

Flood Preparedness and Response Guide for Businesses

Provided by: Horst Insurance



Contents

- Introduction** 3
- Assessing Your Flood Risk**..... 4
- Steps to Take Before a Flood** 6
- Steps to Take During a Flood..... 9
- Steps to Take After a Flood..... 10
- Conclusion** 11
- Appendix 12

This guide is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice. © 2023 Zywave, Inc. All rights reserved.

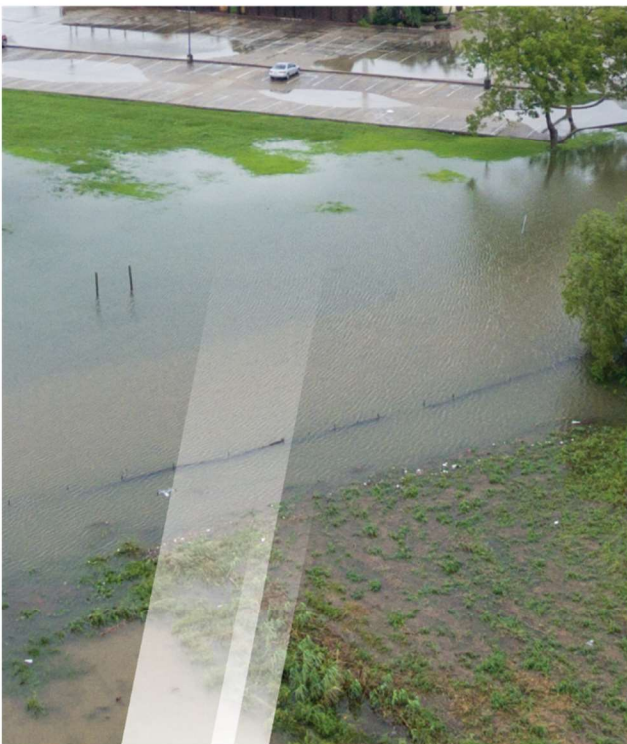
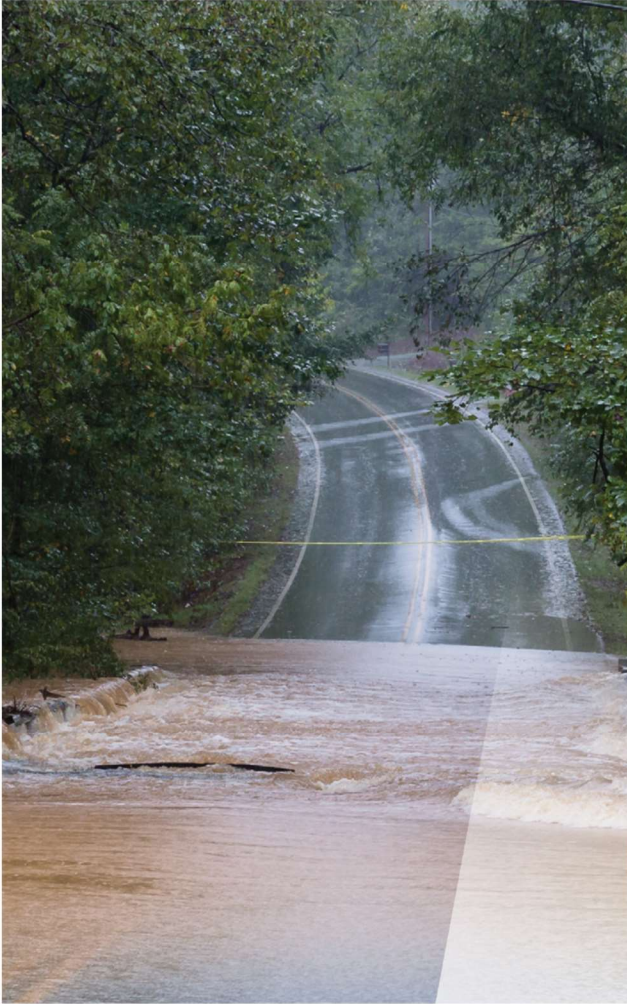
Introduction

As a business owner, it's important to be prepared for potential floods, which are one of the most common hazards in the United States. According to the Federal Emergency Management Agency (FEMA), all 50 states are at risk of flooding in some capacity. In addition, a study published in the *Nature Climate Change* journal predicts that the annual cost of flood damage in the United States will increase by more than 25% by 2050—from \$32 billion to \$40.6 billion.

