Hurricane Season and Risk Assessment

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It’s that time of year again: peak hurricane season. Hurricane season in the Caribbean and along the U.S. East Coast tends to run from June 1 through November 30. The peak usually hits around mid-August and lasts through mid to late September. Luckily, the year has been mild so far, but the next storm may be just around the corner. If you have not already, now is the time to re-evaluate risks and insurance needs. Beyond wind damage, there is large threat from storm surges. This can be caused by large, devastating hurricanes or large storms. Storm surges are rising waters caused by rotating storms. Contributing factors to these surges include high winds, where the storm is relative to the coast and angle of the storm. All can increase storm surge water levels.

In 2014, the hurricane damage was not as bad as previous years, but even damage from storms, tornados and floods in the U.S. and Europe saw insured loss at well over 5 billion dollars according to the World Catastrophes 2014 Supplement to Best’s Review (June 2015). Despite this respite from a large hurricane, now is not the time to let your guard down. Emergency planners, catastrophe risk assessors and the insurance industry as a whole are looking to the next big storm. Often called the “100 Year Hurricane,” Karen Clark & Company defines it as “the type of event for which there’s a one percent probability every year. Because the probability is one percent, it’s expected to occur once every hundred years on average.” So, it could happen once every hundred years or two in consecutive years. The point is to plan for this kind of storm and forecast risk and losses.

In a new study by Karen Clark & Company identifies the U.S. cities at the highest risk of storm surge flooding and the estimated damage they could sustain. This is an important topic to focus on because according to the study highlights, “Most of the flood damage potential is not currently insured.” Here are top ten cities most at risk of storm surge flooding and the estimated loss in a 100 Year Hurricane situation:

1. Tampa, FL - $175 Billion
2. New Orleans, LA - $130 Billion
3. New York City, NY - $100 Billion
4. Miami, FL - $80 Billion
5. Fort Myers, FL - $70 Billion
6. Galveston-Houston, TX - $55 Billion
7. Sarasota, FL - $5 Billion
8. Charleston, SC - $45 Billion

Don’t let the next 100 Year Hurricane catch you unexpectedly. Uninsured losses can cripple a business. Our experts can help you review your risk management needs and even discuss business continuity planning. Visit www.avalonrisk.com to learn more or contact your local Avalon representative for a quote.