



Preparation Matters to Businesses

It's easy to think that disasters always happen somewhere else to someone else, but disasters can strike any business or community anywhere and at any time. While we cannot know when or where the next disaster will strike, every town in Vermont has experienced flooding and the state has had at least one federally-declared disaster in 20 of the past 25 years. The good news is that businesses can take steps today to prepare, respond and recover from these risk and put themselves in a position to bounce back more quickly.

Why it Matters

The cost of not preparing for disasters can pose serious risk to any organization. According to FEMA, nearly 40% of businesses do not reopen after a disaster and data from the US Small Business Administration shows that over 90% of businesses fail within two years after being struck by a disaster.

While most organizations, both public and private, cannot afford unplanned and prolonged downtime from an unforeseen emergency, many struggle with getting started on their emergency plans and disaster preparations.

Simply identifying business risks can significantly reduce potential damages and business recovery costs.

Understanding what the risks of flooding are for your business will help you:

- ➔ Make sure that you have the right insurance coverage for business interruption.
- ➔ Plan ahead and take steps like developing a continuity of operations plan (COOP) to limit potential damage (see Business Continuity Plans below for details).
- ➔ Train employees so they know what actions to take in the event of a disaster or after receiving a flood warning.

Steps Businesses Can Take to Reduce their Risks

1. **Identify Flood Risk.** Identifying your risk is a good place to start. Floodplain maps are available at most town offices, or click here http://floodready.vermont.gov/assessment/vt_floodready_atlas to find out if your business is in an area where floods could potentially happen. Once you have assessed your flood risk, review your insurance coverage.
2. **Review Insurance Policies.** Many types of disasters are not covered under normal insurance policies and funding or loans from government agencies is often too little and too late. All insurance policies have overall policy limits and specific limits for different types of coverage and any business located in a flood-prone area should carry flood insurance. Also check to make sure your insurance includes business

interruption coverage and that it reimburses other unexpected costs (like service interruptions from lost power or Internet access, lawsuits and unemployment compensation claims filed by employees). Business interruption insurance compensates a business for lost income, expenses and profits if a disaster, such as a flood, closes your doors. Your insurance agent can help you determine what is covered and what is excluded and check to make sure your coverage is adequate for your needs. However, insurance is complicated and it's a good idea to have your lawyer review your policy, consider various scenarios and help you identify any gaps in your insurance coverage. See Insurance Checklist for Business for additional details.

3. **Floodproof and Elevate Utilities.** The cost of flood insurance may be reduced with building modifications. Contact your planning and zoning office to learn more about building and construction techniques that can both reduce risks and save money.
4. **Plan Ahead.** There are also a number of low-cost steps you can take to reduce the impacts of a flood. At a minimum, regularly back-up computer data and store important tax and financial records and information such as your insurance policy details in a flood safe place. Documenting your building, furnishings, equipment and inventory with photos or video can speed the insurance claims process.
5. **Train and Practice.** Employees need to understand flood warnings and what to do when they get one. This includes understanding the dangers of flooding and how to evacuate the building safely. Train all staff on procedures to shut down the business and how to deploy loss reduction measures, like relocating equipment and inventory to upper floors and deploying door and window dams to reduce flooding. Finally, remember that flooding can also affect employees' ability to work, as their priority may be to protect their home and family first.
6. **Pay Attention to Emergency Alerts.** Listen to local news and weather reports for any potential flood warnings in your area. Having a business continuity plan and a few extra minutes to evacuate can save lives and your business.

Tools to help businesses prepare in the event of flooding or other disasters can be found on the following pages. They include:

- ➔ Details on preparing a Business Continuity of Operations Plan (COOP) with access to templates and resources for help
- ➔ A disaster preparation checklist specifically for farms. This is intended to help farmers prevent losses from flooding and other disasters that can destroy a farm's viability.
- ➔ An Insurance Checklist for businesses to help determine what insurance is needed

