

# How to Prepare Your Business for Flood Risks



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## Introduction

Despite being the most common natural disaster in the United States, floods can be nearly impossible to predict. Just one sudden severe storm can overrun drainage and water systems, resulting in widespread, damaging floods. If you're unprepared, those damages bring a hefty cost. In 2019, it's estimated that floods were directly responsible for [\\$3.75 billion](#) in damage. [Experts](#) are predicting the 2021 hurricane season to be "more active than average," resulting in an even greater risk of flooding for hurricane-prone areas. Here are actions you can take to prepare for a potential flood and help your business stay afloat.

## Prepare Your Business and Physical Locations

Floods have many causes—from storm surges in hurricane-prone areas to ice jams blocking rivers or streams, even urban development altering topography. Because of this, flooding can occur anywhere in the country. Even if you've been in one location for decades and never experienced a flood, it's important to consider if you're at risk of flooding.

You can start by checking your area's flood risk map, which you can find at [www.floodsmart.gov](http://www.floodsmart.gov). Keep in mind that a small amount of water can cause a massive amount of damage, even if you are in a "low flood risk" area.

Once you've assessed your risk, you can begin preparing your business, starting with the physical property. Consider taking the following precautions:

- Procure flood boards that you can install to your doors when a flood is imminent.
- Seal floors to avoid water seeping up from the ground.
- Install non-return valves to drains and water pipes.

- Add high shelving for storing items away from flood waters.
- Raise your electrical, including sockets, fuse boxes, and wiring, to at least one foot above the 100-year flood level in your area.
- Keep a pump on your lowest level for removing water.
- Stock up on useful items like plastic sheeting, plywood, sandbags, nails, hammers, and shovels. These can quickly become difficult to find when disaster strikes.
- Learn how to shut off your utilities (e.g., gas, electricity, and water).
- Compose a list of useful phone numbers, such as your local government and, especially, your insurance agent or broker.
- Work with suppliers and clients to develop a flood continuity plan.
- Designate an emergency flood contact.
- Educate your staff on proper flood safety procedures and establish a safe rendezvous point in case you need to evacuate quickly.

You'll also want to create a flood plan to document how your business will respond in the event of a flood. A good flood plan should include:

- A complete list of important contacts—be sure to include building services, suppliers, and evacuation contacts.
- A map with locations noted for supplies and shut-off points.
- An outline of strategies for protecting property, keeping everyone safe, continuity of business, and recovery.
- Easy-to-follow procedures for staff to follow when a flood is imminent.

Be sure your flood plan is located in an accessible spot, and educate everyone on where to find it and how to use it. Flood risks can change, so review this document at least every year.

To make it easier to get started, download this [Sample Business Flood Plan](#).

## Make Sure You're Covered

No matter how much you prepare, there's no way to completely prevent damage from a flood, so you'll want to make sure you're covered. This is where flood insurance comes in, which is only available through the National Flood Insurance Program (NFIP), though it's sold by private insurers. Essentially, it's backed by the federal government to make sure you get a fair price.

There are two main flood hazard level standards: moderate-to-low risk and high-risk. The NFIP uses these, along with several [subcategories](#), to categorize a company's flood risk and set premiums.

Other factors that determine your flood insurance premiums include:

- Building's age, height, and occupancy.
- Your company's location within the building.
- The location of the lowest floor in relation to the elevation requirement on the flood map (only applicable to newer buildings).
- The deductible you choose and the amount of building and contents coverage.

If your business is in a high-risk flood zone and you have a mortgage from a federally regulated or insured lender, you are required to have a flood insurance policy. That said, it's a good idea to purchase flood insurance even if you're in a low-risk area. The NFIP says a third of all claims paid are for policies in low-risk areas. Plus, new land development can change natural runoff patterns, thus increasing risk. Additionally, if your

business is located in a low-risk area, you're eligible for the Preferred Risk Policy. This could cover your building, as well as its contents, for just a few hundred dollars a year.

## Start a Claim

You can begin the claims process immediately after a flood. If you do need to file a claim, it's best to make sure you have the following information:

- A copy of the policy declarations page that details your flood insurance coverage if you have it.
- The best way to contact you (normal phone lines and internet access may be disrupted).
- The name of any applicable mortgage company.

After the claims process has started and local officials have stated it's safe, you can return to your property and prepare for an inspection and damage assessment. Here are some steps to take before the inspection begins:

- Ensure your staff is safe and accounted for.
- Make sure the gas, electricity, and other utilities have been shut off before entering your property.
- Cover any areas of the workplace that are exposed to the elements and arrange for any temporary repairs that will protect your property from further damage. Do not, however, make agreements with cleaners or contractors without consulting your insurance agent or broker first.
- Take well-lit pictures and videos of property damage as soon as it's safe to do so, as receding waters could affect the situation. Focus on structural damage to the building and standing floodwater levels inside and out. Also, document damage to appliances, furniture, and other items before moving anything.

- Record the serial numbers of any appliances and other property you find.
- Look for undamaged samples from flooring, wallpaper, window coverings, and other materials so a claims adjuster can assess their value.
- Keep detailed records of any expenses you incur after a flood.
- Keep a detailed inventory of all damaged and undamaged personal property. Do not dispose of anything until a claims adjuster gives you the go-ahead.

Make sure you get the claims adjuster's contact information when they arrive for the inspection in case you need to contact them later. At the inspection, the claims adjuster will explain the NFIP's claims process and assess your property, taking measurements and pictures of the damage. If the damage is extensive, you may qualify for an accelerated claims process, which would allow you to begin repairs immediately.

When you do start working with contractors and other third parties for post-flood repairs and services, keep copies of all receipts, bank statements, invoices, and other documents that show how you paid. These items may be used as permanent records in case your business floods in the future and may affect how much you're compensated. It's also important to remember to fully vet any third parties and obtain certificates of insurance for contractors you hire.

## Stay Safe

One of the best moves you can make is contacting your insurance agent or broker. They'll be able to help you assess your risk level, take proper precautions, and ensure you're covered should disaster strike—helping you keep your head above water.

*For more information about how you can minimize the risk of claims for your business and to ensure you have adequate coverage, reach out to your VGM Insurance Services Account Manager, or contact us today at [info@vgminsurance.com](mailto:info@vgminsurance.com) or **800-362-3363**.*

