

# Small Business Risk Reduction to Natural Hazards & Extreme Weather in Rhode Island

## A Guide for **REAL ESTATE & PROPERTY MANAGEMENT**



# SOME THINGS TO KNOW

This guide is targeted at businesses that own or manage brick and mortar, or off-site food preparation and service operations.

- This guide is meant to suggest actions to reduce risk to your business. However, the success of these strategies will be site dependent, and cannot be guaranteed.
- Each business is different; always consult with your local building official before starting a construction project.
- In most communities, if a project costs 50% or more of the value of the structure, “Substantial Improvement” requirements in the building code are triggered. This requires the property to be brought into compliance with the most up-to-date municipal floodplain management code.

## IMPORTANT DEFINITIONS

**Natural Hazards** = Extreme weather events that can cause damage. Examples include hurricanes, floods, blizzards, or severe wind.

**Business Features** = The many parts that make a business run. By looking at how a hazard affects each feature, you can take focused steps to reduce risk.

**Vulnerability** = Business features that make your business more likely to be impacted by a natural hazard.

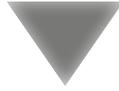
**Risk** = The level of exposure that a business has to a certain hazard. Higher vulnerability and a frequent natural hazard create higher risk.

**Resilience** = The ability of a business to “bounce back” after a severe event. It is how much individuals, institutions, and businesses can survive, adapt, and grow no matter the weather events they experience.

# HOW TO USE THIS GUIDE

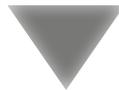
**Consider Key  
Business Features**

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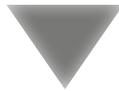
**Identify  
Vulnerabilities  
and Strengths**

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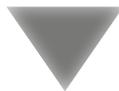
**Select Risk  
Reduction  
Strategies**

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**Consider  
Insurance Options**

Pages 7 - 8



**Useful  
Resources**

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# CONSIDER KEY BUSINESS FEATURES

2

## ACCESS

Blocked roads may impact employees, service providers, or tenants

1

## MANAGED OR OWNED BUILDING

A hazard event can damage the high-value property assets you own or manage. A hazard event can damage foundations, walls, windows, roofs, inventory, utilities, or equipment.

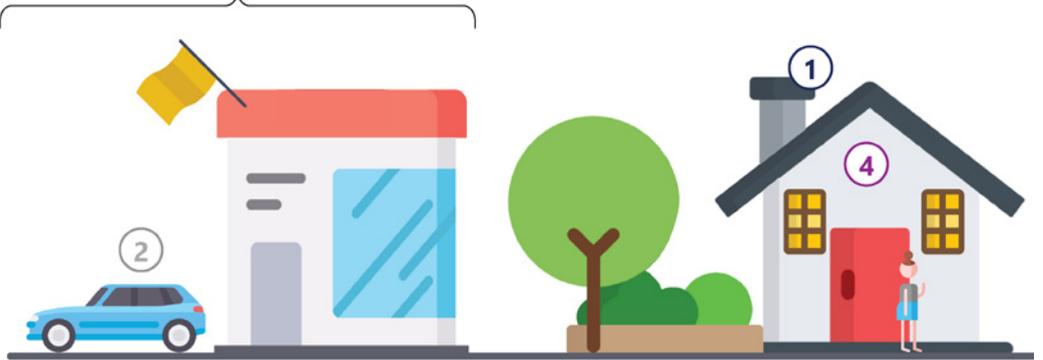
3

## MANAGED OR OWNED SITE

A hazard event may render the overall site of a property asset unusable, either temporarily or permanently.

3

5



5

## INSURANCE

Your policies should cover the building, contents, business interruption, loss of rental income, equipment, and outdoor items against disasters, including floods.

4

## TENANTS / OCCUPANTS

Tenants may be unable to access or leave site during a hazard event. Disruptions may turn off tenants & lower property values.

# IDENTIFY VULNERABILITIES AND STRENGTHS

## Vulnerabilities

## Strengths

1

### MANAGED OR OWNED BUILDING

How vulnerable is the property asset to damage?