The impact of floods on businesses can be devastating, resulting in lost production, sales, income and labor time; transportation costs; decreased tourist activity; and utility disruptions. In fact, 40% of small businesses never reopen following a natural disaster, according to FEMA and the U.S. Department of Labor. Therefore, it's crucial to take steps to protect your business from potential flood damage.

This guide provides actionable suggestions and best practices—which include assessing flood risk and taking steps before, during and after a flood—for reducing the impact of flooding on your business.





Assessing Your Flood Risk

This section delves into the process of assessing your flood risk. Understanding your flood risk is vital for making informed decisions and taking appropriate actions to protect your employees and property. It also allows you to proactively mitigate potential damage and enhance your overall preparedness. Here are steps for assessing your flood risk:

- **Check the FEMA flood map.** This map provides information about areas with high flood risk and helps communities make informed decisions to reduce that risk. However, keep in mind that floods can be unpredictable, so there is no such thing as a “no-risk zone.”
- **Learn the base flood elevation (BFE) for your property.** Knowing your property’s BFE can help you determine if your building’s lowest floor is above or below the BFE. If it falls below the BFE, you may want to consider elevating your structure to reduce the chances of flooding.
- **Identify the type of flood events that could affect your business.** These include:
 - **Aerial**—This typically results from heavy rainfall or melted snowfall.
 - **Catastrophic**—These result from an infrastructure failure, such as a dam burst, levee failure or water main break and the subsequent sudden release of thousands of gallons of water into the streets.
 - **Coastal**—This is often the result of hurricanes or tsunamis.
 - **Riverine**—This occurs from overflow conditions affecting rivers, streams, lakes and other bodies of water, usually due to severe weather.
 - **Urban**—This can result from blocked storm sewers and other drainage systems.



- **Determine the lead time required to implement your flood plan.** The lead time required will vary depending on the type of water source, ranging from several weeks for large rivers to very little warning for small streams.
- **Identify the authorities responsible for monitoring water levels or rain intensity.** Site management and the emergency response team should receive all notifications and warning services issued by this authority or agency.
- **Learn the various flood warnings.** The following warnings may be issued in the event of a flood:
 - **Flood advisory**—This is issued when flooding is not expected to be bad enough to issue a warning but may still cause a significant inconvenience.
 - **Flood watch**—This is issued when conditions are favorable for flooding.
 - **Flood warning**—This is issued when flooding is imminent or occurring.
 - **Flash flood warning**—This is issued when a flash flood, a sudden violent flood that can take minutes to hours to develop, is imminent or occurring.



Steps to Take Before a Flood

Being prepared is essential when dealing with natural disasters like floods. By taking measures to prepare in advance, you can significantly minimize the impact of a flood on your business. This section discusses the crucial steps to take before a flood occurs.

Include Flooding as Part of a Business Continuity Plan

A business continuity plan outlines how businesses can restore critical operations during an unplanned disruption in service. When creating a business continuity plan, it's important to identify the most serious threats by focusing on the most likely disruptions and their potential impact. Your business continuity plan should include the following:

- **Business impact analysis**—Businesses should recognize the types of events that could compromise operations, assess the severity of these threats, and identify steps to minimize their impacts.
- **Recovery strategies**—Following a disaster, businesses must assess which critical functions are necessary for the restoration of sales, production and

