



NEWS RELEASE

PRESS OFFICE

Release Date: May 22, 2006
Release Number: 06-41

Contact: Carol Chastang (202) 205-6987
Internet Address: <http://www.sba.gov/news>

SBA Urges Homeowners, Renters and Businesses to Face Risks and Prepare for the Inevitable Disaster before it Strikes

WASHINGTON – Last year hundreds of thousands of homes and businesses were destroyed, and billions of dollars were lost in the destruction caused by Hurricanes Katrina, Rita and Wilma. With the Atlantic hurricane season approaching June 1, the U.S. Small Business Administration is urging homeowners, renters and businesses across the country to take steps to protect their lives and property now.

“Last year’s Gulf Coast hurricanes and this month’s flooding in New England are reminders that no matter where you live, there’s always the potential for a major disaster,” said SBA Administrator Hector V. Barreto. “No one is insulated from the threat of losses caused by wind storms, floods and wildfires, power outages and other natural and man-made disasters. These catastrophes should remind us of the need to be prepared, to have a plan not just to survive disaster, but to recover quickly.”

Tips on disaster preparedness for business will be shared during a live Web chat on May 25 from 1 p.m. to 2 p.m., EDT. Experts on the chat include Lori Adamo, President of Code Red Business Continuity Services, and Michael Lampton, representing SBA’s Office of Disaster Assistance. To join the chat, or to send questions before May 25th, visit the site at <http://app1.sba.gov/liveMeeting/liveadamo/intro.cfm>.

Disaster preparedness begins with having adequate insurance coverage – at least enough to rebuild your home and replace personal belongings. Homeowners and business owners should review their policies to see what isn’t covered. Businesses should consider “business interruption insurance,” which helps to cover operating costs during the post-disaster shutdown period. Flood insurance is essential; most of the 143,000 disaster loans made by the SBA after the Gulf Coast hurricanes were for flood damage. To find out more about the National Flood Insurance Program, visit the Web site at www.floodsmart.gov.

Making sure your home or business property is less vulnerable by identifying possible hazards, developing a plan which includes establishing escape routes, keeping emergency phone numbers handy and saving copies of important business and personal records off-site are critical disaster preparedness strategies suggested by the SBA.

--more--

A University of Texas study reports that 43 percent of companies experiencing a catastrophic data loss never recover, and half of them go out of business within two years. So businesses, and for that matter anyone who owns a home computer, should back-up financial records and other vital information stored on hard drives. SCORE, a non-profit association that serves as counselors to small businesses, suggests that those files should be stored in a portable lockbox offsite, at least 500 miles away.

“The good news is that there are many resources at the public’s disposal to help them prepare their families and their businesses before disaster strikes,” said Barreto. “As recent history shows, it’s prudent to be prepared.”

More preparedness tips for businesses, homeowners and renters are available on the SBA’s Web site at www.sba.gov/disaster_recov/prepared/getready.html. The Institute for Business and Home Safety (www.ibhs.org) also has information on protecting your home or business. The federal government’s preparedness Web site www.ready.gov is another helpful resource.

Through a partnership with the Hartford, the SBA also offers an online Webinar on preparing your business for disaster. Access the site by clicking <http://www.sba.gov/training/courses.html> and selecting “Surviving Beyond Disaster.”

To date, the SBA has approved more than 146,500 disaster loans for \$9.54 billion to survivors of the Gulf Coast hurricanes. The SBA makes low-interest loans to homeowners, renters and non-farm businesses of all sizes following a disaster declaration by the President. Homeowners may borrow up to \$200,000 to repair or replace damaged real estate. Individuals may borrow up to \$40,000 to cover losses to personal property.

Non-farm businesses and non-profit organizations of any size may apply for up to \$1.5 million to repair or replace disaster damaged business assets and real property. Small businesses that suffered economic losses as a direct result of the declared disaster may apply for a working capital loan of up to \$1.5 million, even if the property was not physically damaged.

To learn more about the SBA’s disaster assistance program, visit the Web site at www.sba.gov/disaster.

###