

# Banking on Insurance

Spring 2012

Insurance News for the Banking Industry

## ‘Toto, we’re not in Kansas anymore’

By Latresa Powell, CIC, CRM, Texas Bankers Insurance Agency

As a young child watching “The Wizard of Oz,” I was always frightened by the tornado scene. With good reason, as I grew up in tornado alley and spent many nights sitting in my grandmother’s storm cellar in Caraway, Ark. But one spring night, my parents waited too long to run two houses north to Grandmother’s cellar. The storm was upon us and we took refuge by an interior wall in our home. I remember my parents pulling a mattress off a bed and we huddled together underneath it as my parents prayed softly for our safety. I can tell you it was scary; the wind does sound like a train and the air pressure changes are intense. Our home was spared, but the huge, 100-year-old tree in our yard was uprooted and placed neatly next to the house. It had missed our home by a few feet. Lots of people have had similar experiences, some much worse than my story. But thank goodness we have radar, early warnings and the iPhone app from The Weather Channel. So, let’s talk about stormy weather and how to be safe.

Did you know about 1,000 tornadoes touch down in the U.S. each year and that a number of people are killed or injured from these storms? Last year, deaths from weather-related storms were up substantially. With the spring storms in Joplin, Mo., Mississippi, Alabama and Georgia, we saw destruction of mass proportion. What are the chances that a tornado will strike your home or office? Probably small, but you can greatly reduce the chance of injury by doing a few simple things.

One of the most important things you can do to prevent being injured in a tor-



nado is to be **ALERT** to the onset of severe weather. Most deaths and injuries happen to people who are unaware and uninformed. My friends from Alabama told me the loss of life last year was so great because an earlier, smaller storm had taken out the electrical power. Most people were not getting news updates unless they were in their car or in an area of town that had power. They were not aware of the coming danger. Stay aware and you will stay alive!

If you don’t regularly watch or listen to the weather report, but strange clouds start moving in and the weather begins to look stormy, turn to the local radio or television station to get the weather forecast. These days it is easy to log on to the Internet and view The Weather Channel, or if you have trouble with power outages, a battery-powered NOAA weather radio is a wise investment for the home and office.

**continued on page 3**

# Managing Insurance Risks — How Can Hail Damage Impact Your Bank?

By Craig M. Collins, OneBeacon Professional Insurance, President of Financial Services

With each passing season, community banks face a new list of weather-related hazards for which to prepare. The autumn brings rain and slippery leaves, winter blows through with ice and snow and spring and summer spawn potentially dangerous thunderstorms. Many banks may plan for the wind, rain and tornadoes that can come along with the warm weather, especially after the record-setting storm season of 2011. Hail, however, tops wind and rain damage as the costliest product of a thunderstorm. In the U.S. alone, hail causes over \$1 billion in damage annually to vehicles, roofs, landscaping and crops. While the Midwest and upper plains area of Wyoming, Nebraska, Colorado, Kansas and Texas are the most susceptible to severe hail, nearly all thunderstorms produce hail — it usually just melts before it hits the ground.

Hail season typically lasts from March through the end of the summer, but like thunderstorms, hail can happen any time of year. As the seasons begin to change, community banks can take this opportunity to look at measures that could help protect people, buildings and property before a storm potentially causes damage.

## Prevention tips

For a community bank, the building's roof is one of the primary causes for concern when hail arrives. The Underwriter's Laboratory (UL) has developed a ratings standard that determines a roof's resistance to impact. If your bank is in a part of the country that sees frequent hail storms, it's worth evaluating the need for a type of roof with a higher impact resistance rating. Also, be aware that the sealant around roof vents, roof-mounted equipment and skylights can wear down over time and become susceptible to cracks and leaks, especially if hit by hail stones.

Additionally, fleet vehicles can be damaged in a hail storm. If your bank

has its own vehicles, you should try to provide a covered place to park them, even if the space is only available in severe weather.

Banks should be aware of any other potential property that could be exposed during hail storms. Are there movable signs or outside furniture? Plan ahead and know where you can store these items during normal operating hours if the sky turns dark.



## When a storm approaches

Advances in technology now allow for some advance warning when hail is on the way. Doppler radar can also help to determine the size of the hail present in some storms. Monitor the weather to know if any precautionary steps need to be taken if an intense storm is approaching the area. Whenever possible, try to cover any outdoor property that could potentially sustain damage from hail. If it's an option, park any vehicles under a carport or in a garage. Hail storms bring much more than just hail — usually high winds and driving rain are a concern as well. If you have a severe weather plan in place, it can help you to move quickly and be effective in preventing damage.

Community banks should also be aware of the risks to customers and employees who are on the premises when a storm strikes. An average of 24

people are injured annually in the U.S. from hail, and in extremely rare cases, hail can even be fatal. If you are aware that severe weather is approaching, notify employees of the situation and work with them to calmly inform customers of the pending storm.

If the weather becomes so severe that employees and customers need to seek shelter within the bank, know where you can best protect them from the weather. Move everyone to a windowless interior space on the ground floor, or, if possible, the basement. The vault may seem like a logical place to seek shelter, but there are issues to be addressed if you consider bringing people into the vault — such as the door locking from the outside, a potential lack of fresh air supply and, of course, securing the cash inside. Additionally, cell phone service typically can't penetrate the vault, so communication could be hampered.

