



WEATHER THE STORM:

**Hurricane Preparedness Strategies
To Protect Your Business**



Colorado State University has predicted that the 2018 Atlantic hurricane season will have a near-average number of hurricanes and tropical storms with a total of 14 named storms. Six of the named storms are forecast to have hurricane strength, with two of those expected to be major hurricanes of a Category 3 or higher. The report was downgraded from the original forecast, which called for seven hurricanes and three major hurricanes.

But even though the prognosis is more moderate — because of conditions that are less conducive for the formation of hurricanes in the Atlantic — the prediction is not to be taken lightly. Even if forecasters call for a low number of storms, that may not be how it actually plays out.

For example, while 2011 was predicted to be an average year for hurricanes, it was the year that Hurricane Irene, downgraded from a Category 3 to a Category 1, struck the Outer Banks of North Carolina. Irene traveled up the East Coast, over New York City and through northern New England. The storm brought torrential rain and inland flooding that ultimately caused 40 deaths in the U.S. and \$15.8 billion in damage. Irene is now ranked as the costliest Category 1 storm to hit the U.S.



Annual Damage Of Hurricanes

The 2017 hurricane season was ranked by Time as one of the deadliest in the past 20 years, behind the 2005 season. Destruction from Harvey, Irma, Maria and other named storms in 2017 caused 103 fatalities and cost \$200 billion in reported damages among residential, commercial and government sectors.

As well as being the most costly season, 2005 also holds the record for the most named storms at 28. Second highest was 20 storms in 1922; and 2012 and 2011 tied for third place with 19 named storms.

The top five costliest U.S. hurricanes on record:

Katrina	2005	\$161 billion
Harvey	2017	\$125 billion
Maria	2017	\$90 billion
Sandy	2012	\$71 billion
Irma	2017	\$50 billion

In flood insurance payouts, Katrina (2005) topped the list with 167,985, amounting to \$16 billion. The average paid loss was \$97,140.

In terms of insured coastal properties vulnerable to hurricanes in the U.S., New York ranks at the top with \$2.92 trillion. It is followed by Florida (\$2.86 trillion), Texas (\$1.17 trillion), Massachusetts (\$849 billion), and New Jersey (\$713 billion), according to NOAA.

Because of the unpredictability of when and where they will land, how long they will last and their sheer force, hurricanes bring serious hazards including high winds, heavy rain, storm surge and sometimes tornadoes. Communities, businesses and residents usually have a few days to assess and to evacuate if necessary, but the best preparation is having a step-by-step plan in place that takes into account the safety of employees, supply chain and physical property to ensure you can continue running your business.



Hurricanes' Major Business Impacts

The heavy winds and flooding caused by hurricanes can damage the power grid, pollute streams and water sources and cause infrastructure damage to buildings, roads and bridges — all considerations for emergency planning that must create alternatives that allow the business to continue operating.

One of the biggest impacts of Hurricane Harvey in Texas was flooding. In fact, NOAA reports that Harvey produced 60.58 inches of rainfall in Texas, the most ever recorded in the continental U.S.

While many of those areas were situated in floodplains, a location that is not in a floodplain shouldn't downplay flooding in its emergency plans, as flooding can occur anywhere. Tropical Storm Irene underscores this fact, as heavy rains caused flooding even in higher elevations. Vermont, an inland state, had as much as 11 inches of rain and \$733 million in damage. More than 2,400 roads, 800 homes and businesses, 300 bridges (including historic covered bridges) and a half dozen railroad lines were destroyed or damaged, according to NOAA.

An issue not to be overlooked is debris removal. After a disaster, cities and communities are filled with mountains of trash that create a number of issues including the costs of removal as well as available manpower for removal and the decision of where to put the debris.

One of the most costly cleanups was after Hurricane Katrina in 2005, which took almost a year at a cost of \$2 billion, Reuters reported. Cleanup spanned several states and included demolition of more than 23,000 homes in the New Orleans area alone.

After Hurricane Harvey in 2017, Houston city officials estimate that about 8 million cubic yards of debris were hauled away, enough to twice fill up the Texans' NRG Stadium. There were about 100,000 piles of trash in the city, [according to the New York Times](#). Contracted waste haulers and municipal crews moved trash to dozens of landfills.



