



Weathering the Storm 2026

An informative guide for our commercial clients as they prepare for, respond to, and recover from a severe weather event

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Introduction

In 2025, the United States experienced 23 billion-dollar weather and climate disaster events, the third-highest annual total on record. These disasters caused about \$115 billion in damages and an estimated 276 deaths, underscoring the growing intensity and frequency of severe weather and the need for comprehensive risk management strategies.

The 2025 Atlantic hurricane season in the U.S. was near normal, producing 13 named storms, five hurricanes, and four major hurricanes. Remarkably, no hurricanes made landfall. Tropical Storm Chantal was the only system to make landfall in the continental U.S., causing six direct deaths and approximately \$500 million in damages. Hurricane Erin, which paralleled the East Coast, resulted in 13 fatalities and an estimated \$25 million in damage.

The costliest weather event of the year by far was a series of cataclysmic wildfires that ravaged more than 57,000 acres across the Los Angeles area in early January. The wildfires destroyed over 18,000 structures and claimed at least 31 lives. Insured losses are estimated at approximately \$75 billion, while reported total economic losses range widely from about \$50 billion to \$150 billion.

A catastrophic flash flood in Central Texas – a 1-in-1000-year event following a prolonged drought – caused at least 135 deaths. It was the second-most expensive single weather event of 2025 with estimated economic losses of \$18 billion to 22 billion and roughly \$1.1 billion in insured losses. The large gap between total economic losses and insured losses highlights a substantial insurance protection gap in the region.

Severe convective storms, including tornado outbreaks, hail, and damaging winds, accounted for 21 of the 23 billion-dollar disasters. These storms produced approximately \$67.9 billion in economic losses, \$52.3 billion in insured losses, and at least 68 direct fatalities. Tornado activity was elevated in 2025, with 1,429 confirmed tornadoes versus an average of about 1,200. March 2025 was especially active, recording 236 confirmed tornadoes – the highest March total on record.

Two major blizzards in January affected the Northeast, Gulf Coast, and Mid-Atlantic regions with rare wintry impacts reaching as far south as the Gulf Coast. Those storms caused at least 23 fatalities, more than 442,000 power outages, several thousand flight cancellations, and an estimated \$1.4 billion in insured losses.

According to the annual forecast from Colorado State University (CSU), we should expect a somewhat below normal hurricane season this year: 13 named storms, six hurricanes and two major hurricanes. CSU expects a shift from a weak La Niña to a moderate-to-strong El Niño by the August–October peak. El Niño usually raises upper level winds and vertical shear over the tropical Atlantic, reducing storm development. Mixed Atlantic sea surface temperatures will produce competing regional impacts.

NOAA's spring outlook calls for drought persistence and likely expansion across much of the West and South Central Plains through late spring, with some improvement in parts of Florida and eastern Maine. Spring river flood risk is generally normal to below normal after a dry, warm winter and low snowpack, though localized flooding is possible in typical trouble spots (e.g., Ohio Valley, Red River of the North).

NOAA's Climate Prediction Center flags elevated heat wave risk with El Niño, favoring above average temperatures – especially across the Southwest, Southeast, Mid Atlantic, parts of the West, and Florida – and increasing the chance that 2026–27 will rank among the warmest years.

Because tornado activity has been above average this year, the National Weather Service (NWS)/Storm Prediction Center (SPC) urges continued vigilance for storms and tornadoes. The SPC has refined its messaging (for example, adding “conditional intensity”) to stress that high end severe events can occur even when overall probabilities are modest.

It only takes one significant event – hurricane, tornado, flood, or severe convective outbreak – to cause major impacts. This guide is designed to help individuals, businesses, and communities prepare for, respond to, and recover from severe weather events – to reduce losses and improve resilience.

The [McGriff Business Continuity Plan-Creation Toolkit](#) and [Sample Business Continuity Plan Template](#) will help to guide you through the process. The [ready.gov](#) website also offers a [Business Continuity Planning Suite](#) which offers training videos and other resources.



Long Before the Storm

Business Continuity Planning

Every day your organization is exposed to a variety of weather-related hazards. Some can be easily prepared for like a dusting of snow or a heavy rain. Others may be more worrisome due to the strength and duration of the storm. A business continuity plan, if properly developed, implemented and maintained, can be the difference between successfully recovering from a Business Interruption and going out of business.

A business continuity plan is designed to get your organization back to normal operations as soon as possible. These management-supported plans help identify the impact of potential losses and outline recovery strategies. At a minimum your plan should:

- Outline a system for managing resources, analyzing information, and making decisions in an emergency.
- Provide a written, solid communication system to keep everyone informed.
- Describe the system for evacuation, accountability, shelter, and preparedness during a business interruption.
- Organize a plan for protecting facilities, equipment, and vital records.
- Outline how the business will continue during the interruption, and ultimately resume normal operations with regards to logistics, distribution, operations, product and service development, marketing, sales, management, and human resources.
- Make note of suppliers, vendors and customers within the organization's supply chain. Include their contact information in the plan. Consider them within the continuity plans and if deemed critical, determine if they have a business continuity plan in place as well.
- Include a periodic review, test through exercise, debrief, and update to ensure your plan is current.