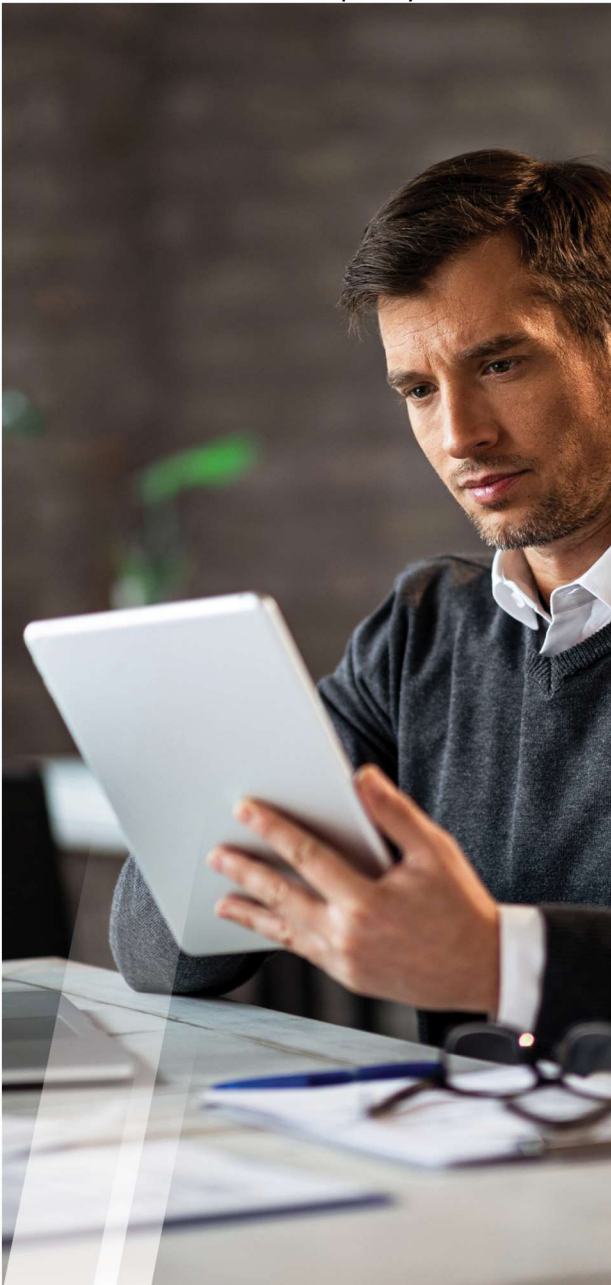
operations. Businesses can develop recovery strategies by identifying and documenting resource requirements, conducting gap analyses and exploring recovery strategy options.

- **Plan development**—By developing a plan framework, organizing recovery teams and developing relocation plans, businesses can ensure the proper steps are in place to keep property damage, business interruptions and bodily harm to a minimum.
- **Testing and exercises**—To successfully execute a business continuity plan in the face of disaster, it's important to develop the plan's testing, exercise and maintenance requirements. In addition, training should be conducted, and an orientation process for new employees should be developed.
- **Review and update procedures**—The business continuity plan should be regularly reviewed and updated to ensure its effectiveness. Businesses evolve and change, which may require adjustments to the plan to address new risks and vulnerabilities.

Review Insurance Coverage

Flooding is a cause of loss that is not typically covered by commercial property policies; businesses usually need to purchase a separate flood insurance policy. Before catastrophe strikes, it's important to take the time to conduct a detailed insurance policy review to ensure the coverage is adequate. In fact, if your commercial property is in a high-risk flood area and you have a mortgage from a federally regulated or insured lender, you are required to purchase a flood insurance policy. Considerations when searching for a policy include:

- **Policy limits:** Are the building(s) and contents insured to value?
- **Business interruptions:** Is there coverage for a potential loss of income while the premises are unusable?
- **Extra expenses:** Is there coverage for any extra expenses incurred while operating the business out of a temporary location?



Prepare Your Property

FEMA reported that more than 20% of flood claims come from properties outside of flood zones. This means it's important to take precautions to protect your property before a flood occurs, even if your business is located outside a typical flood zone. Here are some tips to prepare your property for a flood:

- **Create a flood plan** that includes evacuation routes; crucial business details; gas, water and electric supply information; contact sheets for people and their responsibilities; inventory and electrical equipment details; and a list of disaster recovery companies.
- **Create a data backup and recovery plan** so critical business data is regularly backed up and stored offsite or in the cloud since data loss can severely impact business operations.
- **Utilize dry floodproofing techniques**, such as keeping flood-protective materials on hand, installing watertight shields over doors and windows, and implementing flood gates or permanent flood doors.
- **Raise important equipment, electrical components and documents** above expected water levels and store them in waterproof and fireproof containers if necessary.

