

## GUIDE

# Storm and flood damage – policyholder tips



For many in Northern England, the nightmare before Christmas began with the arrival of Storm Desmond, which left more than 2,000 homes and businesses flooded, and a flood damage bill which is expected to run into the millions. Amongst those affected by the storm were a number of commercial insurance policyholders who, in addition to the flood damage caused to their premises, also suffered untimely business interruption in the run up to Christmas (which, for some businesses, is often the most profitable time of year).

In the wake of this storm, and subsequent others, any business affected by the severe weather this winter are advised to take appropriate steps to deal with any insurance claim arising as a result of the damage.

These steps include:

- checking the terms of their current insurance policy to satisfy themselves that risks such as storm and flood damage are covered
- notifying insurers immediately of any loss suffered and, in any event, within the required notice period as specified under the policy terms
- collating evidence of their claim, including taking photographs of any damage
- considering whether to instruct a loss assessor to help liaise with insurers (and their respective third parties), and to assist with preparing and quantifying any claim
- dealing with potential claims from suppliers/customers in the event of business interruption
- considering whether steps are required to secure the premises, pending remedial works
- considering what can be done to try and mitigate losses, in accordance with insurers' requirements.

In addition, all commercial policyholders may take this as a timely reminder of the importance of having adequate insurance cover in place and would be advised to:

- check the terms of any current insurance policy to ensure that storm and flood damage are covered
- review the sums insured under the policy to confirm that
  - the premises have been insured for the full reinstatement cost (including professional fees and site clearance), rather than the market value
  - there is adequate business interruption cover in place to compensate for the shortfall in gross profit, together with payment of any increased working costs
  - any stock is insured for its cost price, to take into account seasonal fluctuations in price
- give careful consideration to the length of the indemnity period under the policy, to ensure that the business would be afforded sufficient time to recover to the position it would have been in, had the insured risk not occurred
- if the property is leasehold, consider whether the landlord has taken out sufficient insurance to cover the building against flood damage and whether it is a term of the lease that the rent will be suspended whilst the building is reinstated.

## Contact

If you are a commercial policyholder having difficulty with a claim, or would like more information about the matters set out above, please contact:



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