Emergency Action Plan

In addition to your Business Continuity Plan, every organization should also have an Emergency Action Plan (EAP). An EAP is a planned response to incidents that pose an immediate threat to the safety and well-being of employees, contractors, visitors, and neighboring businesses. EAPs are intended to bring a situation under control in a very short period of time. Ideally, emergency planning should be a year-round priority. To the extent possible, actions should also be taken to minimize damage to property and to the environment.

For many, EAPs are required by the Occupational Safety and Health Administration (OSHA). Per OSHA's 29 CFR 1910.38, employers who are subject to the regulations must have an EAP. Following are the minimum requirements of a written EAP, as outlined in the [Evacuation Plans and Procedures eTool](#):

- Means of reporting fires and other emergencies.
- Evacuation procedures and emergency escape route assignments.
- Procedures for employees who remain to operate critical plant operations before they evacuate.
- Accounting for all employees after an emergency evacuation has been completed.
- Rescue and medical duties for employees performing them.
- Names, titles, departments and telephone numbers of persons who can be contacted.

While not required, it is recommended the plan also include:

- Emergency Response Team – The team should include an emergency coordinator to manage the event and someone who will be responsible for monitoring the news and weather to disseminate weather updates.
- Emergency contact information, regularly updated for all associates. Several sample forms are included in this guide as follows:
 - [Management Emergency Contact Information Form](#)
 - [Employee Emergency Contact Information Form](#)
 - [Emergency Contacts Training Questionnaire](#)
 - [Emergency Contacts](#) – Basic form to record insurance broker and carrier information.
- Weather-related storm alert/notification process for the geographical areas affecting your business.
- Employee communication procedures for reporting emergencies (i.e., 911, emergency phone numbers, etc.).
- A communication method to alert all individuals of an emergency including emergency contacts, local authorities, management, employees, and relevant stakeholders.
- A plan for communication after the emergency to keep customers informed.
- Shelter-in-place procedures, including what actions should be taken before and during sheltering.
- Checklists for employees who are responsible for tasks during an emergency.
- Up-to-date employee roster sheets for supervisors or designated personnel in an emergency to account for all individuals in the facility.
- First aid procedures outlining who can perform first aid and to what extent.
- Training for new hires and existing associates whenever the plan changes or duties change.
- An emergency first aid kit that should be re-inspected and replenished annually or after an emergency. A sample [First Aid Kit Checklist](#) is provided.
- Identification and maintenance of respirators, if needed.
- Identification and maintenance of sprinklers, fire extinguishers, and smoke detectors.
- Scheduled inspection and ongoing repair of roof and gutters, when needed, to ensure proper site drainage.
- If backup power will be used, a procedure to test the system and establish contacts for emergency fuel supply.
- Establish relationships with local, reliable contractors who will be available for any critical building repairs after the storm.
- Emergency shutdown and start-up procedures for computer systems, special equipment, refrigeration systems, electrical and gas systems boilers, etc.
- A payroll policy in the event of office closings due to an emergency.
- A plan for how documents, records and reports will be backed up and protected during a storm.
- An off-site copy of important insurance information, including policies and contacts.



In addition, a disorganized evacuation can result in confusion, injury and property damage. When developing your EAP, it is important to explore the evacuation in detail. Consider the following:

- Identify the conditions that would make an evacuation necessary and under what conditions it would be best to shelter-in-place.
- Develop and post evacuation routes and maps throughout the facility, to include specific evacuation procedures for high-rise buildings. Coastal locations should identify safe routes inland.
- Procedures for assisting visitors and employees to evacuate, especially those with disabilities or who do not speak English.
- Plan for any special equipment that may be needed for employees to safely evacuate.
- Clearly identify site-specific areas of congregation/assembly.
- Determine whether any employees will remain after the evacuation alarm to shut down critical operations or perform other duties before evacuating.
- Establish a way to account for employees after an evacuation. This may include a log that all visitors/ contractors should sign when entering the facility. A supervisor or designated personnel should obtain the log during an emergency event to be sure all visitors/contractors are safely evacuated. A sample Workplace Visitor Sign-in/Sign-out Log is provided in the appendix.
- Establish a clear chain of command and a designated person in the organization with the authority to order an evacuation or shutdown.

Once the EAP is created, it is important to periodically test it and update annually.

