



Property Loss Mitigation Checklist & Claim Prep Guide

Introduction:

Commercial property and business interruption insurance is a relationship business, but after a loss, details settle claims. Immediately after a loss, significant attention, leadership and data analysis are required to fully document a claim. Policyholders have the responsibility to present their loss to their insurer(s) in order to be reimbursed based on the policy coverage. Often times the policyholder is unfamiliar with the process and relies upon the insurer's experts to determine the amount of the loss. This creates a conflict as the insurer's expert's role is to audit and review claims as presented. When a complex loss occurs, it is the responsibility of the Risk Manager or Policyholder to lead the development and presentation of property and time element losses caused by the event. Keep in mind that a complex loss will be evaluated eventually for insurance purposes or for a general audit, therefore it is essential to quickly establish a claim validation and presentation process to capture and document all loss-related costs.

Initial Steps should include:

- Reporting the loss promptly through your insurance broker or risk manager.
- Taking all reasonable measures to mitigate the impact of the event.
- Protecting undamaged property from further loss or damage.
- Identifying temporary measures needed to resume operations and the associated extraordinary expenses incurred.
- Taking ample photographs and videos to memorialize the damage.
- Setting up clear lines of communication with the insurance adjuster and ensure that all personnel understand the functions of the adjuster, experts, brokers, etc. Note: it is particularly important to limit external communications to the community, press, or other interested parties. Only one person should be charged with the responsibility to speak on behalf of the company or organization. Communications with an insurance company are NOT confidential.
- Establishing a protocol for the claim presentation and audit by creating a timeline with targeted milestones. This will create a clear path for all parties involved and set expectations for the adjustment process.
- As soon as practical, developing a Rough Order of Magnitude (ROM) that outlines all areas of projected loss amounts by coverage category. Where estimates are difficult to complete early on, be sure to include the amount of loss in a potential coverage category as "to be determined" (TBD). This document will be useful for your team to understand the overall potential impact and for the adjuster as the loss reserve is set.

For loss data tracking purposes, it is prudent to establish a separate account number or charge code in cost accounting system under which all loss-related costs will be captured. Note: collect any and all costs that could be associated with the loss, even if ultimately some costs are deemed not attributable to the event. It is always easier to cull out costs during the adjustment process than to go back and try to find expenses that should have been claimed.

- Account for all invoices, contracts, etc. for contracted loss-related work, with detailed descriptions of the repair/replacement work to be performed.

- Incurred costs must be coded to specific work done on each asset, such as individual equipment, structures, and contents. Specific items should be grouped into one of the following categories with as many sub accounts as needed, for example:
 - Cleanup
 - Debris Removal
 - Protection and Preservation of Property
 - Buildings and Structures
 - Machinery and Equipment
 - Furniture, Fixtures and Supplies
 - Property of Customers and Employees

- Account for all in-house costs (with detailed descriptions), such as hourly labor time and cost (with fringe and other benefits) per person, salaried labor time & cost per person, in-house parts/materials consumed, expenses incurred, time sheets, expense reports, etc. This is extremely important – an insured must demonstrate specifically, by task, the loss-related work performed by in-house staff.

- Track all Extra Expenses and costs above normal related to the event. Any cost or expense incurred, that would not have been incurred “but for” the event, should be tracked.

Creating Claim Schedules:

Once you have created and established your cost codes to track expenditures related to the loss, create Excel schedules to summarize and catalog the costs. To expedite financial recovery ensure that allowances, denials and questions can be easily tracked by expenditure and cost category. Please see below for sample schedules on how to present and track the above mentioned cost categories:

Claim Category Summary schedule:

Claim Category Summary Schedule						
Claim Category	# of Invoices	Total Amt.	Total Amt. Approved	Total Amt. Denied	Total Amt. In Question	Comments
Extra Expense	3	18,000	15,000	2,000	1,000	
Permanent Work	20	15,000				
Total						

Property Summary schedule:

Property Loss Summary Schedule								
Claim Category	Cost Category	Cost Code	# of Invoices	Total Amt.	Total Amt. Approved	Total Amt. Denied	Total Amt. in Question	Comments
Extra Expense	Clean Up	1234	3	18,000	15,000	2,000	1,000	
Permanent Work	Boiler Replacement	9876	20	15,000,000	15,000,000	-	-	
Total			23	15,018,000	15,015,000	2,000	1,000	

Cost Category Summary schedule:

1234 - Clean Up Summary							
Vendor	Invoice #	Invoice Date	Total Invoice Amt.	Total Amt. Approved	Total Amt. Denied	Total Amt. in Question	Comments
NYC Clean Inc.	123ABC	1/24/2015	15,000	15,000	-	-	
BK Remediation	1	1/25/2015	2,000	-	2,000	-	
Janitorial Inc.	589	1/26/2015	1,000	-	-	1,000	
Total			18,000	15,000	2,000	1,000	

Documents Required:

An insurance company will hire an adjuster and accountant to review and audit your property claim. Documents normally requested from these insurance professionals include:

- Emergency Restoration Estimates and Contract(s), daily timesheets for each responder
- Bids, Base Contracts and Change Orders for Rebuild/Reconstruction for both primary contractor and sub-contractors.
- Leases/Rental agreements
- Expediting (Overnight) Expense
- Receipts, Invoices, expense reports for travel, food, lodging, etc. for all loss-related staff
- Payroll receipts, Timesheets (Daily/Weekly) Budgets, forecasts, projections, profit/loss statements, and other financial information

Maintain these and other loss related documents in hard copy and electronically so that you can distribute to the insurer's representatives during the adjustment process. The more quality documents you provide to the insurance company, the easier to adjust and resolve your claim in the end.

About Us:

The Procor team has managed more than \$10 billion of insurance claims. Ranging from the largest man-made and natural disasters and losses in history to more common and frequent business interruption losses, our experts have intimate claim knowledge in virtually every industry including: hospitality, casinos, retail, manufacturing, chemical plants, healthcare, senior care and assisted living, financial institutions, oil & gas, transportation, distributors, technology, pharmaceuticals and others. Our experts are respected by both policyholders and insurance companies alike because we prepare comprehensive, logical and well-documented claims that result in fair and timely insurance claim settlements. For more information please visit www.procorllc.com