- **Landscape with native plants and vegetation** to prevent soil erosion and allow flood waters to drain more efficiently.
- **Use flood-resistant materials** for floor and wall coverings, insulation and building exteriors.
- **Inspect the exterior building and roof/gutters** regularly to ensure they can withstand wind and water from storms and flooding.
- **Verify that all installed backflow valves and closures are functional** to prevent chemicals, toxins and debris from entering clean water supplies.
- **Have backup systems** such as portable pumps and alternate power sources located above the base flood elevation.
- **Anchor fuel tanks** to prevent damage to your building or other properties downstream, along with potential leaks, fires, explosions or pollution risks.
- **Establish communication procedures** that include implementing an emergency notification system; creating a strategy for knowing who is in the building; appointing team leaders to communicate with and direct people in an emergency; and developing a list of external emergency contacts, such as the police.
- **Prepare an emergency kit** with items such as:
 - Flashlights
 - Radio
 - Sandbags, plastic sheeting and a loudspeaker
 - Copies of insurance documents and important phone numbers
 - Spare batteries
 - Medicine
 - Blankets, dry clothes and food
 - First-aid kit
 - Mobile phone
 - Extra cash
- **Conduct regular drills** to help prepare employees for what to do in the event of a flood. Training should include topics such as evacuation protocols, first aid and CPR, water safety, and recognizing and reporting potential hazards. Local public safety officials and emergency responders can observe, advise or participate in this training.

Protect Your Employees

In addition to protecting property, it's important that your business takes steps to protect its people. Since flooding can spread quickly, advanced planning and preparation can help reduce the chance of injuries and even loss of life. The following actions can be taken to protect employees and others in the event of a flood:

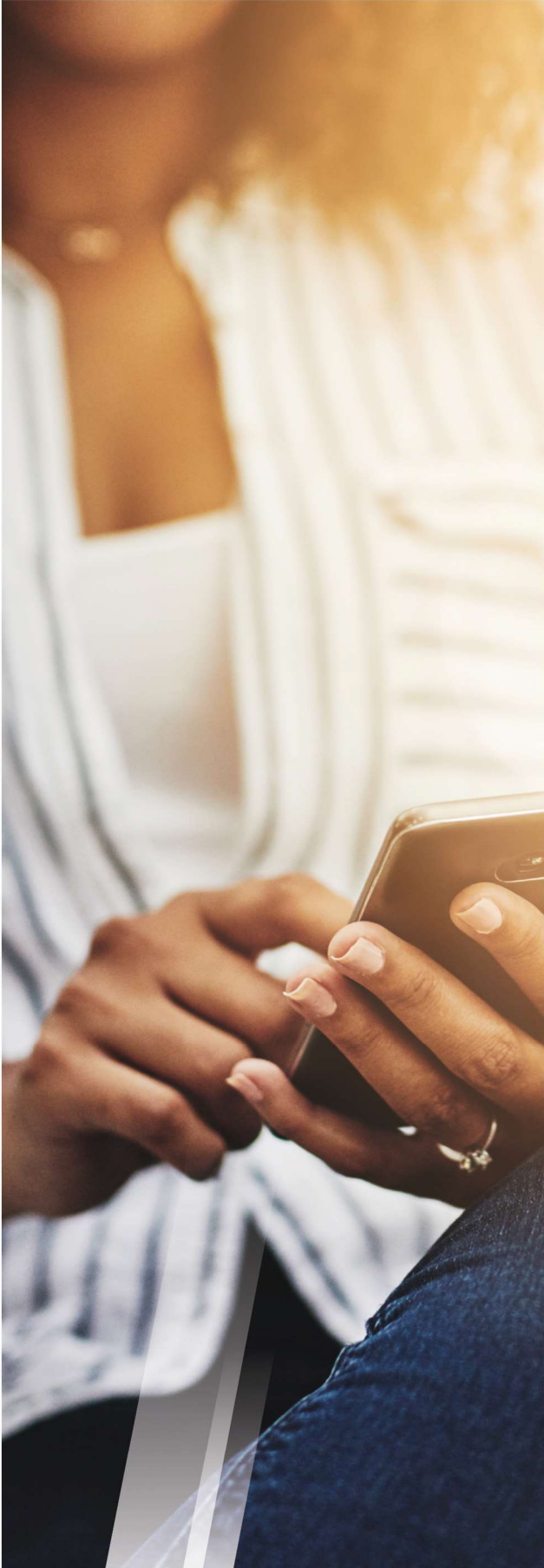
- **Designate worker roles** so employees understand their functions during an emergency and know what is expected of them before, during and after a disaster.



