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Ensuring Your Business Has Adequate Insurance Coverage Before A Hurricane Strikes

As hurricane season begins, it is important to ensure that your business has adequate insurance coverage for losses caused by hurricanes and tropical storms. Last year's hurricane season resulted in \$824 million in claimed losses in Florida. And Hurricane Matthew alone caused an estimated \$4 to \$6 billion in property damage to residential and commercial properties in the southeast. Business owners need coverage not only for the physical damage to property, but also for any business interruption caused by a hurricane or tropical storm. While each business has unique insurance needs, a sample checklist is included below to provide a starting point.

- **Ensure there is coverage for windstorm damage and flood damage.** Your business may suffer one or both of these types of damage. Don't assume your commercial property insurance policy already includes this coverage. Unlike residential property policies, commercial property policies are not required under Florida law to include this coverage.
- **Ensure there is coverage for personal property loss.** This includes furniture, art, equipment and inventory.
- **Take sufficient photographs of the exterior and interior of the property and maintain current records of all inventory.** This is important to ensure this information can be provided promptly to your insurance company in the event of a loss and to avoid any dispute over what was damaged.
- **Ensure there is coverage for business interruption.** This is designed to cover lost income and profits resulting from suspension of operations. This coverage is typically limited, however, to the loss of income sustained during a "necessary suspension" of operations. Depending on the policy, this may require a total cessation of operations or a partial cessation. Additionally, most policies include a 72-hour waiting period after the damage occurs before business interruption will be covered. Thus, business owners are advised to read this coverage closely and determine whether their needs are being met for potential business interruption risks.

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- **Review coverage for a “civil authority” order that prevents access to your business.** Coverage is available for business interruption caused by an order of civil authority, such as an evacuation order or roadblock that prohibits access to your business, or a forced power or water outage. It is also important to review the language of the policy closely. This coverage may or may not also require physical damage in order to apply. And unfortunately, most policies do not cover an advisory or voluntary order that results in a business interruption.
 - **Consider whether your business needs contingent business interruption coverage.** This coverage is designed to protect a business from loss caused by the interruption of another business, such as a supplier, customer, transporter or some other business that you rely on in order to operate your business. This may be necessary if your business depends heavily on a single supplier or manufacturer.

It is important that you review your current commercial property insurance policy with experienced insurance coverage attorneys to identify any potential gaps in coverage and to ensure that you are getting the full benefits of your policy.

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