Insurance Considerations

Understand What Your Policies Cover

Insurance policies may appear confusing and often times contain various coverage exclusions. Review them carefully, particularly the insuring clauses and the exclusions. This should be done in conjunction with your McGriff team. Look at the policy closely and make sure you understand exactly what's covered. The time to fix coverage problems is before the loss.

The most basic "multiple-peril" property insurance policy provides protection for losses caused by things such as fire and theft. As part of this policy, your physical property and contents are typically covered. All claims are not covered within this basic policy, therefore, additional coverages such as Business Interruption and Extra Expense are often needed to compensate for the negative financial impact of the disaster. Outlined below is a description of some of the more common coverages.

- **Business Interruption Coverage.** A Business Interruption policy covers the net loss of income that a business experiences after a loss. While general property insurance covers the physical damage to the business, Business Interruption insurance covers the financial damages that result from an interrupted income flow. This coverage can be added onto the property insurance policy or comprehensive package policy. It is important to talk to your broker about exclusions, Business Interruption worksheets, and how to properly capture a list of assets and their values. Update the list annually.
- **Extra Expense Coverage.** Extra expense insurance covers a business from expenses that may occur in the time following the disruption and before the business is restored to normal operations. Extra expenses are those expenses over and above normal operating expenses, reasonable and necessary, to mitigate the loss and return the business to temporary or normal operations during the period of restoration. For example, extra expense coverage could pay for the cost of setting up a temporary office and related expenses such as connecting utilities, new phone and internet network, etc. Your broker can help you determine the extra expense coverage needed for your business. BI and EE are triggered by a property loss and are not stand-alone coverages.

- **Ordinance or Law Insurance Coverage.** Compliance with ordinances and laws after a loss can add 50% or more to the cost of a claim. Ordinance or Law Insurance Coverage comes into play when building codes are updated or changed and you are required to bring a property up to code following a loss. Most property insurance policies will have an ordinance or law exclusion which applies to the physical damage and the time element coverage. The exclusion precludes coverage when there is an ordinance or law enforced which:
 - Regulates the construction, use, repair or removal of any property, including debris removal.
 - Requires that property be torn down, including the cost of removing debris.
 - Results in increased costs in order to comply with any ordinance or law in the reconstruction (such as changing codes).

Additional coverage can be purchased and added to a policy to provide more protection. The insuring agreement will usually indicate what causal connection must exist between the covered cause of loss, the damage, and the applicable ordinances or laws in order for coverage to apply. Typically the coverage provides limited protection for costs associated with repairing, rebuilding, or constructing a structure when physical damage to the structure by a covered loss triggers an applicable ordinance or law.

- **Wind Driven Rain.** When an underwriter accepts a risk and agrees to insure it, they assume the property is properly designed, constructed, and maintained. If wind driven rain comes in because of maintenance issues, coverage is unlikely to apply. Windows and doors are expected to be properly sealed and caulked to prevent water intrusion, even when driven by wind. Roofing is expected to be properly installed, flashed, and sealed to prevent any water intrusion. Water damage from weather is usually from rain, but can be from snow or ice as well. In some very rare instances, there can be coverage for water damage from the melting of ice, but it is rare.

For water from weather to be covered, the exterior wrap of the building must first be compromised from a covered peril to create an opening where the water enters the building. This can be from wind ripping off shingles or peeling back flat or built-up roofing, falling objects puncturing the exterior wrap of the building, wind blowing out windows or blowing off siding, or hail causing damage to roofing or windows allowing water to intrude. There must first be exterior damage to the building which allows the water to enter. The fact water entered the building is not prima facie evidence of a covered peril causing damage to the exterior. That damage must be demonstrated or visible.

In hurricanes, water blown at high velocity will find any crevice or even the slightest opening in a roof, around windows or doors, and even under doors. This is NOT covered water damage unless there is first exterior damage to the building. When water enters in this manner, it is considered to be either a construction defect or a maintenance issue with the building, because if designed, constructed and maintained properly, water should not be able to enter the building.

Wind Driven Rain covers losses resulting from wind driven rain which enters the interior of the building even though there is no damage to the exterior. Most property insurance policies exclude coverage for wind driven rain. With a hurricane or tropical storm, this is a major cause of damage. Not all insurers offer this coverage, but enough do to make it a viable option.

- **Flood.** Flood is not usually automatically included with coverage under a property policy. Some broadening endorsements may give some degree of coverage, but this is unusual. Flood coverage generally has to be purchased and added by endorsement to the policy. This is usually only allowed in cases where the risk lies in a C Flood Zone (as classified by the Federal Emergency Management Agency). In cases where the property is in an A, B, X, or Shaded X zone, flood insurance from the National Flood Insurance Program (NFIP) is usually required, and in some cases, excess flood can be purchased to supplement it from the private market. This additional coverage is difficult to obtain. Flood is generally defined (it can and will be different in most all policies) as tidal surge; overflow of rivers, lakes, streams or other bodies of water; and rapid accumulation of surface water and subsequent run-off. The NFIP is very specific about what it covers. Flood does NOT include wind driven rain.

