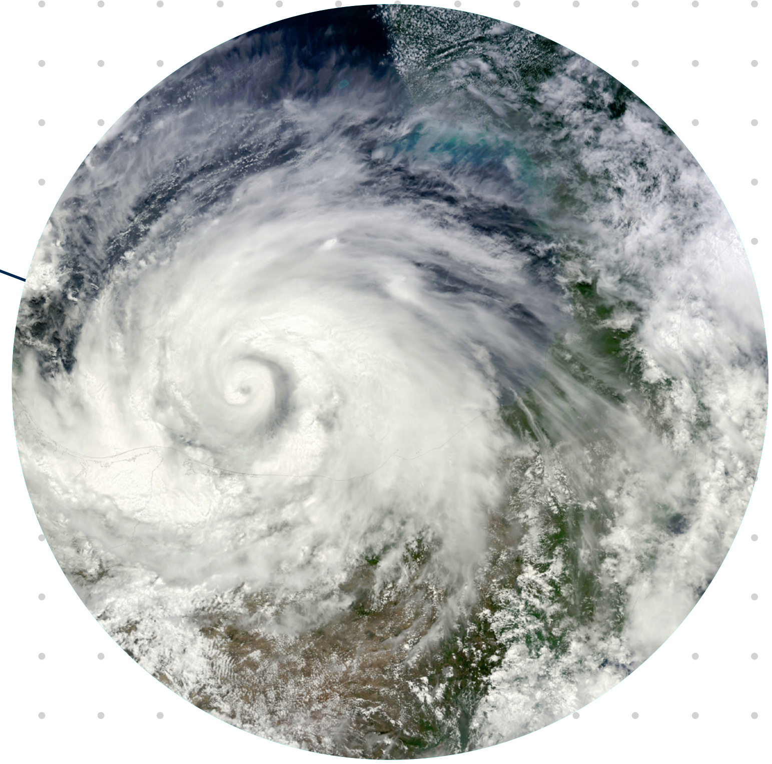
BUSINESS INSURANCE CLAIMS

Summer 2026



What Businesses Can Do to Prepare for Hurricane Season 2026 and Understand Their Business Interruption Coverage

PREPARED BY ROBERT GLASSER

INTELLIGENCE THAT WORKS

Forecasts call for a quiet 2026 Atlantic hurricane season, but catastrophic risk remains elevated.

Growing concentrations of exposed assets, ongoing heat anomalies, and active conditions in the Pacific basin continue to create a challenging risk environment for insurers and brokers.

Early forecasts suggested the 2026 Atlantic hurricane season would be less active than in 2025 and could trend below average overall. Still, mixed signals from Atlantic sea surface temperatures highlight the limitations of seasonal forecasting, and history shows that even relatively quiet seasons can generate substantial losses.

Researchers at Colorado State University in July downgraded their forecast for the 2026 Atlantic hurricane season, citing increased confidence that moderate El Niño conditions will strengthen into a strong El Niño during the peak of the season.

The Impact of El Niño Conditions

The primary driver of 2026's subdued Atlantic outlook is a developing, moderate to strong El Niño, with the National Oceanic and Atmospheric Administration (NOAA) giving an 82 percent chance of persisting through summer. El Niño tends to:

- increase wind shear across the tropical Atlantic, disrupting storm formation
- support enhanced activity in the eastern and central Pacific

Direct tropical cyclone landfalls are rare along the US West Coast, but storm remnants can still cause flash floods, mudslides, and debris flows.

In contrast to El Niño's tendency to reduce Atlantic storm activity, this reflects the interconnected nature of global weather patterns. NOAA stresses that landfalls cannot be forecast months in advance, and any season can still result in significant losses.

THE RESEARCHERS PREDICT:

8–14
NAMED STORMS

3–6
STORMS WILL REACH HURRICANE STRENGTH

1–3
WILL BECOME MAJOR HURRICANES (CATEGORIES 3, 4, OR 5)

Action Steps to Respond to Disasters

Senior management must understand the impact and ramifications of a catastrophic event affecting their business. Management must quickly effectuate alternative suppliers, manufacturing operations, warehousing, distribution, technology, and other operational components to get back on their feet with minimal disruption to their supply chain, manufacturing, or distribution of product or services.

Businesses can take several steps to respond to disasters:

1. Crucially, businesses must protect the safety of their employees and customers. For example, a hotel should have evacuation plans and safe areas on the property for those who ride out the storm.
2. Property damage can be mitigated by boarding up windows, shutting down damaged utilities, and/or moving inventory and stock to a safer location.
3. Maintaining backup financial and operations files off site or in the cloud can facilitate a faster restart to operations and a smoother insurance process.
4. A business must then put into action its pre-planned recovery team to assist with safety and property preservation. Notify your insurance broker, which will put the insurance company on notice and trigger the assignment of an adjuster to begin processing the claim.

Property Claims after a Disaster

Property damage from a disaster is often where a company will incur an immediate outflow of cash. The restoration process for an impacted facility requires immediate attention, whether it involves removing flooded property or drying out a building to avoid mold issues. The adjuster should perform a site visit quickly to assess damages and request an interim cash advance.

Protection against Business Interruption

Business interruption insurance is a primary form of insurance that protects against disruption of operations and resulting lost profits. Extensions of coverage also can be extremely helpful to a financial recovery.

- **Extended Period of Interruption (EPI)** protects a company against losses that extend past the actual period of interruption.
- **Contingent Business Interruption (CBI)** can enable the business to recoup lost profits as a result of the property damage at a supplier, customer, or feeder property even though the property may not have incurred damage or shut down operations.
- If you have hourly skilled labor or are located in a tight labor market and cannot afford to lose trained workers, an **Ordinary Payroll** extension will allow you to pay them during the period the business is not operating.
- **Claim Preparation Fee** coverage enables the company to hire a forensic accounting firm to help them capture, prepare, and present a claim to submit to the insurance company.

Conclusion

During the 2026 hurricane season, the probability of at least one major hurricane making landfall along the continental US coastline is below the long-term average. Coastal residents and businesses are reminded that it only takes one hurricane making landfall to make it an active season. Thorough preparations should be made every season, regardless of predicted activity.

In this preparation process, senior management plays a leading role. They should collaborate with their brokers to examine business interruption values, dollar limits, and the extent of coverage in existing insurance policies. While insurance may not cover every loss scenario, it remains a vital asset, providing the critical working capital for a business to survive and recover in the aftermath of a hurricane.

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Bob Glasser is a managing director in BRG's Business Insurance Claims practice, based in New York and Denver. He is a Certified Public Accountant, Certified Fraud Examiner, Certified in Financial Forensics, a Certified Insolvency and Reorganization Accountant, and a Chartered Global Management Accountant. He has over thirty-five years of diverse financial management and accounting experience at public and private companies. He helps insured businesses prepare and substantiate business interruption and property damage claims resulting from physical damage due to hurricanes and other perils. His experience covers a wide range of industries, including hospitality, manufacturing, retail, and service organizations.