

# RISK ADVISOR

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## C O M M E R C I A L

## The Risks of Severe Convective Storms

Severe convective storms can cause injuries, infrastructure damage and significant financial losses for businesses and their commercial properties. Often accompanied by hail, flooding, strong winds, lightning and abrupt temperature shifts, they are among the costliest types of natural disasters, according to industry research.

To reduce potential losses and improve safety, employers should understand the risks of severe convective storms and take appropriate action to address them.

### Severe Convective Storms and Their Impacts

Convective storms, or thunderstorms, form when heat and moisture are transported vertically in the atmosphere. As the rising warm air cools, water vapor condenses into the water droplets, forming clouds. There are several types of convective storms, including single-cell, multicell and supercell thunderstorms, that vary in length and intensity. By definition, severe thunderstorms have winds of at least 58 mph, produce a tornado, and may produce hail that measures at least 1 inch in diameter.

The damaging forces of severe convective storms can impact businesses by causing:

- **Employee or third-party injuries or fatalities** due to unsafe conditions
- **Extensive property damage** to buildings, furnishings, inventory, automobiles, equipment and other structures
- **Business interruptions, extra expenses and lost income** from closures or temporary relocations
- **Increased insurance costs**, as more claims may result in higher premiums

### Actions Businesses Should Consider

Employers can incorporate the following strategies to improve safety and reduce severe convective storm risks:

- **Assess the risks** by taking note of their location's weather patterns and considering how the associated conditions threaten safety and business property.

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- **Monitor weather forecasts** to know when severe weather is on the way. This information can provide guidance on early closure decisions and adequate preparations.
- **Prepare the property** to better withstand a convective storm's forces by installing window shutters and covering outside property with tarps and securing them. Emergency supplies and first-aid kits should also be on hand if employees or others on the premises need to seek shelter while onsite.
- **Communicate** with employees and clients following severe weather. However, power outages may occur and cellphones may not be reliable during natural disasters, so devices that do not utilize those systems (e.g., walkie-talkies) may be required. It is also important to notify employees when it is safe to return to work after a storm.
- **Learn from past experiences** to identify aspects of operations that may be exposed and strengthen risk management planning.
- **Review insurance policies** to ensure coverage adequately addresses the risks from severe convective storms.

### Conclusion

Severe convective storms can be a threat to businesses. By taking proactive measures and implementing risk management policies and procedures, businesses can mitigate their exposures, help keep their employees and clients safe, and protect their properties.

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Risk Strategy  
Solutions

## Responding to Environmental Risks Following Natural Disasters

Although the property damage, injuries and business interruptions directly caused by natural disasters often receive significant attention, businesses face risks even after such weather events have passed. These include health and safety hazards, financial losses and reputational damage. Yet employers should also consider the environmental effects of these events, especially since traditional insurance policies may limit or exclude related coverage.

### Examples of Environmental Risks After Natural Disasters

Natural disasters can create conditions that lead to severe environmental hazards, such as:

- **Mold**—Water intrusions from severe weather events like floods and hurricanes can lead to mold growth throughout a company's building, and wet building materials, such as drywall and wood, can create environments conducive to mold growth. According to the Centers for Disease Control and Prevention, mold can cause many adverse health effects, including respiratory problems, burning eyes or rashes. Individuals with asthma or mold allergies may also have severe reactions, and people who are immunocompromised and those with chronic lung disease may develop infections after mold exposure.
- **Spills, leaks and other toxic releases**—Natural disasters can damage infrastructure made from hazardous materials, producing toxic building debris. Storage containers holding harmful chemicals can also be damaged, creating leaks, and contaminated waste products on company property can be dispersed into the environment. Such events can pollute the surrounding water, air and soil. Businesses constructed on historically contaminated grounds (e.g., Superfund sites) are at an elevated risk of toxic releases due to the nature of those areas, even if their operations typically do not generate hazardous materials.
- **Fire byproducts**—The fires associated with natural disasters can create poor air quality. Whether a severe storm ignites an electrical fire or a wildfire spreads to a building, the materials that burn may create toxic fumes. Additionally, if fires arise, firefighting chemicals containing per- and polyfluoroalkyl substances (PFAS) or other harmful substances may be used to stop them. PFAS are known as forever chemicals because they do not break down, creating further health and environmental risks.
- **Disruption of waste management systems**—With the damage and amount of debris produced by a natural disaster, waste management systems may become disrupted or overwhelmed. For example, sewer systems may not operate properly, causing health risks, or waste removal services may not be able to function, resulting in the buildup of hazardous material.

### Actions to Reduce Environmental Liability After Natural Disasters

Employers can implement the following measures to mitigate post-natural disaster risks:

- **Conduct thorough environmental risk assessments** to identify potential threats and vulnerabilities, including those created by operations, building materials, chemical storage and waste.
- **Establish and regularly update risk management plans** that address both immediate and long-term environmental hazards.
- **Build and maintain infrastructure with a focus on resilience and sustainability** to withstand the impact of natural disasters and lessen potential environmental impacts.
- **Prevent pollution** by eliminating or reducing the use of hazardous materials, modifying pollution-creating processes, investing in sustainable technologies and improving waste management systems.
- **Provide training and education** to employees on proper handling, use and storage of hazardous materials.
- **Stay abreast of relevant environmental regulations and laws** applicable to the business and ensure compliance with them.
- **Secure insurance** that specifically covers exposures and potential liabilities arising from environment-harming incidents, including coverage for property damage, third-party injuries and costs to clean the area impacted by the event.
- **Regularly review and update insurance policies** to align with business changes and the evolving risk landscape.

Contact us today for more risk management guidance.

Natural disasters can cause damage to pipelines, storage tanks and processing equipment, **which can result in the release of hazardous materials**, according to the United Nations Environment Programme.