The NFIP does no underwriting of properties when they place the coverage. They accept the application in good faith. Underwriting is done at the time of the loss. If on the application you incorrectly note that your home is elevated when it is in fact on a slab, the NFIP will adjust and charge additional premium for that. This often slows the claim process and catches insureds by surprise. Be sure to review all applications before submitting. Also, Flood Insurance requires a separate policy for each building. This means each structure is separately insured.

If Flood is purchased through the private market, it is important to understand where your property lies and whether any portion, no matter how small, is in a flood plain. Carriers have added verbiage in the private policies requiring properties in certain flood plains to purchase coverage from NFIP making their coverage excess. If coverage is not secured through NFIP, the carrier would not pick up coverage until the loss exceeded the NFIP coverage amounts. Flood plains change constantly so it is important to review your property to ensure you are properly covered.

- **Off-Premises Utilities Interruption.** Off-Premises Utilities Interruption typically covers losses sustained by your business as a result of a utility interruption off premises due to an event like a wind storm or other peril covered by the policy. Some policies may offer a small limit of coverage for this peril and some restrict the coverage to damage on your own premises. However, if you are heavily dependent on electricity, gas, water or other utilities, then this coverage can be added to your policy by endorsement for limits greater than what is generally offered, if offered at all. Like all coverage under an insurance policy, there are conditions to this coverage, e.g., the cause of the interruption must be from a covered peril in the insurance policy. This coverage is especially critical in disaster situations where services may be unavailable for prolonged periods of time. Talk with your broker about your business needs and appropriate coverages.
- **Environmental Risk Considerations.** A storm or other natural disaster can lead to environmental risks not typically covered by traditional property insurance. Mold from water intrusions can affect building materials and lead to many adverse health effects. Spills, leaks, and other chemical releases may occur from strong storm forces. These pollutants can infiltrate surrounding water, air, and soil. Waste management systems can become disrupted or inundated by storm damage or debris. Electrical fires or wildfires may create toxic fumes. Additionally, firefighting chemicals such as per- and polyfluoroalkyl substances (PFAS), which are known as forever chemicals because they do not break down, can create further environmental and health risks.



Anticipate Documents Needed to Support a Property Loss

Most property insurance policies are written on a replacement-cost basis, meaning the policy will pay to repair and replace damaged property with property of like kind and quality. A decision to replace damaged property with property that is not of like kind and quality can result in unreimbursed expenses.

- Ensure formal appraisals are obtained and regularly updated on all buildings. If a building is destroyed during a loss, you must have some way to determine the value for claim purposes.
- Maintain a list of equipment and fixtures. Ideally you will have a detailed description of each machine with its manufacturer, age and cost, including the cost of freight, installation, accessories, attachments and modifications. An inventory like this can be handled internally. A photo or video of the objects can show the adjuster what these machines looked like when operational. Claim values are based on actual cost to replace at the time of loss, not on the remaining book value. For current items, obtain estimated replacement costs from manufacturers or dealers. For older items, establish actual cash value. You may have to use a combination of your capital assets ledger, acquisition cost, appraisals and maintenance logs to establish the actual cash value of the damaged property. Even these records will not be all-inclusive because some accounting systems delete an asset from the books when it is fully depreciated.
- Keep records of physical inventory, purchases and sales related to materials and supplies. The valuation method will follow your policy provisions, but be alert to possible problems in treating freight, purchasing and selling expense, bad debts, shrinkage, returns and allowances, commissions, and discounts - all will likely affect your final figures.

Establish a Process for Gathering Claim Data

Determine who will be responsible for gathering the data necessary to prepare the claim. The responsible group will likely consist of people from several departments, including production, sales, accounting and payroll. Do those individuals know their responsibilities and how quickly they must begin the process? Identifying these people ahead of time and providing brief training on what record keeping will be required will make your claim easier to document, substantiate and collect.

Make Certain Vital Records Will Not Be Destroyed

Some documents are stored on site and may not be duplicated elsewhere. Problems will result if you have to recreate evidence of what existed before the loss without an appraisal, inventory or ledger. If you currently store valuable documents on the premises, they should be in a fireproof area. However, the best procedure is to keep a copy of these documents at an off-site location. Examples of these documents include:

- Appraisals
- Photographs
- Inventory records
- Blueprints, plans, and specifications
- Property records
- Financial records



Preparing for the Storm



General Recommendations

Ideally, emergency planning should be a year-round priority. At a minimum, however, the weeks before the start of a severe weather season are a good time to refocus your efforts. Below is a summary of the severe weather seasons throughout the U.S. according to [NOAA](#).