Steps to Take During a Flood

When the waters rise and a flood strikes, it's crucial to know what steps to take to ensure the safety of your employees and customers. Acting swiftly and making informed decisions can make all the difference in navigating this challenging situation. This section guides you through the essential steps to take during a flood, which include:

- Stay informed of updates and alerts from federal, local and state websites as well as threat intelligence systems.
- Be prepared to put the business continuity plan into action and ensure it is updated and communicated to employees.
- Secure all windows and doors throughout the property to prevent water from entering the building.
- Shut down any large electrical items that cannot be moved above the BFE to prevent any damage or electrocution from occurring.
- Secure as many items as possible such as files, keys and money.
- Close sewer backflow prevention valves and plug drains, toilets and sewer lines to prevent sewage from entering the building.
- Initiate communication procedures to keep stakeholders, staff and customers informed of the situation.
- Follow evacuation warnings from local officials if it is deemed unsafe to stay.



Steps to Take After a Flood

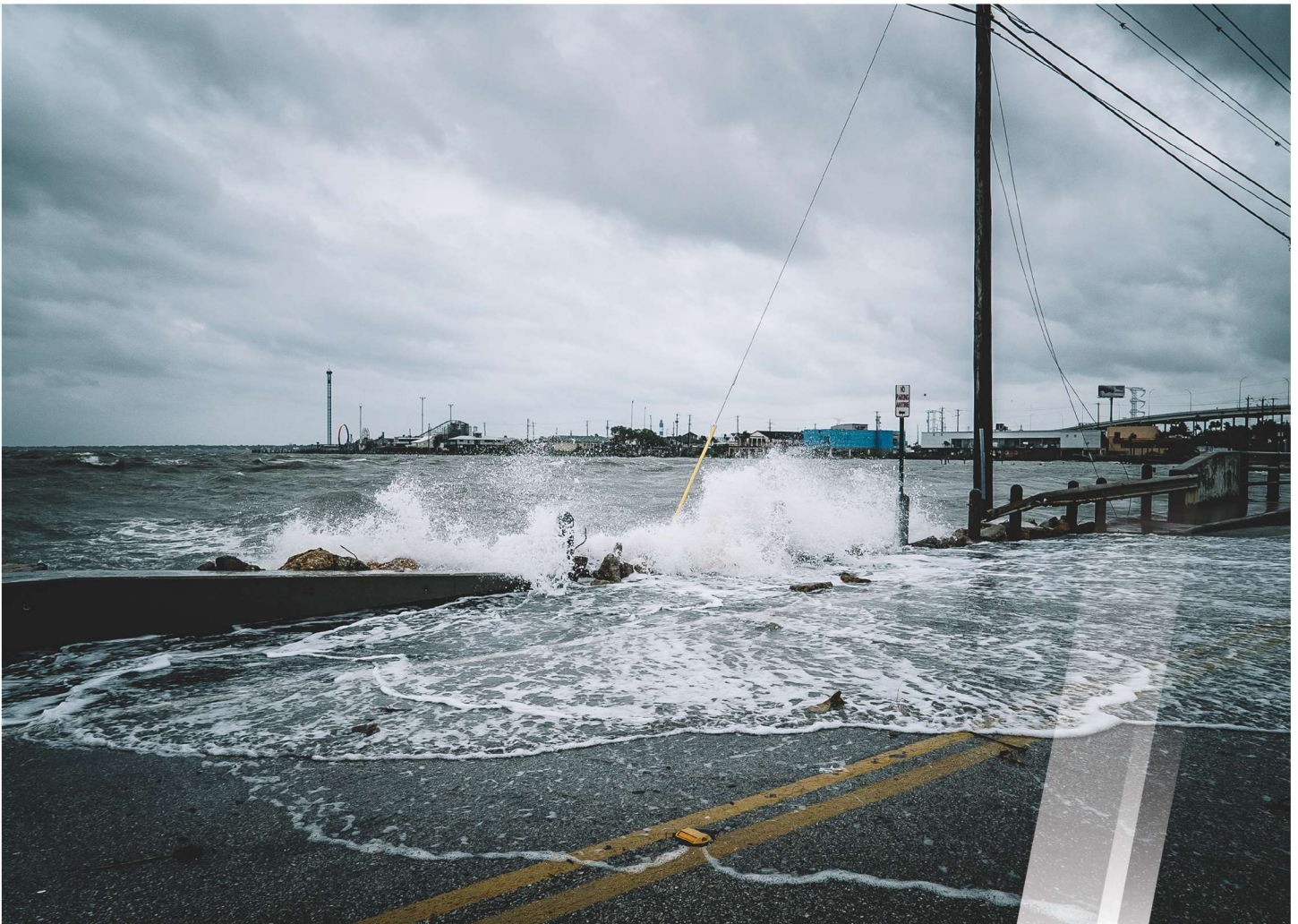
After the floodwaters recede, the recovery process begins. Coping with the aftermath of a flood can be overwhelming, but by taking the right steps, you can quickly resume operations or start rebuilding your business. This section explores the crucial steps to take after a flood to ensure your safety, assess the damage and begin the recovery journey. These steps are as follows:

