

# Questions that business owners may have about their property-loss claim following a catastrophic event

When a catastrophic event occurs, you no doubt will feel overwhelmed by the loss and the confusion that follows. Advance preparation is your first prescription for getting through the experience. But, now that you have suffered a loss, you will benefit from the kind of information that follows from questions asked by others who have endured similar events.

## What is the most important thing to do first?

Your safety is always the most important concern. Do not return to your property until authorities have signaled that it is safe to do so. When you return to your property, look for unsafe conditions such as downed power lines, the smell of gas and unstable structural conditions. If it is safe to proceed, proactively turn off the utility services (city, natural gas, etc.) by locking the damaged gas shut-off driver, the water (with the boiler shut-off first) and the electrical (the main breaker).

## Should I take pictures of the damage?

Yes. Take a lot of pictures from different angles before you make emergency repairs to protect the property from further damage. You may use a video/digital camera for this purpose, as well.

## My building is too damaged to occupy and I cannot continue my business operations. What do I do?

If you have a lease of business space and cannot shut down operations during the event, you may need to move your business from the damaged space to a temporary location. If you operate your business from a home, you may need to rent a temporary office space. Contact your insurance agent to determine whether you have "business expense" coverage on your policy. This coverage will pay for the additional expenses you incur to resume your business operations at another location. The typical commercial property policy covers events such as fire, windstorm and tornado. Unfortunately, if flood is covered on a separate National Flood Insurance Policy, your extra expenses will not be paid for damages caused by flooding. Keep this in mind when you make your temporary tenant arrangements.

## How do I claim my lost income and pay continuing expenses?

Call our agency to determine whether you have "business income" coverage on your policy. This coverage will pay your continuing expenses and enough income to place you in the same financial position had you not incurred the property damage. This is one of the more complex aspects of your loss, so you may want the assistance of your accountant when preparing your claim.

## What can I expect the adjuster to do when he or she arrives?

The adjuster will "scope" the damage, an important part of the claim process. An attempt will be made to determine the cause of damage—for example, was the damage caused by wind, flood or both? Next, the adjuster will itemize the property that has been damaged. You will want to make sure that nothing is overlooked. The placement of values on the damaged property will not occur at this time. Appraisals, repair estimates and inventories will be obtained later to establish values.

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Often, the adjuster will offer an advance payment on a covered claim so that restoration may begin and temporary tenant arrangements can be made. Be sure to keep detailed records on how this money is spent.

### **Should I hire my own adjuster to assist me with my claim?**

Public adjusters are paid a fee based upon a percentage of the claim settlement; typically, between 10 and 15 percent (state laws may apply). Consequently, you will need to decide whether the adjuster's services are worth the discounting of your claim settlement. Some of the services public adjusters provide are preparing the scope of damage; preparing inventories; ensuring that coverage decisions are reasonable; obtaining repair or reconstruction estimates; assisting with the presentation of the claim; acting as appraisers or accountants; and assisting with negotiations.

Our agency will help you with coverage issues and provide assistance in the claim process. If your property values are out of the ordinary or the sheer volume of inventory is burdensome to you, you may want the assistance of a public adjuster.

### **What if I do not agree with the property value which the insurance company bases the loss amount?**

You may just need additional documentation when you have evidence that supports the property value. You may go back to the property and make a better record of the damage. If the adjuster objects to your offer, you may request a talk with a supervising adjuster. Our agency will assist you on your behalf when possible.

If you do not agree to proceed further with the adjuster's appraisal, you may request an independent appraisal. This appraisal is in your possession and provides a procedure for resolving the claim with the amount of property losses.

You and the insurance company each will get an appraisal at each party's own expense. Then, the two appraisers will compare notes (their fee is shared). An average of the two of the three appraisers will be the amount payable.

Any time you feel your insurance company is not treating you fairly, you may file a complaint with the Insurance Department.

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