

Risk A/T[®] Work



Risk A/T[®] Work is a forum dedicated to sharing safety and loss control tips with our brokers and insureds. Risk A/T[®] is our proprietary risk management approach promoting informed risk analysis based on two behavioral factors — Aptitude and Tolerance.

Preparing for the 2024 hurricane season

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With damaging winds, storm surges, torrential rain and flooding, hurricanes pose a significant threat to property, operations, and employee safety. Businesses can significantly increase their chances of weathering the storm by taking proactive steps and implementing a comprehensive hurricane preparedness plan.

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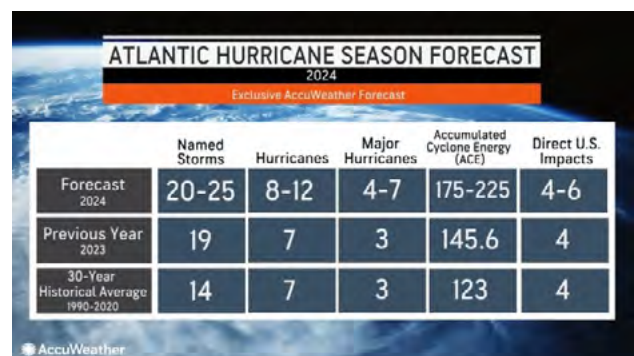
Buckle up: 2024 looks to be a potentially wild ride!

While appearing to be a mild hurricane season, 2023 was actually quite active with 20 named storms in the Atlantic basin and 17 named storms in the Eastern Pacific basin including tropical storm Hilary in southern California, and category-5 Hurricane Otis making landfall near Acapulco, Mexico.

As hurricane season quickly approaches, weather forecasters watch for the transition from El Niño to La Niña during the Summer and Fall months. According to Climate.gov, NOAA's website, this weather pattern shift favors stronger hurricane activity in the Atlantic –

and we are seeing a shift. AccuWeather has also released their early forecast and is calling for a “super-charged hurricane season”.

The driving factors for this shift include above historical average sea-surface temperatures in the Atlantic basin, Gulf of Mexico and the Caribbean. The warmer water helps promote storm development as well as rapid intensification. The transition from El Niño to La Niña will also play a major role in the creation of wind shear over much of the Atlantic basin, which is also reflected in AccuWeather's Early Forecast for 2024.



	Named Storms	Hurricanes	Major Hurricanes	Accumulated Cyclone Energy (ACE)	Direct U.S. Impacts
Forecast 2024	20-25	8-12	4-7	175-225	4-6
Previous Year 2023	19	7	3	145.6	4
30-Year Historical Average 1990-2020	14	7	3	123	4

Storm readiness

To ensure businesses come out safely on the other side of what is predicted to be an active season, they need a strong risk management plan. The cornerstone of hurricane preparedness is a well-defined Business Continuity Plan

(BCP). This roadmap outlines the steps your business will take before, during, and after a hurricane to minimize disruption and ensure a smooth recovery.

Key components of a BCP include:

- **Identify essential personnel:** Designate a team responsible for implementing the BCP, including communication, security, property assessment, and recovery operations
- **Back-up data and ensure data security:** Establish a robust data back-up strategy that includes regularly backing-up critical data electronically and storing it securely off-site, preferably in a geographically separate location not vulnerable to the same storm.
- **Conduct risk assessments:** A thorough risk assessment is necessary to identify potential vulnerabilities and weaknesses in your facilities, operations, and supply chain. This helps prioritize actions and resource allocation for mitigation efforts.
- **Develop communication plans:** A clear communication plan keeps employees, vendors, and clients informed about the company's status before, during, and after the storm. Utilize multiple channels like email, text messages, and social media to ensure reach, even if power outages occur.
- **Review insurance:** Ensure your insurance policies is up-to-date and you have adequate coverage for wind damage, flood damage, business interruption, and other potential losses associated with hurricanes.