- Basement
- Large or old windows, old roof
- Items in basement or outdoors
- Perishables
- Fuel stored on site

- Elevated
- Hurricane-proof windows, shutters, roof
- Storage/utilities on upper level
- Storage/utilities elevated
- Minimal storage

2

### ACCESS

Is access essential for tenants, employees, others? How often is it blocked?

- Low-lying roads get flooded
- High tree cover over roads

- Multiple routes of access
- Can operate remotely or offsite
- Easily accessible on foot (good sidewalks)

3

### MANAGED OR OWNED SITE

How important is the site to operations? How vulnerable is it to damage?

- Near coast or river, in mapped flood zone
- Sources of risk (like trees) on site

- Located uphill, out of flood areas
- Structural protection in place on site

4

### TENANTS / OCCUPANTS

Can tenants work remotely? Do tenants access the site?

- Tenants do not live locally
- Tenants may be exposed to hazards
- Tenants depend on customer access
- Tenants depend on customer experience

- Tenants are trained in hazard response
- Staff/tenant communication protocol
- Strong relationships with tenants

5

### INSURANCE

Do you have Insurance? Does it cover contents, interruption, or natural disasters?

- Standard insurance policy
- Not sure about insurance policy

- Specialized disaster insurance
- Business interruption & contents
- Tenants hold their own hazard insurance

# SELECT RISK REDUCTION STRATEGIES

Required Investment

1

Building

<input type="checkbox"/>	<p><b>Store Protection Materials On-Site</b></p> <p>Store items on-site such as sand bags to reduce flooding, pre-sized plywood to protect windows, or salt for snow and ice.</p>	 <p>\$</p>
<input type="checkbox"/>	<p><b>Moderate-Cost Risk Reduction Actions</b></p> <p>Sump pump in basement, backflow-prevention on plumbing, seal exterior walls, install flood gates that close during floods, "hurricane glass".</p>	 <p>\$\$</p>
<input type="checkbox"/>	<p><b>High-Cost Risk Reduction Actions</b></p> <p>Elevate interior floor, floodproof, or elevate entire building above flood level. Upgrade roof to a higher code for wind-load capacity.</p>	 <p>\$\$\$</p>
<input type="checkbox"/>	<p><b>Backup Power</b></p> <p>Install a backup generator to power refrigerators if you have perishable inventory. Train staff to operate, and store fuel on site.</p>	 <p>\$\$</p>
<input type="checkbox"/>	<p><b>Protect Utilities and Equipment</b></p> <p>Raise utilities and equipment above potential flood levels on platforms or upper floors. Waterproof or protect with immovable barriers.</p>	 <p>\$\$</p>
<input type="checkbox"/>	<p><b>Microgrid</b></p> <p>If you own or manage multiple buildings, consider creating a microgrid that can function on its own during a power outage.</p>	 <p>\$\$\$</p>

2

Access

<input type="checkbox"/>	<p><b>Multiple Locations</b></p> <p>Identify temporary backup locations for tenants, in your own properties or those of another business, in case access is lost.</p>	 <p>\$\$</p>
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2

(Continued)

Access

**Trim Trees**

Remove trees and trim limbs to prevent falling debris during storm events from cutting power, blocking access, and causing direct damage.



\$\$

3

Site

**Grade Site**

Grade your managed site and upgrade drainage to direct water *away* from the building, and to accelerate removal of water after a storm.



\$\$

**Green Infrastructure**

Use green landscape designs (including rain gardens and permeable pavers) to minimize runoff, protect your site, and lower maintenance.



\$\$

**Install Flood Walls**

Construct flood walls to protect an entire site from flooding. Flood walls may not be permitted in some riverine or coastal flood zones.



\$\$\$

4

Tenants

**"Business Continuity Plan"**

Develop a business continuity or emergency plan. Identify needs, educate staff, assign responsibilities and perform drills.



\$

**"Emergency Communication Protocol"**

Develop, share, and practice emergency communication protocols with tenants.



\$

5

Insurance

**Flexible Lease**

Create a policy where tenants pay no or reduced rent if site is unusable.



\$\$\$

**Ask About Your Insurance Coverage**

Check with your agent about the specifics of your coverage. See the next page for questions to ask.



