

Businesses Hunt for Coverage for Hurricane Harvey Flooding

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Many in the Houston area are keenly aware of the devastating impact the rain from Hurricane Harvey had on the region. There are countless stories of residents and business owners who had never flooded that are now living through their first rebuild experience. Because the typical property policy excludes damages caused by flooding, many businesses that were affected by flooding did not have coverage for their damages.

Some Texas businesses are looking at their insurance policies with a different perspective in an attempt to find coverage for damages that were excluded under their property policies. One method that appears to have gained momentum is that the business owners are downplaying flood as the cause of their damage. Anecdotally, some businesses may be alleging damage from Hurricane Harvey by as many as six different causes, including flooding, wind, sewer backup, collapse, tornados, and vandalism. By focusing on the other potential causes of damage, businesses are hoping to recover some of their cost to rebuild.

Other business owners have been looking at losses that do not require physical damage to their property. Some property insurance policies provide coverage for a variety of losses regardless of whether the property was actually damaged. Some insurance policies provide coverage for losses due to a supplier's inability to deliver goods or services. Other policies might provide coverage for business income losses caused by the inability to get into or out of the property, either because of the flooding or by state or local government orders. Many policies also provide some coverage for costs that businesses spent trying to protect or preserve the property (tarps, sandbags, generators, etc.). Rebuilding can be costly, but by conducting a detailed review of its insurance policies, a business may find coverage it previously overlooked. Generally, insurance companies allow businesses to make supplemental insurance claims for additional losses.

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