## After a storm

Once the storm has passed through the area, evaluate the property for any potential damage. Remember to still consider the safety of customers and employees as a primary concern. Immediately clean up any broken glass from the building or car windows to prevent injury or additional damage. Cover any broken windows with plastic or a tarp. Loose hail stones can also be a hazard. If hail has accumulated in walkways or in parking lots, try to clear a pathway to prevent slips and falls.

You can judge potential damage to the roof based on the size of the hailstones and the damage to shrubbery and landscaping. If the hailstones are smaller than a ping-pong ball, most commercial roofs should avoid damage. However, if plants have been shredded by the hail, it is a safe bet that there could be damage to the roof or equipment mounted on the roof. Siding could also be affected by hail. Following a hail storm, it's a good practice to have a contractor examine the building to make

**continued on page 4**

## Tornadoes

*continued from page 1*

Be alert to what is happening outside as well. Here are some of the things that people describe when they talk about a tornado experience:

- A sickly greenish or greenish-black color to the sky.
- If there is a watch or warning posted, then the fall of hail should be considered as a real danger sign.
- A strange quiet that occurs within or shortly after the thunderstorm.
- Clouds moving by very fast, especially in a rotating pattern, or converging toward one area of the sky.
- A waterfall-like sound or rushing air at first, but turning into a roar as it comes closer. The sound of a tornado has been likened to that of both railroad trains and jets.
- Debris dropping from the sky.
- An obvious “funnel-shaped” cloud that is rotating, or if no funnel cloud is visible, watch for debris, such as branches or leaves being pulled upwards.

If you see a tornado and it is not moving to the right or to the left relative to trees or power poles in the distance, it may be moving towards you! Tornadoes usually move from southwest to northeast, but there have been exceptions to that statistic. Always seek shelter; don't assume it is moving away from you.

Encourage your family members to plan for their own safety in many different locations. It is important to make decisions about the safest places well BEFORE you ever have to go to them.

The best places to be during a tornado event:

### At home:

- In a specifically designed storm shelter.
- In a basement away from the west or south walls. Hide under a heavy table, stairwell, etc. to protect from crumbling walls and debris.
- In a small, windowless interior room, like a closet or bathroom.
- Have a supply of pillows, blankets, etc. to use for personal protection from debris.

### At school:

- Interior rooms or halls on the first floor of the school will be the safest.
- If there are no interior hallways, **avoid** those that open to the southwest, south or west, since that is the usually the direction the tornado will come.

- Stay away from glass doors and windows.
- Crouch down on the floor and protect your head from debris.

### Commercial buildings:

- Interior rooms and halls are the best locations in large buildings.
- Central stairwells are good, but elevators are not. If the building loses power, you may be in the elevator for a long time.
- Stay away from glass walls and windows, no matter how small.

### Shopping centers, hospitals and factories:

- Go to interior rooms and halls on the lowest floor.
- Stay away from glass-enclosed places or areas with wide-span roofs, such as auditoriums, theaters and warehouses.
- Crouch down and cover your head.
- Deaths have occurred in large, single-story department stores. They have occurred inside the building when the roof or brick walls collapsed. A corner would be safer than the middle of the wall.
- A bathroom, closet, office or maintenance room with short walls would be the safest area, especially if it is on the north or east side of the building.

### Cars:

- If you are in your car and see a tornado, leave your car and seek shelter.
- You may think you can out run a tornado, but you never know what you may be driving into. A tornado can blow a car off the road, tumble it over and over and pick it up.
- If you have no options other than a ditch on the side of the road, lie flat/low and cover your head.

It is always good to have a plan and disaster supplies. But, it's very important if you are in one of the high-risk areas. Talk with your family and discuss where your safety zone is, whether you are at home, work or school. Plan ahead with a disaster supply kit kept in your shelter, car or at work. Your kit should include:

- A first aid kit with essential medications, in addition to the usual items.
- A battery-powered radio, flashlight and extra batteries.
- Non-perishable food, protein bars, etc. (easy-open containers).

- Bottled water.
- Sturdy shoes and work gloves.
- Written instructions on how to turn off home/work utilities.
- Warm clothes/change of clothes or rain gear.

In addition to being prepared personally, be sure to plan wisely on the job. Go over your disaster plan with employees on a regular basis. Have a tornado drill in early spring to help create awareness of the upcoming season. Be sure your computer backups are in a safe place, prepare for your employees and consider keeping disaster supplies on hand to help them care for themselves, their immediate family and pets.

After last summer's drought, I am praying for lots of spring rainfall. But, I do hope we don't have a replay of last spring's tornado rampage. We can't control the weather, but we can control how we prepare and respond to weather watches and warnings. Remember to be alert and make your preparations. Here's to April showers that only bring flowers! ■

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## Hail

*continued from page 2*

sure that there is no unseen damage. Be aware, however, that anyone who goes door-to-door offering contracting services after a severe storm could potentially be unlicensed and uninsured.

When it comes to damage prevention, hail can often be overshadowed by the more dangerous effects of thunderstorms, but it remains one of the costliest results of summertime severe weather. When the storm clouds roll in, be sure that your bank isn't caught unaware. ■

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