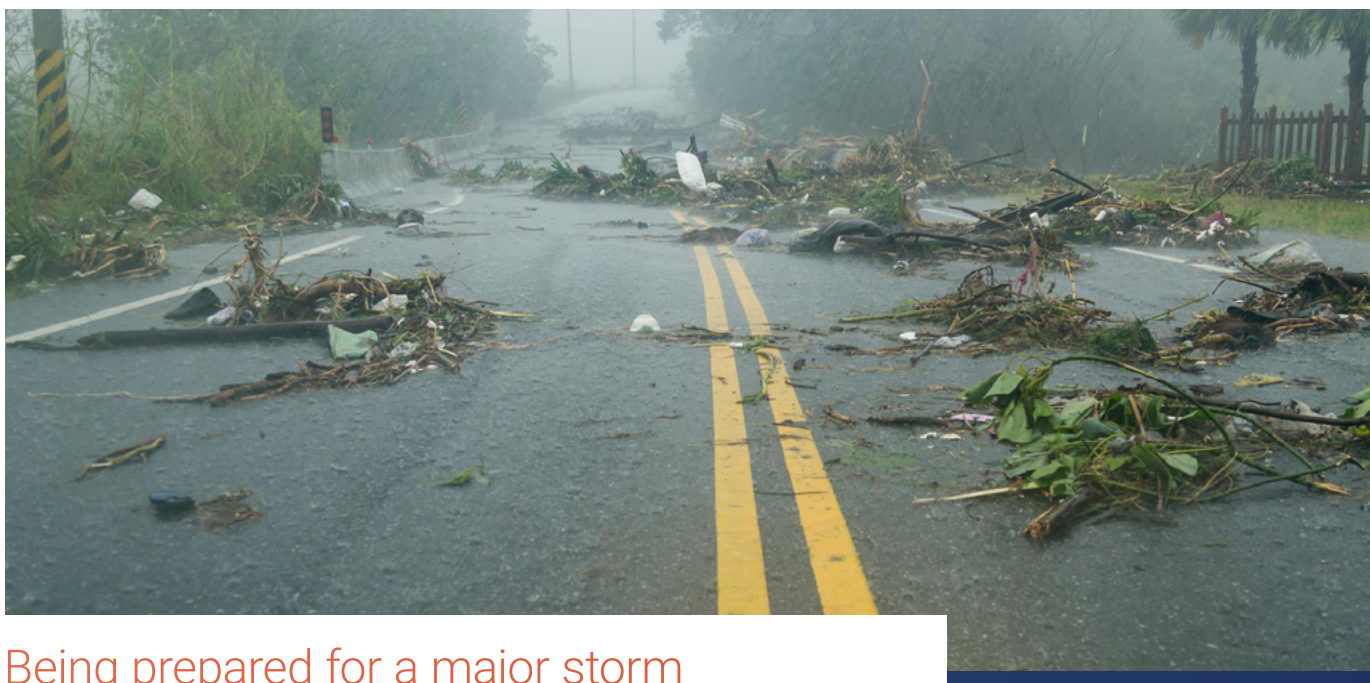
Identifying And Addressing Issues In A Hurricane Preparedness Plan

Being prepared for a major storm or hurricane should be a top priority for every organization, but the majority of senior executives of large U.S. companies with operations in Texas, Florida or Puerto Rico admit to being unprepared for last year's hurricanes that devastated their communities.

According to a survey by FM Global, a commercial and industrial property insurer, 64% of respondents said the hurricanes had an adverse impact on their operations, and a full 62% said they were not fully prepared.

The study found that as a result of hurricanes Harvey, Irma and Maria:

- **57%** of all respondents said they would put in place or enhance their business continuity or disaster recovery plans
- **40%** planned to invest more in risk management, property loss prevention, and/or reassess their supply chain risk management strategy
- **25%** planned to reassess their insurance coverages or their insurers



Being prepared for a major storm or hurricane should be a top priority for every organization

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Another reason for insufficient natural-hazard preparation is imprecise terminology, Gritz explained. For example, being in a "100-year flood" zone does not mean you have 99 years to plan. Rather, there's a 1 percent chance of such a flood every year. Another reason for insufficient preparation, he added, is over-reliance on insurance, which cannot restore market share, brand equity and shareholder value lost to competitors. A third reason is denial of risk.

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This study underscores the fact that successful planning includes the entire organization and should not wait for an event to happen before being taken seriously.

To help minimize the effects of costly wind damage, businesses need to have backup power generators ready, rooftops inspected and secured, doors braced, windows covered, and vulnerable objects put away or strapped down, including rooftop equipment and solar panels, FM Global advised.

Businesses can prevent flood damage by elevating or sealing off valuable equipment, fastening storage tanks, inspecting fire protection equipment and preparing to turn off utilities. Flood protection products that meet rigorous certification testing standards can reduce the need for sandbags, the insurer added.



Covering Impacts To Employees, Suppliers And Customers

The biggest challenges of hurricanes to companies are the safety of employees, the continuity of their supply chain and the ability to get back to business quickly after a storm, especially if their property has sustained damage.

