

Top 10 Things to Do When Disaster Strikes!

By Steve Slepcevic

Most disasters, by their very nature, are unforeseen and can happen anytime, anywhere, at a moment's notice, from wind, water, vandalism, fire to terrorism.

Reaction time is critical and can mean the difference between preventing further destruction or easily reclaiming damaged property and possessions after disaster strikes. It is important that property owners and business owners know what to do when disaster strikes. Here is a list that every property owner and business owner should have:

1. Contact your insurance agent and file your claim promptly. The policy specifies that you do this on a timely basis ...immediately. Get a copy of the accord claim form from your agent as submitted by him as written confirmation of the claim filing.

2. Protect the property from further damage and document your loss. Take video or photos ...lots of photos! Then, protect the roof to prevent further water damage or secure the premises to prevent theft. Personal property must be inventoried and moved to a storage facility if the structure is severely damaged in order to make the necessary repairs.

3. Set up a team within your company to deal with the loss. Make sure this team is composed of your most competent, trustworthy people since your company's recovery lies in the balance. Only one person on the team should be the information conduit to the insurance company, since, as in anything else in business, loose lips sink ships. Information is everything in an insurance claim and you must be all wise in that which leaves your company. Company adjusters have denied claims based on statements given by employees that were only rumors to begin with. Direct your team to implement the contingency operations plan, (if you have one), to facilitate maintenance of your business as a going concern. You must do this to mitigate your covered business income loss thereby maximizing the potential within the insurance policy to cover the loss. If you do not have a contingency operations plan, develop it with an expert in Contingency Planning.

4. Study your insurance policy. Don't let anyone else assume this responsibility - not your employees, not your broker and certainly not the insurance adjuster. The policy was broadly written to allow flexibility by the company in adjusting the loss and the adjuster will utilize this flexibility to convince you to see things his way. The insurer wrote the insurance policy and you had no opportunity to negotiate the terms when you purchased it. Therefore, any ambiguities in the language should fall in your favor.

5. Gain control of the situation. This is your loss, not the insurance company's loss. You must be pro-active in the insurance claims process. Your adjuster is the eyes, ears and the voice of the insurance company. Nowhere in your policy does it say that the insurance company must provide you with an adjuster. The policy states quite the contrary - all policies require you to prepare and present your claim. So why does the insurance company provide you with an adjuster? Because the company wants to control the loss adjustment by having their representative steer the process in their desired direction and to persuade you to agree to their adjuster's calculations of the loss. Allowing the insurance company to prepare your claim is just like allowing the IRS to prepare your tax return They may not dig deep enough to find everything to which you are entitled!

6. Retain experts to assist you in proving the loss. You may need an architect, engineer, equipment expert, general contractor or even a coverage attorney. Make sure that they understand how to deal with insurance companies, as you want them to work in your best interest. (Even though the insurance company will be paying you, your experts may believe that since the insurance company writes the checks, they also call the shots!) The insurer will most likely bring their own preferred experts to generate reports that may favor the insurer's perspective.

7. Demand that the company issue a large advance check upon adjuster's first visit. Do not be embarrassed to ask for money since it is yours! This first visit is to enable the company to reserve the loss (set aside money from the company cash to pay the claim), and to strategize their approach to the claim. Although the policy does not specifically require the company to issue an advance, it is not reasonable for them to withhold money that they know they owe, especially since your cash flow requirements continue after the loss.

8. Always be aware of the players and their positions in the game. Although most in the insurance industry are honest and ethical, full disclosure of who is the agent of whom, is not the norm in this business! Your agent may have a fiduciary duty to the insurance company, not you. If he is an agent of the insurer, he does owe a fiduciary duty to them and not to you. The adjuster, on the other hand, no matter how friendly and seemingly cooperative he may appear, owes a fiduciary duty to the insurer. The claim process should not be adversarial by any means, but it is a high stakes chess game that the insurance companies play every day. This being your first or even second claim does not put you on a level playing field with the insurance company's agents.

9. Keep in mind that adjusting a large property insurance claim is a very specialized field. Even your attorney and CPA would probably not say that they are experts in this field. Your broker, no matter how sophisticated, will most likely admit that neither he nor his firm are experienced in handling claims. He may have a claims department within the agency, but his job is to facilitate smooth communications between the insurer and you, the insured. No insurance company allows insurance brokers or agents to adjust claims over a few thousand dollars without the expertise of an adjuster as their agent in the claim.

10. Retain a claims consultant with a team of experts as your agent in the preparation of the claim. These consultants are licensed and qualified to handle your claim and act as your fiduciary. They will maximize your legitimate recovery, minimize your downtime, and create a level playing field with the insurance company throughout the claims process. They will report to you and advise, to the best of their ability, as to the best course of action. There will be literally hundreds of decisions to make regarding policy coverage and limits, customary adjusting practices and claim formatting. Do not make the mistake of collaborating with those whose goals are different than those of your business. There is much more at stake than the dollars!

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