- Maintain communication channels with corporate management, insurance professionals, employees, customers, vendors, and local and federal government agencies.
- Inform public sanitation, utility companies and disaster recovery companies as soon as possible.
- Return and assess the damage after the proper local authorities have granted permission.
- Take precautions, including wearing the proper personal protective equipment.
- Document loss by taking photos and identifying any potential hazards.
- Secure the area from future damage by checking for structural damage to the ceiling, roof, windows and doors. Any dangers should be marked off with caution tape, and areas must be sectioned off until their safety is determined.
- Conduct environmental controls by using fans and dehumidifiers to dry out affected areas.
- Have all utilities checked by professionals before they are used. Turning on compromised equipment can allow debris to be ingested into a building or generator engine, which could lead to damaging the system and contaminating the air with pollutants.
- File insurance claims as soon as possible.
- Make temporary repairs to protect or preserve property and equipment from further damage.
- Start the restoration process as soon as possible; exposure to water and other factors can cause irreparable damage if not quickly addressed.
- Keep tabs on all costs associated with the claims process.

Conclusion

Being prepared for floods is essential for safeguarding lives and minimizing the impact of these natural disasters. By understanding the causes, recognizing the signs and knowing how to respond, your business can effectively navigate the challenges of floods. Return to this guide for crucial information on preemptive and response measures to take before, during and after a flood, with an emphasis on the importance of preparedness, communication and resilience.

While it may seem overwhelming, you can work with qualified insurance professionals to learn more about and assist with flood preparedness practices and policies. Contact us today for more information.





Appendix

CHECKLIST | BEFORE, DURING AND AFTER A FLOOD

Presented by Horst Insurance

Floods can have a devastating impact on businesses. Lost production, sales, income and labor time; increased commute times; increased transportation costs from goods having to be rerouted; decreased tourist activity; and utility disruptions can all hinder business operations following a flood. As such, it's important to take preventive action to minimize such risks from occurring. Consider the items in this checklist when preparing your business for before, during and after a flood event.

BEFORE THE EVENT	YES	NO	N/A
Is there a written preemergency plan in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are workers aware of their roles during an emergency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have communication procedures been established?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there an emergency notification system in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there an accurate inventory of on-site products?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have the necessary steps been taken to prevent the release of dangerous chemicals that might be stored on your property?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have all fuel tanks been anchored?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have team leaders been appointed to communicate with and direct people in an emergency?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there a list of external contacts—such as the police—readily available?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are emergency supplies—including a battery-operated weather radio, first-aid kit and flashlights and batteries—stocked?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are regular drills conducted to ensure employees know what to do during a flood?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there a process in place to regularly update employee contact information?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have vulnerable building areas, such as garage doors or roofing, been reinforced?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are facility shutdown, warning and evacuation procedures in place?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Is there a crisis communication plan in place for communicating with suppliers, vendors and the public following a disaster?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

This checklist is not intended to be exhaustive nor should any discussion or opinions be construed as legal advice. Readers should contact legal counsel or an insurance professional for appropriate advice. © 2023 Zywave, Inc. All rights reserved.

Is there a process for backing up records, including insurance documents, legal contracts, tax returns and accounting statements?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have existing insurance policies been reviewed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

DURING THE EVENT	YES	NO	N/A
Is there an emergency broadcast radio in use?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have sewer drains and toilets been plugged to prevent floodwater from backing up?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have elevators been raised to the second floor and turned off?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have electrical items been unplugged?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

AFTER THE EVENT	YES	NO	N/A
Have employees, suppliers, customers and other stakeholders been updated on the situation?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Has an insurance claim been filed?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Have losses been documented with photos and videos?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Are all costs associated with the claims process being tracked?	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

For more risk management guidance, contact us today.