\$

Staff Time Required



No staff time needed



Overtime needed



Within normal operations



Additional staff or help

Relative Cost

\$

Within normal budget

\$\$\$

Grants may be needed

\$\$

Additional capital needed

Space Required



Minimal space needed



Find space on site



Buy or rent more space

# CHOOSING INSURANCE

A business is never completely safe from hazards. Insurance helps to protect the time and money you invest in your business against the worst-case scenarios.

**Your insurance agent can provide detailed answers to these questions specific to your business.**

## **What is covered by my business insurance policies?**

A standard insurance policy may not cover important situations, like damages caused by floods or losses from business interruption. Talk with your agent about different situations that concern you to see if you're protected.

## **I rent my workspace. What is covered by my landlord's insurance?**

A landlord's insurance policy may or may not cover losses incurred by tenants. Ask for a copy of the insurance policy and bring it to your own agent to review.

## **Does my standard policy cover business interruption?**

You may lose business after a storm if power goes out, if roads are blocked, or if you need to close for repairs. Check with your agent whether lost business is covered or if you should purchase a rider to increase coverage.

## **What about liability and automobile insurance?**

Liability and auto insurance are separate from business insurance and flood insurance. Talk to your agent about other policies you may need and what they cover. For example, auto insurance may partially cover your vehicle(s) for hazard events like severe storms.

## **What is a hurricane deductible?**

Some policies include a separate hurricane deductible. Because hurricanes are rare, you pay less monthly. However, if a hurricane does hit, you will pay more before insurance kicks in. A storm must be hurricane-force when it hits Rhode Island for hurricane deductibles to apply. You may have other weather related deductibles (for example wind or hail). Check with your insurance agent to discuss what deductibles you may have and how they apply to other weather related events.

## **How do I make filing a claim easier?**

Have insurance information and current inventory and equipment lists on-hand. Take photos or videos of your business site and inventory now, BEFORE an event occurs. Then, take photographs/video of any damage before clean-up or repairs. DO NOT make permanent repairs until your insurance company inspects the property. Save all receipts, including those from any temporary repairs.

# FLOOD INSURANCE

FEMA offers subsidized flood insurance through the National Flood Insurance Program (NFIP). **You do not need to be in a flood zone, nor do you need to own your building, to purchase flood insurance.**

- One inch of water in a building can cause more than \$25,000 in damage.
- Standard insurance typically does not cover flood damage.
- More than 1 in 5 flood claims come from outside high-risk flood zones (and that does not include building owners who were not insured, and therefore could not file claims).
- Flood insurance can pay whether or not there is a Disaster Declaration.
- Disaster assistance must be paid back with interest. The average flood insurance claim is nearly \$30,000 and is not required to be repaid.

## **Can't I just get Disaster Assistance after a flood?**

Disaster Assistance is given as a loan, it is not guaranteed, and it needs to be paid back with interest. It is not meant to make you whole again. Don't only rely on emergency assistance, get flood insurance!

**Your insurance agent can provide detailed answers to these questions specific to your business.**

## **How do I get flood insurance?**

Flood insurance policies are backed by the National Flood Insurance Program (NFIP). You can get a policy through most insurance agents.

## **Does flood insurance cover the building or its contents?**

Contents and building coverage are separate; contents are not covered unless specifically included. Building coverage includes the structure and foundation, building utilities, and walk-in freezers. Contents coverage includes furniture, fixtures, equipment, and stock.

## **If my landlord has flood insurance, do I need it too?**

The landlord may not provide any coverage or may have only building coverage. A renter can purchase its own flood insurance policy.

## **What is not covered by flood insurance?**

Flood insurance policies do not cover everything or all water-related situations and damages. For example, outdoor assets such as landscaping, decks, or vehicles are not covered. Either is business interruption. Additionally, damage from burst pipes, backed-up municipal sewage, or poor site management is not covered.

## **How can I lower my premium?**

Flood insurance cost is related to the level of flood risk. Risk reduction actions can lower premiums. Your community can also take steps to lower premiums.

## **My business is not in a flood zone. Do I need flood insurance?**

A large percentage of flood damage happens outside of FEMA-designated floodplains. If your business is outside of a FEMA flood zone, flood insurance is generally inexpensive. Assess your risk and talk to your agent to make an informed decision.