Season	Types of Severe Weather	Main Affected Regions
Spring (Mar-May)	Tornadoes, Supercells, Large Hail, Damaging Winds, Flash Floods	Southern Plains (TX, OK, KS) to Southeast/Dixie Alley (MS, AL, GA)
Summer (Jun-Aug)	Severe Thunderstorms, Derecho, Heat Waves, Large Hail, Lightning	High Plains, Midwest/Ohio Valley (derechos), Northern US (after jet stream shifts north)
Autumn (Sep-Nov)	Hurricanes/Tropical Cyclones, Flash Floods, Tornadoes (secondary season)	Gulf Coast, Atlantic Coast (hurricanes); Southeast (fall tornadoes)
Winter (Dec-Feb)	Winter Storms, Blizzards, Ice Storms, Heavy Snow, High Winds	Northern Plains, Northeast/New England (Nor'easters), Mid-Atlantic/Appalachia

The Insurance Institute for Business and Home Safety has created a website focused on strengthening homes and businesses to prevent injuries and reduce losses. [OFE-EZ™](#), a free business continuity tool, is designed to help any size business plan and create their own business continuity plan using eight program modules. The website also offers checklists, toolkits and many other helpful resources.

The Week Before the Severe Weather is Expected

Preparation in the days before severe weather is expected can make a significant difference in minimizing the damage and the impact of the event. Following are some suggested tasks to address prior to the severe weather. Be sure to designate the people responsible for each task.

- Secure equipment, cabinets and fixtures vulnerable to the approaching severe weather.
- Notify employees of the potential for severe weather and instruct them to review and prepare to implement the emergency plan, if needed.
- Check to be sure employees have business emergency telephone numbers, contact information for key personnel, and the communication plan.
- Check emergency supplies and replenish as needed:
 - Flashlights and extra batteries
 - Battery-powered radio
 - Water stored in plastic containers
 - Ready-to-eat canned foods and foods that do not require refrigeration, cooking or preparation
 - First-aid supplies to include adhesive bandages, sterile dressing, roller gauze bandages, gauze pads, germicidal hand wipes, non-latex gloves, adhesive tape, cold packs, scissors, tweezers and CPR face shield

72 Hours Before the Severe Weather is Expected

As the severe weather approaches, additional preparation can make a difference as to whether a business and their associates survive the storm.

While this list may not include every possible activity that could be impactful, following are some suggested tasks to address prior to the event. Be sure to designate the people responsible in your organization for each task.

- Secure any loose items around the building, including trash receptacles, signs, awnings, tools, etc.
- Check to be certain fire protection systems (sprinklers, extinguishers, etc.) are working.
- Fill emergency generators and fire pump fuel tanks with fuel. Contact fuel suppliers to schedule post-storm deliveries, if possible.
- Develop scripts and templates that can be utilized to update the company's website, voice mail message, etc.
- Communicate to employees the importance of checking the hotline, and company website or intranet for updates regarding the status of the facility.
- Instruct employees that have a company-issued laptop to take it with them when they leave and check to be sure they are able to access the business remotely. Employees should ensure that their laptop, cellphone, and any other electronic equipment are fully charged.
- Install emergency backup lights that turn on when the power goes out, if not already available.

24-48 Hours Before the Severe Weather is Expected

While you still have time before the weather event, following are some additional tasks you will want to consider as you prepare. Be sure to designate the people responsible for each task.

- Determine the closing time for the office or facility and communicate when employees will be excused to prepare their families and homes.
- Notify key customers, suppliers and business partners of the office/facility closing. Included might be USPS, the janitorial service, vendors, etc.
- Disconnect electrical equipment and unplug it from any power sources.
- If high winds are expected, install window protection. If none is available, close blinds and cover equipment with tarps to avoid damage from broken glass.
- If flooding is a possibility, seal water entry points and install first-floor drain plugs. Raise equipment and furniture as high as possible. Relocate critical records and equipment.
- If employees are going to remain on site, designate a safe place in the office or facility.
- Ensure that any employees with communication responsibilities have the most updated version of company contact information.
- Advise employees to change their voicemail message and set up an "out of office" response to email.
- Update backup records and move them to a location that is not vulnerable to the same weather event.
- Prepare messages to post to the company's website, intranet, social media, voice mail system, etc.
- Recommend employees check the status of the office or facility at least twice daily.
- Place a "closed" sign on the main entrance to the office or facility, and include details about how visitors can find information regarding the status of the business operations.
- Conduct the appropriate shutdown procedures.
- Close and lock office doors, particularly those on the perimeter of the building.
- Suspend all fleet operations in the affected area for the duration of the event. Depending on type of event or storm, move vehicles inland to elevated ground or indoors. A sample Commercial Vehicle Natural Disaster Protection Plan is provided in [Appendix](#).

