

# Large-Scale Catastrophic Events and Area Wide Events

## Hurricane, Derecho, Freeze, Flood

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## Large-scale CAT Event Impacts

Large-scale catastrophic events can have significant impacts on your business. The most obvious is direct damage to your facilities, which can also impair operations. However, many secondary issues can have detrimental effects. Utilities (power, water, sewer, gas, etc.) often become unreliable due to wind damage or flooding. Infrastructure can sustain damage, which impedes access to and from your facilities. Governmental or civil authorities may issue orders restricting access to your locations. Even if your business location is outside of a catastrophe-prone area, you can be impacted by a catastrophe if large customers or suppliers sustain damage, which hinders their production.

Catastrophic conditions often trigger additional ancillary coverages included in many policies. Frequently, these additional coverages have their own sublimits, specific deductibles or waiting periods. It is essential to review your specific policy terms and conditions. The following discussion is not intended to be a comprehensive review of coverages. Instead, use this information to provide key considerations of what to look for, depending on your circumstances.

It is best to be prepared to track critical information as the event occurs. It is helpful to set up a mechanism for your locations to report what is or has occurred at their facility in real-time. This should include the dates and times, and any documentation providing evidence of the issues.

### Examples of potential additional coverages are:

- Service Interruption (loss of utility service)
- Ingress/Egress (prevention of access)
- Civil/Military Authority (restriction of access)
- Protection & Preservation of Property (when immediately impending threat)
- Contingent Time Element
- Attraction Property



## Suggested tracking questions by location:

1. Was the facility shut down?

If yes:

- Was there physical property damage (building, equipment)?
  - » Type
  - » Date/time
- Did you lose electricity (not due to damage at your facility)?
  - » Date/time lost
  - » Date/time restored
  - » Property damage because of lost electricity?
- Did you lose water service, was it reduced, or did you receive a boil water notice (not due to damage at your facility)?
  - » Date/time lost
  - » Date/time restored
- Was any other utility service lost at the site (steam, sewer, data, other)?
  - » Date/time lost
  - » Date/time restored
- Was there an inability to access the facility because of physical damage? For example, physical damage to a bridge (not weather in and of itself) or flooded roads. If so, save details such as:

- » Date/time of closure and damage
- » Type of damage
- » Documentation/reports of damage
- » Date/time when repairs are completed, when access restores, etc.

- Any evacuation orders or other civil authority orders that impacted operations? Retain copy of all orders and describe the impact.

2. If yes to any of the above, collect and track all related expenses, including hourly labor associated with repairs to property or mitigation activities.

3. Take photographs of damages.

4. If key suppliers cannot supply to you or customers cannot accept your goods, be sure to ask and document the reasons for the disruption. Track any lost sales or increased costs as a result of the disruption.

5. If your business relies on an attraction property for business and that business sustains damage and causes disruption to your business (for example, a sports stadium in the vicinity of your hotel is damaged), document the damages to that facility and its impact on your business. Track any lost sales or increased costs.

**Note: All coverage determinations are made by your insurance carrier and are based on facts and information related to the actual loss that may occur.**



## How Brown & Brown Can Help

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