and other infrastructure and operational issues that can accompany severe storms. Having a plan to resume operations in an alternate location or having employees telecommute can help you restore critical business operations more quickly. Also, be sure to include the safekeeping of critical data in your business continuity plan.

### Make Communication a Priority Before, During and After a Storm

Communication to many types of audiences is paramount during all phases of a crisis. Employees need to know exactly what's expected of them, and their families need to be kept up to date if their family member is in harm's way. Customers want to know how they will be impacted. Suppliers need to be kept in the loop. Regulators may need to be notified and local government officials will want to know what's happening in their community. Use multiple communication channels such as phone trees, text messaging, social media, and

Intranet site postings to reach your multiple audiences, convey crucial information and answer questions. Having a reliable communication system allows you to respond promptly, accurately, and confidently before, during and after a hurricane or other disaster, which will help you keep your employees safe, your multiple audiences informed and the crisis under control. It will also favorably impact your business's reputation and how you handle a crisis.

## Protect Your Property

It's crucial to take measures to protect your commercial property from the double threat of high winds and flooding that comes with hurricanes. If your business sits in a low-lying, flood prone area, it's a good idea to arrange for alternative storage sites at a higher elevation where stock, equipment, files, and vehicles can be stored before a storm hits. Place sandbags outside doors, and brace inward-opening exterior doors and roll-down doors on the inside. Regular inspection and maintenance of your building can also help identify vulnerabilities before a storm hits your area. For example, your roof is the first line of defense against high winds and water from hurricanes and other storms. Make sure roof elements are well maintained and secure, including any rooftop HVAC systems, vents, ducts, or other equipment. To protect the rest of your building, consider protective measures such as installing shutters or plywood over windows before the storm hits. Repair any damaged or loose building components such as siding, soffit and fascia, roofing and brickwork. Ensure electronics, documents, and inventory are protected from flooding hazards, and safeguard your files and data in a separate, secure location or by using a cloud storage platform. For more information on how to protect your property, see AmTrust's [Commercial Property Protection and Maintenance](#) Page.

## Carry Adequate Insurance

The last thing you need after a major storm damages or destroys your business is to find out you're not covered for the recovery. Don't make the potentially costly mistake of thinking your commercial property policy will fully cover the damage. Commercial property insurance policies generally exclude coverage for damage caused by

hurricanes, earthquakes, or flooding unless they have the appropriate riders. Work closely with your insurance agent to assess your specific hurricane risks and assure you have adequate coverage. There are several types of insurance you'll need to consider to be fully covered for a hurricane loss:

- **Property Coverage.** Depending on your location, your proximity to the coastline and your policy, you may have several different types of coverage. *All Peril* is the most comprehensive, covering everything except anything specifically excluded. *Named Peril* will only cover what's specifically noted in the policy. *Wind and Hail* is the most restrictive and only covers damage caused by wind or hail. All of these coverages will have a deductible that can be a dollar amount or percentage.
- **Flood Insurance.** Most commercial property policies exclude coverage for losses caused by rising water, which is the cause of much of hurricane-related damage. To be covered, you'll need separate flood insurance, such as [AmTrust Preferred Package](#) with optional flood coverage. Learn more about flood insurance on the National Flood Insurance website at [www.fema.gov](http://www.fema.gov).
- **Business Interruption Coverage.** Without business interruption coverage, most small businesses wouldn't be able to survive an extended shutdown without income. Business interruption coverage will help pay for ongoing expenses when a hurricane keeps your business from operating. You can often get this coverage through a businessowners' policy (BOP), an insurance package that typically bundles property, general liability, and business interruption insurance together at a reduced rate.

## Conclusion

Between our changing climate and continuing population growth, hurricanes and other severe weather events will continue to impact and even devastate many communities and businesses. The only chance of surviving and staying in business after a disaster is by diligently planning. By taking the time to consider the 'what-ifs' of business disruption and disaster recovery, your business has the opportunity to identify key shortfalls and vulnerabilities, shore up resources, and be better equipped for recovery. By having a plan, you'll also be ensuring the safety of your employees and any customers on-site. And by being prepared with the right insurance coverage, you'll have the financial security to keep your business rolling for years to come.

Need help planning? Take advantage of the many free resources available through Small Business Development Centers, local emergency management agencies, chambers of commerce and SCORE, a nonprofit resource partner with the U.S. Small Business Administration.

## Sources

- <https://www.ncdc.noaa.gov/billions/events.pdf>
- <https://www.ncdc.noaa.gov/billions/dcmi.pdf>
- [https://www.fema.gov/media-library-data/1441212988001-1aa7fa978c5f999ed088dcaa815cb8cd/3a\\_BusinessInfographic-1.pdf](https://www.fema.gov/media-library-data/1441212988001-1aa7fa978c5f999ed088dcaa815cb8cd/3a_BusinessInfographic-1.pdf)
- <https://www.ready.gov/business/implementation/continuity>
- [www.fema.gov](http://www.fema.gov)
- <https://fortifiedcommercial.org/>

## Building a New Facility in a Hurricane Zone? Build Hurricane Smart.

If you're planning to build a new facility or open a new business in an area prone to hurricanes and flooding, it pays to build hurricane smart. That means building structures designed to mitigate wind and water damage risks. High wind resistant products and systems such as additional steel rods and reinforcing in masonry walls, enhanced perimeter anchorage of roof membranes and flashing, securing of rooftop HVAC and other equipment, and wind locks on roll-up doors can produce significantly stronger, safer buildings. To learn more about these products and installation methods, visit <https://fortifiedcommercial.org/>.

For additional information and resources on this topic and other safety and risk management subjects be sure to visit the Loss Control section on our website:

[www.amtrustfinancial.com/loss-control](http://www.amtrustfinancial.com/loss-control)



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