Refer to the resources on page 16 for storm specific guidance:

Earthquake

Flood

Hailstorm

Heat Wave

Hurricane & Tropical Wind

Landslide, Mudslide, and Debris Flow

Lightning

Severe Convective Storms

Tornado

Tsunamis

Wildfire

Winter Storm

Residential Multi-storm Resources

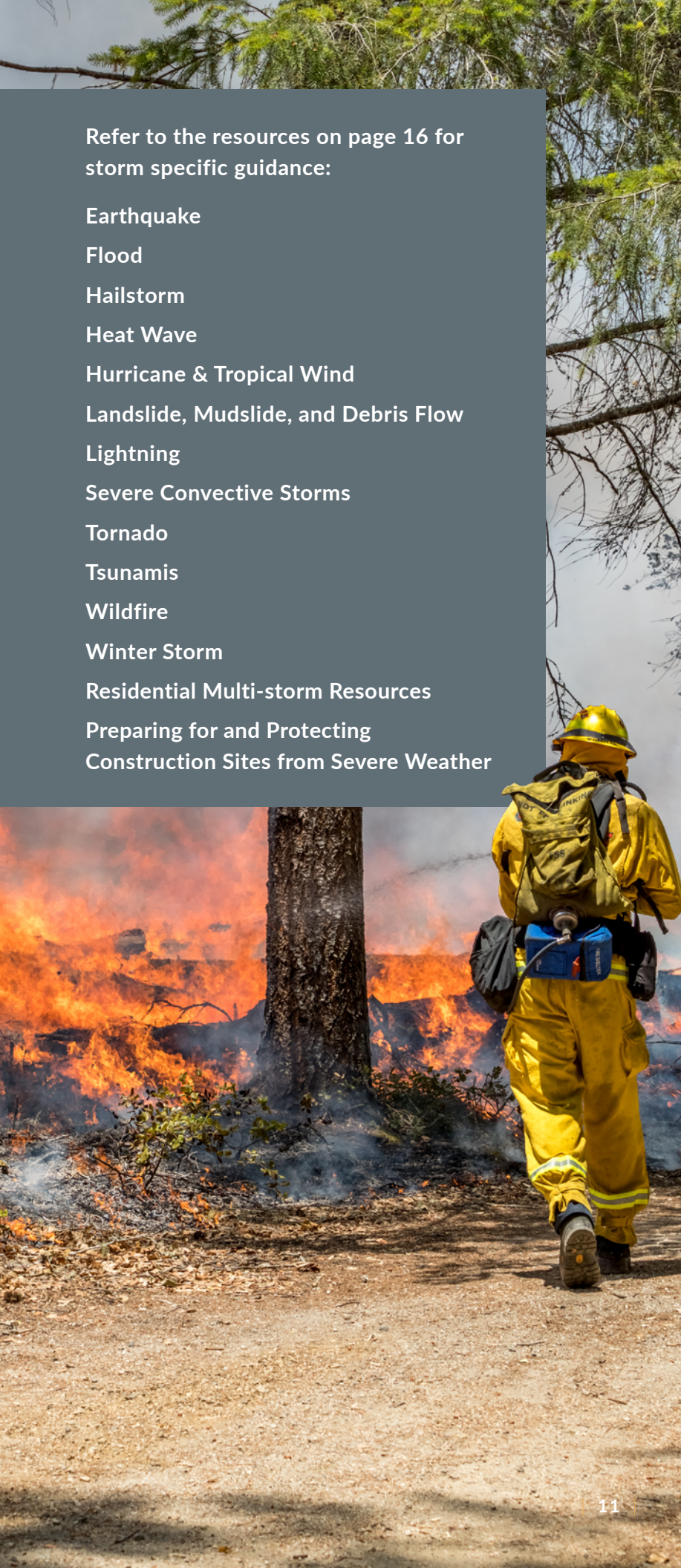
Preparing for and Protecting
Construction Sites from Severe Weather

Communicate Appropriately to Key Individuals

- Communication is performed in no particular order and is often conducted simultaneously. It is suggested that legal and public relations counsel be consulted before designated spokespeople make any formal statements.
- Notify the most critical need-to-know employees first (executives, senior leadership, Human Resources, plant manager, etc.).
- Notify all other company personnel of the status of the event as needed.
- If appropriate, notify customers and clients who will experience a direct impact to their operations as a result of the loss.

Public Relations

- If necessary, designate an appropriate management team member or public relations firm to speak on behalf of the company.
- Remind employees of the media policy and to refer all inquiries to the designated individual or firm.



Claim Handling After the Storm

Enact Notification Procedures

An important question will arise during an event of this magnitude - should your company file a claim? McGriff always recommends that companies file any claim or potential claim with the carrier as soon as possible, according to the policy.

Significant property losses present business continuity challenges for many organizations. Following are some strategies which may minimize further damage and help to expedite the claims process.

