

AmTrust Property Zone

Flood Damage Prevention

In 2017, Hurricane Harvey caused massive flooding in parts of Texas, resulting in \$125 billion in damages. In 2019, there were three major inland floods and two tropical cyclones that resulted in at least \$1 billion in damages each.

Flooding can occur anywhere with very little warning and can cause significant damage to your business. Your small business must be prepared for flood risk and the damage that can happen to your property.

How Flooding Occurs

Flooding can occur in every state, county and city. Causes of flooding can include the following:

- **Hurricanes and Tropical Storms:** The Atlantic hurricane season lasts from June to the end of November.
- **Tsunamis:** Volcanic eruptions, landslides and earthquakes can trigger tsunamis. In the United States, Alaska, California, Hawaii, Oregon, Washington and the U.S. Caribbean islands have the highest risk of a tsunami.
- **River Flooding:** Severe storms and melting snow can result in river flooding. In some cases, ice or debris will restrict water flow resulting in flooding.
- **Dam Failure:** The Association of State Dam Safety Officials says that dam failures have been documented in every state. Between January 2005 and June 2013, 173 dam failures were reported.
- **Flash Floods:** Flash floods can occur quickly and be powerful enough to destroy structures. In a flash flood, water may reach heights above 30 feet.
- **Rising Water:** Changes in terrain, changes in water channels, severe rain, new construction and impervious pavements increase the chances of rapidly rising water in locations that previously remained dry.

How Much Water Is Needed to Cause Damage?

Floodwaters can reach frightening heights, but it doesn't take a massive surge to cause water damage.

According to Federal Emergency Management Agency (FEMA), a single inch of water can cause a potential average loss of \$26,807. With every additional inch of water, the potential losses increase. By 24 inches, the potential losses are more than \$87,000.

Businesses can experience extreme losses from flooding. These losses can stem from damage to the building itself and the destruction of equipment, inventory and supplies inside the building. Businesses may also experience business interruption after a flood event, leading to additional losses.

Know Your Risks

Flooding can occur anywhere, but some cities and states have a much higher risk than others. Knowing your risk level is an important first step in flood preparation. Here are two resources to help you understand your risk:

- **FEMA Flood Maps:** As part of the National Flood Insurance Program, FEMA provides flood mapping through its [Risk Mapping, Assessment and Planning](#) program. An area can be considered low-risk, moderate-risk or high-risk for flooding. If you own a property in a high-risk area and have a federally backed mortgage, you are required to purchase flood insurance. However, one in three insurance claims comes from a low-risk or moderate-risk area.
- **First Street Foundation's Flood Factor:** FEMA's flood maps aren't the only source of information. The First Street Foundation has developed [Flood Factor](#), an online tool that provides flood risk assessments for any area in the country.

Did You Know?

A single inch of water can cause thousands of dollars of damage to your building.

Protect Your Business

Whether you are in a high-risk or low-risk area, take steps to protect your business from a flood.

- Depending on your flood risk level, take appropriate steps to reduce the chance of a flood damaging your business. These steps may include elevating the property and using waterproofing techniques.
- Keep stock, inventory and equipment at higher levels or off the floor on pallets, blocks or shelving.
- Evaluate the need for flood protection materials (floodgates, sandbags, tarps, etc.)
- When a disaster is imminent, take appropriate measures to reduce damage. For example, you may need to move expensive equipment or important files to a safer location or install sandbags to reduce flooding.
- Create an emergency response plan and business continuity plan to help your business maintain operations and recover quickly.
- Obtain flood insurance. Review your policy limits and exclusions annually.

Subscribe to **AmTrust PolicyWire**, for regular email updates, including [How to Prevent Flood Damage](#).

Sources:

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For additional information and resources on this topic and other safety and risk management subjects be sure to visit the Loss Control section on our website:

www.amtrustfinancial.com/loss-control



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