Securing your physical location:

Considering the extent of damage a hurricane can inflict on buildings and infrastructure, consider the following to fortify your property:

- **Exterior protection:** Board up windows with hurricane shutters or pre-cut plywood. Secure loose outdoor items, signage, and satellite dishes.
- **Flood mitigation:** Clear drainage ditches and gutters around your building to prevent water accumulation. Install sandbags at doorways and other openings to protect against floodwaters. If regular flooding is a concern, explore more permanent flood mitigation solutions.
- **Equipment security:** Anchor large furniture, equipment, and inventory to prevent them from becoming projectiles. Move sensitive equipment and important documents to higher ground.

- **Equipment maintenance:** If your business relies on a backup generator for power, ensure it's properly maintained, fueled, and operational in case of outages.

Emergency Supplies:

Caving emergency supplies on hand can be crucial during and after a hurricane and should include:

- **Emergency kit:** Assemble a comprehensive kit containing non-perishable food, bottled water, a first-aid kit, flashlights with extra batteries, a battery-powered or hand-crank radio, sanitation supplies, basic tools, a multi-purpose tool, a cell phone charger with a power bank, and a whistle for signaling.

Employee Safety and Communication:

- **Pre-storm employee notification:** Keep employees informed about the storm's progress and potential impact on the business through multiple channel – email, phone and text messages and social pages. Communicate evacuation plans, remote work options (if feasible), and shelter locations.
- **Flexible work arrangements:** Consider offering remote work options or flexible work schedules during the storm and its aftermath to facilitate employee safety and well-being.
- **Post-Storm employee notification:** Clear and consistent communication with your employees after the storm is equally important. Assess the situation, provide updates on potential delays in reopening, and guide employees on safe return procedures

Supply chain considerations:

Hurricanes can disrupt supply chains and logistics, so consider the following as you create your hurricane preparedness plan:

- **Diversify suppliers:** To minimize dependence on a single source vulnerable to storm disruptions, consider diversifying your supplier base
- **Inventory management:** Maintain a healthy inventory buffer of critical supplies and materials to bridge potential gaps caused by supply chain disruptions.
- **Vendor communications:** Establish clear communication channels with key vendors and discuss contingency plans for ensuring the timely flow of vital supplies for before and after a hurricane.



Safety after the storm

- **Damage assessment:** Once it's safe to do so, conduct a thorough assessment of your property. Prioritize safety and avoid entering buildings with structural instability or electrical hazards. Only re-enter and attempt to turn on utilities after confirmation of safety from utility companies.
- **Develop a recovery timeline:** Based on the extent of damage and ongoing repairs, establish a realistic timeline for resuming full or partial business operations.
- **Communication with stakeholders:** Keep employees, clients, and vendors informed about the recovery process, estimated timelines for reopening, and any adjustments to business operations during the interim.
- **Contact insurance company:** Promptly file an insurance claim for damages to your property, business interruption, and lost inventory. Cooperate with insurance adjusters during the claims process.
- **Documentation and record keeping:** Maintain meticulous records of storm damage, repair costs, and lost inventory to facilitate insurance claims processing and potential tax relief programs.
- **Debris Removal and Cleanup:** Coordinate debris removal and property cleanup with qualified and reputable professionals including restoration services. Be cautious of potential hazards like downed power lines and contaminated floodwater.
- **Evaluate Supply Chain:** Assess the status of your supply chain and identify alternative suppliers or logistical routes if necessary. Prioritize the procurement of essential supplies and materials to resume operations.

We Are Here to Help

Post-storm, it is crucial to take the time to reflect on how your BCP performed during a time of crisis and make necessary adjustments ahead of the next season. The best time to plan for a potential disaster is when the previous incident is top of mind. This is also an optimal time to work with your carrier to discuss any necessary policy changes based on the impact of this storm and future storms.

To learn more about our insurance capabilities, please contact Sompo's Matt Burns, EVP, North America Head of Primary Casualty & Middle Market at mburns@sompo-intl.com or Christine Sullivan, EVP, North America Head of Risk Control Services csullivan@sompo-intl.com.

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