Prevent Harm to Associates

- If appropriate, call 911 – Report the incident to authorities and follow instruction.
- Evacuate personnel to the designated assembly area or other preferred meeting place.
- Conduct a brief site assessment to eliminate life threatening hazards. For example, turn off and lock-out all energy sources in the vicinity of the loss area.

Protect Damaged and Nearby Property from Further Loss

- Take reasonable action to protect the damaged property from further damage. Actions may include temporary repairs and protection from elements. Your personnel must take immediate emergency measures to minimize the damage. If necessary, call professional vendors for assistance. When possible, clear temporary measures and permanent repairs with the adjuster before proceeding. Otherwise, here is a general rule to help you make decisions: When in doubt, act as you would if you had no insurance at all.
- Ensure fire protection has been restored. This may require replacing sprinkler heads, arranging for temporary standby hose lines, recharging extinguishers and automatic special protection systems, capping broken lines and getting them back into service.
- Take photos of initial damage if possible.

Begin the Salvage Process

As soon as it is safe, begin cleaning, protecting and salvaging.

- Separate undamaged from damaged goods and begin to segregate what can be saved.
- Dry and protect all motors and electrical equipment.
- Clean, dry and protect machinery to prevent rust.
- Reprocess any damaged material that can be saved.
- Repackage finished goods, if undamaged.
- Do not dispose of any materials until the adjuster agrees they are unsalvageable.
- Prepare an inventory list of damaged property using the Damaged Property Inventory form in this guide.
 - List quantity, description, replacement cost and amount of loss.
 - Attach bills, receipts and other related documents.
 - Retain damaged property until a claims adjuster approves disposal unless unsafe to do so.

In some cases, it may be impractical for you to reprocess or sell damaged property. The adjuster usually will arrange for a salvage company to take over the property and dispose of it on your account. Your policy normally stipulates who has control of the goods and how the salvage can proceed. You do not have the right to abandon it to the insurer's care without the insurer's agreement.



Track Claim Costs

Many people in your organization (who will have been identified) will need to participate in tracking costs for the claim submission. This is important because in the first days after a loss and beyond, it is difficult to keep track of what costs should be assigned to the claim.

Set up special work orders, job numbers, and other accounting procedures to help you identify and capture all claim costs.

Examples of claim cost categories are:

- Protection and preservation
- Temporary repairs and replacement
- Permanent repairs and replacement
- Extraordinary and expediting expenses

Describe the tasks assigned to job numbers and make sure to separate overtime pay because you will need this breakdown later. The straight-time labor will go into the property damage claim; overtime usually will go into the time element claim.

Attempt to secure the adjuster's agreement to compensate for salaried repair labor, if possible, before a loss occurs. Frequently, adjusters will take the position that any repairs or clean-up by salaried/management personnel do not represent additional costs since those employees must be paid anyway.

Review all components of overhead charges with the adjuster and try to reach an agreement on mark-ups and corresponding amounts to be allowed in this adjustment. Remember to keep records of overhead applied to labor, materials, etc.

Obtain Damage Estimates

As time permits, before authorizing permanent repairs, attempt to obtain your adjuster's agreement on the scope of repairs. The scope of work is an important aspect of the loss. Unless you and the adjuster agree on what needs to be done, the claim's monetary value will be in dispute. Delays will result.

- Set up an appointment to meet with the insurance carrier assigned claim adjuster, or the property damage appraiser, to view the loss and discuss damage.
- Work with the adjuster/appraiser on the scope of the damage and the necessary repairs.
- Discuss the restoration process with the adjuster/appraiser as well as the estimated length of restoration.
- Note any discrepancies in estimated values.
- Refer to [McGriff's Property Loss – Services & Provider Information](#) resource to help manage repair estimates and completed work.

Restoration - Arrange for Repairs

You will need to secure contractors to bid on the job. Adjusters will have their inspectors or independent adjusters provide an estimate and you have the right to have your own contractors prepare a basis for settlement. Most reputable contractors will give free estimates in the hope of obtaining the job. Some may charge for these services and those costs may not be recoverable unless agreed to by the adjuster.

A contractor accustomed to working on insurance claims should know what type of detail the adjuster requires in the proposal. If not, meet with the adjuster to set up the ground rules. A bid without complete back-up details and itemization also will delay settlements.

