

PREPARING FOR MOTHER NATURE'S WORST

Hurricanes Harvey, Irma, and Maria affected millions of individuals and businesses and had an estimated \$500 billion in economic impact. These events reminded all of us of the need to plan for such catastrophes to protect people, prevent or minimize damage to property, transfer the financial risk of such damage, and prepare for recovery.

ANTICIPATING FLOOD RISKS

If your business is in a flood zone, understand the hazards and prepare for them by considering the following flood risk management techniques:

- Have a weather-emergency plan in place, and make sure employees understand how and when to implement the plan.
- Move valuable equipment, machinery, and papers to higher ground, and elevate key production equipment to mitigate water damage.
- Establish sufficient drainage and water channels to direct water away from your property to a safe location.
- Consider water pumping solutions for your operations and facilities.
- Install flood vents or flood gates. Such features protect structures by preventing hydrostatic pressure from building up and destroying walls and foundations.
- Use construction materials that are resistant to water damage.
- Consider flood insurance. The federal government will cover most risks within a flood zone through the National Flood Insurance Plan. Businesses can insure up to limits of \$250,000 for building coverage and \$250,000 for contents. If your company implements a robust risk-management plan, you are likely to find higher limits available in the private insurance market.

Other flood-related coverages to consider include business interruption insurance as well as forms of inland marine protection, which predominantly covers machinery, mobile equipment, and stock. Inland marine forms generally include flood coverage unless they specifically exclude it, so confirm that your policy does not exclude such protection if your company is exposed to flood risks. The same is true of auto physical damage coverage on commercial auto policies. Such policies generally cover flood perils, but be certain your policies do so.

PROTECTING AGAINST WIND AND HAIL

Severe wind and hail storms can cause significant property damage. Unless specifically excluded, wind and hail are covered in most property and contractor's equipment coverage forms. Many carriers apply peril-specific deductibles to these hazards, depending on the building location as well as the type of construction and features. Deductibles can be a fixed dollar amount or a percentage of the insured value. For those and other reasons, make sure you understand the terms and conditions of your policies. If your property is in a high-wind zone or tornado area, protect your assets from such damage by following these suggestions:

- Review building codes and structural policies with a licensed contractor to ensure your structures provide adequate resistance to wind.
- Operate inside wind-resistant buildings, which protect against wind damage by transferring the lateral forces that attack the walls and diaphragms toward the foundation and into the ground. Wind-resistant designs also prevent damage to the exterior of the building from flying debris.
- Use a roof made of interlocking shingles for maximum wind resistance. Roof coverings should be hail resistant with a UL rating of Class 3 or 4.
- Use laminated glass in window panes.

To be prepared for any severe weather event, have a recovery plan in place and an employee team designated to lead the recovery efforts. The plan should include a communication strategy and outline the specific post-event actions you will need to undertake to get your business up and running as fast as possible. Also have a contingency plan for any equipment or assets that would be difficult or time-consuming to replace after a catastrophic weather event.

To learn more about implementing a rigorous risk-management and recovery plan and the coverages available for weather-related risks, contact your insurance broker, risk manager, or carrier. 

Dan Curran is senior vice president and underwriting officer for AmWINS Program Underwriters (Portsmouth, N.H.), which underwrites RecycleGuard®, the ISRI-sponsored insurance program. Reach him at 603/334-3027 or daniel.curran@willis.com. RecycleGuard has prepared this article for informational purposes only. It is not intended to provide legal advice. Readers should not rely on this document or act upon any of the information it contains without first consulting competent legal counsel.



To be prepared for any severe weather event, have a recovery plan in place and a team designated to lead the recovery efforts.