In a recent [AlertFind webinar](#), Joe Trainor, program director of the Disaster Science and Management program and an associate professor of public policy and administration at the University of Delaware, gave three critical, but often-overlooked, tips to consider when planning:

1 Help employees prepare their homes.

After the storm passes, you'll want your employees to return to work, but if they're tending to damaged homes, that may not happen so quickly. "Consider hosting a workshop in your business on household-level preparedness," Trainor said. "Some companies incentivize their employees to purchase home preparedness kits with bonuses or even compensation. And some companies even provide some services directly — employers that have feeding facilities like cafeterias can utilize them; others might offer daycare support. Providing an environment that helps the employee meet the needs of their job can be part of your business planning."

2 Have extra operating cash available.

"Access to capital is also a huge problem for all businesses," Trainor said. "Ones in at-risk areas don't have access to capital or loans, and their businesses fail because they don't have access to resources to allow them to weather the storm long enough to rebuild or get their business back up and running." He added that the Small Business Administration will grant loans for businesses in at-risk areas, but this process can take time and isn't a quick fix for the business.

3 Consider your rebuilding strategy.

Trainor advocates looking for local renovation services, if possible, because of the broader impact. "Those first investments from companies make a big difference because investing in local contractors helps them to rebuild their business and their customer base, and can strengthen the local economy," he said.



Planning also needs to take supply chain operations into account, as a disaster can impact an entire industry.

One such example was the major disruptions to Puerto Rico's pharmaceutical product and medical device manufacturing facilities due to the destruction from Hurricane Maria. Puerto Rico is the fifth-largest territory in the world for pharma manufacturing and produces about half of the world's top-selling patented drugs, according to a 2016 report from [Pharma Boardroom](#).

The interruption and damage to manufacturing plants impacted international supply chains for products such as cancer and HIV treatments, immunosuppressants for patients with organ transplants, and small-volume bags of saline — a necessity for patients in need of intravenous solutions.

There were also concerns regarding the storm's long-term effect on employees' abilities to travel to work, the safety and efficiency of the machinery used and how long facilities could continue to run on generators.



The Value Of Being Prepared And Mitigating Damage

FM Global loss history data show that facilities with well-organized flood emergency response plans have almost 70% less damage and are able to resume operations sooner than those with no plan or an inadequate plan. The key is to spend the time necessary to develop an effective plan before there is a disaster. After all, the savings can be substantial, as every \$1 a business spends on hurricane protection reduces loss exposure by about \$105.

Besides preparations, what happens after a hurricane is an important part of an emergency plan. The Institute for Business & Home Safety (IBHS) recommends that organizations take these precautions:

Protect yourself

Always be careful when entering a damaged building. If there is serious structural damage, contact local officials before entering. Report downed power lines or gas leaks. Keep electricity turned off if the building has been flooded.

Protect your property

Take reasonable steps to protect your property from further damage. This could mean boarding up windows and salvaging undamaged items. Your insurer can tell you what they will pay for regarding protection.

Report the loss as soon as possible

Contact your insurance company or agent as soon as you can. Provide a general description of the damage and have your policy number handy if possible. Write down the adjuster's name, phone number and work schedule as soon as you have them.

Prepare a list

Keep damaged items or portions of them until the claim adjuster has visited, and consider photographing or making videos of the damage to document your claim. Prepare a list of damaged or lost items for your adjuster.

Keep receipts

If you need to relocate, keep records and receipts for all additional expenses. Most insurance policies cover emergency living arrangements.

Return claim forms

After your insurer has been notified of your claim, they must send you the necessary claim forms within a certain number of days (time period varies by state). Fill out and return the forms as soon as possible. If you do not understand the process, be sure to ask questions and write down the explanation.

Cleanup

When starting the cleanup process, be careful, and use protective eyewear and gloves if available. Adjusters may tell business owners to hire a professional cleaning service.

Build stronger next time

When you're ready to start repairs or rebuild, work with your contractor to make sure the new structure is disaster-resistant.



Want to learn more about protecting your organization during hurricane season?

Watch our webinar featuring Joe Trainor for more expert advice.

Watch The Webinar

About the author



Joe Trainor is an experienced emergency preparedness expert who specializes in household, organizational, and community disasters and catastrophes. He has conducted extensive disasters and disaster preparedness research, working with organizations of all sizes to help them understand the threats they face and implement emergency preparedness plans.

He has a Master of Arts in Sociology and a Ph.D of Philosophy in Sociology and currently serves as the Program Director for the Disaster Science and Management Program at the University of Delaware.



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