- When using a restoration company, it is very important NOT to sign a contract without getting approval from the carrier. During catastrophic (CAT) events, vendors will often push for signatures to begin cleanup that can bind you, not the insurance carrier, to inflated rates. In a severe CAT event, it may be difficult to find labor at a reasonable and customary rate. If this happens you should ask the adjuster to provide contractors who will agree to the rate they feel is reasonable and customary. Typically in severely damaged areas with increased demand, adjusters understand there may be an increase in rate needed, and will accommodate.
- Contact at least two, ideally three, reputable contractors to agree to give you a detailed estimate for repairs. If the insurance carrier provides a list of approved contractors, refer to that list. Do not authorize repairs until the claim adjuster has given you the authority to do so.
 - Many restoration companies now offer a “pre-loss” arrangement where an insured may interview and select a restoration firm in advance of any loss. This is called a Maintenance Service Agreement that creates a partnership in advance of a storm with transparent pricing and priority treatment if and when a loss occurs.
- It is important that the adjuster and your contractor of choice interact and come to an agreement on the cost of repairs, method of repairs, etc. If your company’s designated representatives and the adjuster disagree on the extent of damage to buildings and this difference cannot be easily resolved, you may need an expert opinion from a contractor, architect or licensed structural or civil engineer. For the same situation as it relates to machinery and equipment, you may need documents from the equipment manufacturer or machinery repair experts. These expert opinions are sometimes required to support your position, but you usually cannot recover their cost, unless you can get prior agreement from the adjuster to pay them. Some honest differences of opinion are inevitable on any major loss, but if you communicate with McGriff and the adjuster we can usually help you resolve them. When the repair estimate is agreed upon, you may be asked to file a partial Proof of Loss form for that amount.
- Work with the adjuster and the insurance company to determine how salvage from the loss will be handled.
- Be prepared to provide additional documentation as requested by the adjuster.

Resume Operations

Consider whether it is practical to set up temporary facilities in your location or elsewhere while repairs are being made. If your operations include manufacturing, you may be able to extend production by adding another line or an additional shift, either at the same plant or another facility producing the same product. You may be able to maintain sales out of inventory or by shipping from other facilities. Business Interruption policies require you to make use of finished goods inventory to reduce a loss of sales, but in most cases you may be entitled to recover the necessary extra expense to replace the inventory after you resume production.

Proactively Manage Your Claim

Our experience shows that most problems in adjusting a claim can be traced to three sources:

- Failure to communicate with the adjuster
- Lack of sufficient documentation
- Failure to demonstrate a true loss of business

When dealing with insurer representatives, if your facts are incorrect or your presentation is confusing, you may reduce the credibility of the claim.

- Designate claim coordination and communication responsibilities to the appropriate people in your organization. This may require additional designees at the local level. Included is a high level [Property Loss Checklist](#) that should help designated individuals quickly review the loss to determine if additional action is needed.
- Maintain a record of all claims-related communication with the carrier.
- If the loss is substantial, some carriers will allow policyholders to request a monetary advance to assist with debris removal, protection expenses, and any other out-of-pocket expenses incurred as a result of the loss.
- Record all expenses, such as:
 - Wages for employees involved in clean-up or repair.
 - Overtime pay for employees to fulfill orders that would have been completed during normal hours if not for the loss.
 - Outside vendors involved in clean-up, repair, etc.
 - Leasing of temporary space until your facility is repaired.
 - Leasing or purchase of any items necessary to continue operations.
 - Repairs of damaged property.
 - Replacement of damaged property.
 - Expediting expenses.
- Prepare documentation to support your claim:
 - Applicable work orders to capture loss-related costs.
 - Profit and loss statements, general ledger, production schedules and records, inventory records, cost summary records and sales projections-showing minute detail on elements of the variable and fixed costs.
 - A detailed breakdown of your hourly payroll fringes and the percent of fringe benefit to hourly payroll.
 - Increased costs to get product to customers.
 - Rental costs of any assets while your damaged assets were being repaired or replaced.
 - Documentation on the peaks and valleys of your production and/or sales year.
 - Possible scenarios for the successful transfer of operations to another site.
 - Contracts or agreements with your employees, their bargaining agencies, or vendors that compel you to pay employees though no work is available.
 - Schedule of plant maintenance, turnaround, or other downtime that falls within the loss period.
- Document any business lost due to the necessary suspension of your operations, such as canceled or refused orders. Some of the above items could be considered Business Interruption expenses and may be reimbursable under your policy. Notify the adjuster of any loss of income as a result of the event. While this will be the last portion of the claim that is resolved, the insurance carrier should be notified. It is common for a carrier to assign an accountant to determine the extent of a business income loss. You may be asked for detailed financial records. The business income loss will be finalized when the period of restoration is complete or the limit of liability is reached.

McGriff believes in the importance and value of the products and solutions we provide our clients. We understand peace of mind and financial security is the reason you have chosen a reputable broker with outstanding capabilities. Thank you for the opportunity to assist you in managing your risks.

Additional Loss Considerations

- Expect to be contacted by the claims adjuster within 48 hours of reporting.
- Document all steps you have taken in the claims and restoration process.
- Document every expense you have and retain all receipts.
- If you are unsure if you have Business Income insurance or how your policy will respond, contact your McGriff representative for further guidance.
- Advise McGriff immediately if your circumstances change, particularly if this loss will have a greater effect on your business than originally anticipated.

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