# USEFUL RESOURCES

## Federal Government

### U.S. Small Business Association

[www.sba.gov/funding-programs/disaster-assistance](http://www.sba.gov/funding-programs/disaster-assistance)

Rhode Island District Office (401) 528-4561

Provides low-interest loans to help businesses recover from declared disasters.

### FEMA

[www.fema.gov/small-businesses](http://www.fema.gov/small-businesses) Or [www.ready.gov/business](http://www.ready.gov/business)

Provides resources & information to help businesses prepare for disasters.

Subsidizes insurance, available to businesses through most insurance agencies.

## State Government

### Rhode Island Commerce Corporation

[www.commerceri.com](http://www.commerceri.com) (401) 278-9100

Hosts a Small Business Hotline, where business owners can ask questions and get support:

[www.rismallbiz.com](http://www.rismallbiz.com) (401) 521-HELP

### Rhode Island Emergency Management Agency (RIEMA)

[www.riema.ri.gov/resources/business/](http://www.riema.ri.gov/resources/business/)

24-hour/7 days a week: (401) 946-9996

Organizes emergency response efforts at a state level. RIEMA has programs in preparedness, mitigation, response and recovery.

### Department of Business Regulation

[www.dbr.ri.gov/divisions/insurance/](http://www.dbr.ri.gov/divisions/insurance/)

Online source for answers to insurance questions and for insurance related inquiries.

### STORMTOOLS

[www.beachsamp.org/stormtools/](http://www.beachsamp.org/stormtools/)

An interactive tool to display storm inundation with and without sea level rise scenarios.

### RI Coastal Resources Management Council - Coastal Hazard Application

[www.crmc.ri.gov/coastalhazardapp.html](http://www.crmc.ri.gov/coastalhazardapp.html)

Online viewer and worksheet to identify a location's level of coastal hazard.

## Local Government

Your local institutions, organizations, and utilities are often the best places to turn.

Identify key staff and contact information:

**Municipal Emergency Management Agency** \_\_\_\_\_

**Fire Department** (non-emergency) \_\_\_\_\_

**Floodplain Coordinator** \_\_\_\_\_

**Building Official** \_\_\_\_\_

**Chamber of Commerce** \_\_\_\_\_

**Utility Company (ex. gas or electric)** \_\_\_\_\_

# ADDITIONAL CONSIDERATIONS

## Historic Structures

For historic properties, consult the following resources:

- “Keeping History Above Water” - created by the Rhode Island-based Newport Restoration Foundation to help protect historic resources from climate hazards.  
**[www.historyabovewater.org](http://www.historyabovewater.org)**
- FEMA “How-To” Guide #6 (FEMA 386-6) - provides comprehensive guidance to historic property owners.  
**[www.fema.gov/media-library/assets/documents/4317](http://www.fema.gov/media-library/assets/documents/4317)**
- Check with your local building official about your specific location. Also, coordinate with the State Historic Preservation Officer and the local Historic District Commission.

## Americans with Disabilities Act Compliance

Before implementing a risk reduction project consider how it will affect access for people with physical disabilities. Structural changes may require that additional efforts be taken to maintain ADA compliance. Talk to your local building official about your plans before proceeding.

## Elevating Buildings and Pedestrian Access

Elevating a building or installing floodwalls may lead to a loss of visibility or access, affecting your ability to attract customers. Identify protection options that avoid this outcome, and contact your local building official to clarify state and local requirements. Note that some business operations can occur in the lower section of an elevated building on a temporary basis.

## What if I Rent?

Businesses that do not own their space can still perform many risk reduction actions, including buying flood insurance, planning and preparing, and performing some minor site alterations. At your next lease renewal, add a provision that rent does not need to be paid if the site is inaccessible or unusable during a hazard event. Discuss property protection with you landlord - they don't want their building empty and their tenants damaged, either!

## What Should My Employees Know?

Consider having all employees become certified by ServSafe. Visit [www.rifoodsafety.org](http://www.rifoodsafety.org) for more information on the certification program. Employees should also be aware of the proper protocols with any crisis management plans, food safety plans, and other emergency plans that are set in place. It is important that employees understand and are aware of the different requirements, such as storage temperatures and shelf life, of perishables to prevent spoiled food from being served.

